SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002

Commission File Number 0-9286

COCA-COLA BOTTLING CO. CONSOLIDATED
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 56-0950585 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

4100 Coca-Cola Plaza, Charlotte, North Carolina 28211
(Address of principal executive offices) (Zip Code)

(704) 557-4400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding at May 1, 2002 |
|---|---|
| Common Stock, $1.00 Par Value | 6,392,477 |
| Class B Common Stock, $1.00 Par Value | 2,380,852 |

PART I - FINANCIAL INFORMATION

Item l. Financial Statements

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
In Thousands (Except Share Data)

| | March 31, 2002 | Dec. 30, 2001 | April 1, 2001 |
|---|---|---|---|
| ASSETS | | | |
| Current Assets: | | | |
| Cash | $ 9,172 | $ 16,912 | $ 7,955 |
| Accounts receivable, trade, less allowance for doubtful accounts of $2,064, $1,863 and $809 | 81,303 | 63,974 | 62,369 |
| Accounts receivable from The Coca-Cola Company | 15,475 | 3,935 | 7,788 |
| Accounts receivable, other | 6,385 | 5,253 | 6,195 |
| Inventories | 40,852 | 39,916 | 35,925 |
| Prepaid expenses and other current assets | 15,615 | 13,379 | 16,498 |
| Total current assets | 168,802 | 143,369 | 136,730 |
| Property, plant and equipment, net | 478,973 | 457,306 | 424,126 |
| Leased property under capital leases, net | 50,779 | 5,383 | 7,119 |
| Investment in Piedmont Coca-Cola Bottling Partnership | | 60,203 | 59,316 |
| Other assets | 60,418 | 52,140 | 60,853 |
| Franchise rights and goodwill, net | 607,031 | 335,662 | 344,321 |
| Other identifiable intangible assets, net | 8,026 | 10,396 | 13,313 |
| Total | $1,374,029 | $1,064,459 | $1,045,778 |

See Accompanying Notes to Consolidated Financial Statements

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
In Thousands (Except Share Data)

| | March 31, 2002 | Dec. 30, 2001 | April 1, 2001 |
|---|---|---|---|
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | |
| **Current Liabilities:** | | | |
| Portion of long-term debt payable within one year | $ 147,431 | $ 56,708 | $ 57,317 |
| Current portion of obligations under capital leases | 5,715 | 1,489 | 2,454 |
| Accounts payable, trade | 35,476 | 28,370 | 24,410 |
| Accounts payable to The Coca-Cola Company | 4,817 | 7,925 | 4,018 |
| Due to Piedmont Coca-Cola Bottling Partnership | | 24,682 | 18,958 |
| Accrued compensation | 7,817 | 17,350 | 7,137 |
| Other accrued liabilities | 68,257 | 49,169 | 49,040 |
| Accrued interest payable | 15,122 | 11,878 | 14,462 |
| Total current liabilities | 284,635 | 197,571 | 177,796 |
| Deferred income taxes | 160,578 | 133,743 | 146,512 |
| Pension and retiree benefit obligations | 32,941 | 37,203 | 24,950 |
| Other liabilities | 60,510 | 57,770 | 50,673 |
| Obligations under capital leases | 41,811 | 935 | 1,991 |
| Long-term debt | 717,625 | 620,156 | 620,156 |
| Total liabilities | 1,298,100 | 1,047,378 | 1,022,078 |
| Commitments and Contingencies (Note 13) | | | |
| Minority interest in Piedmont Coca-Cola Bottling Partnership | 56,452 | | |
| **Stockholders' Equity:** | | | |
| Common Stock, $1.00 par value: Authorized - 30,000,000 shares; Issued - 9,454,851, 9,454,651 and 9,454,651 shares | 9,454 | 9,454 | 9,454 |
| Class B Common Stock, $1.00 par value: Authorized - 10,000,000 shares; Issued - 3,008,966, 2,989,166 and 2,989,166 shares | 3,009 | 2,989 | 2,989 |
| Capital in excess of par value | 89,559 | 91,004 | 97,569 |
| Accumulated deficit | (8,929) | (12,307) | (23,559) |
| Accumulated other comprehensive loss | (12,362) | (12,805) | (1,499) |
| | 80,731 | 78,335 | 84,954 |
| Less-Treasury stock, at cost: | | | |
| Common - 3,062,374 shares | 60,845 | 60,845 | 60,845 |
| Class B Common - 628,114 shares | 409 | 409 | 409 |
| Total stockholders' equity | 19,477 | 17,081 | 23,700 |
| Total | $ 1,374,029 | $ 1,064,459 | $ 1,045,778 |

See Accompanying Notes to Consolidated Financial Statements

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
In Thousands (Except Per Share Data)

| | First Quarter 2002 | First Quarter 2001 |
|---|---|---|
| Net sales (includes sales to Piedmont of $13,987 in 2001) | $ 283,198 | $ 223,700 |
| Cost of sales, excluding depreciation shown below (includes $10,921 related to sales to Piedmont in 2001) | 148,616 | 120,801 |
| Gross margin | 134,582 | 102,899 |
| Selling, general and administrative expenses, excluding depreciation shown below | 96,520 | 73,591 |
| Depreciation expense | 17,985 | 15,803 |
| Amortization of goodwill and intangibles | 687 | 3,720 |
| Income from operations | 19,390 | 9,785 |
| Interest expense | 12,140 | 12,152 |
| Other income (expense), net | (899) | (579) |
| Minority interest | 759 | |
| Income (loss) before income taxes | 5,592 | (2,946) |
| Federal and state income taxes (benefit) | 2,214 | (1,164) |
| Net income (loss) | $ 3,378 | $ (1,782) |
| Basic net income (loss) per share | $ .39 | $ (.20) |
| Diluted net income (loss) per share | $ .38 | $ (.20) |
| Weighted average number of common shares outstanding | 8,773 | 8,753 |
| Weighted average number of common shares outstanding-assuming dilution | 8,857 | 8,753 |
| Cash dividends per share | | |
| Common Stock | $ .25 | $ .25 |
| Class B Common Stock | $ .25 | $ .25 |

See Accompanying Notes to Consolidated Financial Statements

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
In Thousands

| | Common Stock | Class B Common Stock | Capital in Excess of Par Value | Accum. Deficit | Accumulated Other Comprehensive Loss | Treasury Stock | Total |
|---|---|---|---|---|---|---|---|
| Balance on December 31, 2000 | $ 9,454 | $ 2,969 | $ 99,020 | $ (21,777) | $ | $(61,254) | $ 28,412 |
| Comprehensive loss: | | | | | | | |
| Net loss | | | | (1,782) | | | (1,782) |
| Proportionate share of Piedmont's accum. other comprehensive loss at adoption of SFAS 133, net of tax | | | | | (924) | | (924) |
| Change in proportionate share of Piedmont's accum. other comprehensive loss, net of tax | | | | | (575) | | (575) |
| Total comprehensive loss | | | | | | | (3,281) |
| Cash dividends paid | | | (2,188) | | | | (2,188) |
| Issuance of Class B Common Stock | | 20 | 737 | | | | 757 |
| Balance on April 1, 2001 | $ 9,454 | $ 2,989 | $ 97,569 | $ (23,559) | $ (1,499) | $(61,254) | $ 23,700 |
| Balance on December 30, 2001 | $ 9,454 | $ 2,989 | $ 91,004 | $ (12,307) | $ (12,805) | $(61,254) | $ 17,081 |
| Comprehensive income: | | | | | | | |
| Net income | | | | 3,378 | | | 3,378 |
| Change in fair market value of cash flow hedges, net of tax | | | | | 14 | | 14 |
| Change in proportionate share of Piedmont's accum. other comprehensive loss, net of tax | | | | | 429 | | 429 |
| Total comprehensive income | | | | | | | 3,821 |
| Cash dividends paid | | | (2,193) | | | | (2,193) |
| Issuance of Class B Common Stock | | 20 | 748 | | | | 768 |
| Balance on March 31, 2002 | $ 9,454 | $ 3,009 | $ 89,559 | $ (8,929) | $ (12,362) | $(61,254) | $ 19,477 |

See Accompanying Notes to Consolidated Financial Statements

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
In Thousands

| | First Quarter 2002 | First Quarter 2001 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Net income (loss) | $ 3,378 | $ (1,782) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation expense | 17,985 | 15,803 |
| Amortization of goodwill and intangibles | 687 | 3,720 |
| Deferred income taxes (benefit) | 2,214 | (1,164) |
| Losses on sale of property, plant and equipment | 702 | 524 |
| Amortization of debt costs | 186 | 213 |
| Amortization of deferred gain related to terminated interest rate swaps | (482) | (258) |
| Undistributed losses of Piedmont | | 935 |
| Minority interest | 759 | |
| (Increase) decrease in current assets less current liabilities | (1,391) | 9,103 |
| Increase in other noncurrent assets | (3,235) | (184) |
| Decrease in other noncurrent liabilities | (3,076) | (13) |
| Other | (3) | 27 |
| Total adjustments | 14,346 | 28,706 |
| Net cash provided by operating activities | 17,724 | 26,924 |
| **Cash Flows from Financing Activities** | | |
| Repayment of current portion of long-term debt | (56,708) | (1,776) |
| Proceeds from (repayment of) lines of credit, net | 49,900 | (12,900) |
| Cash dividends paid | (2,193) | (2,188) |
| Payments on capital lease obligations | (471) | (976) |
| Other | 179 | 193 |
| Net cash used in financing activities | (9,293) | (17,647) |
| **Cash Flows from Investing Activities** | | |
| Additions to property, plant and equipment | (7,716) | (10,682) |
| Proceeds from the sale of property, plant and equipment | 247 | 935 |
| Acquisitions of companies, net | (8,702) | |
| Net cash used in investing activities | (16,171) | (9,747) |
| Net decrease in cash | (7,740) | (470) |
| Cash at beginning of period | 16,912 | 8,425 |
| Cash at end of period | $ 9,172 | $ 7,955 |
| Significant non-cash investing and financing activities: | | |
| Issuance of Class B Common Stock in connection with stock award | $ 768 | $ 757 |
| Capital lease obligations incurred | 41,620 | |

See Accompanying Notes to Consolidated Financial Statements

## 1. Accounting Policies

The consolidated financial statements include the accounts of Coca-Cola Bottling Co. Consolidated and its majority owned subsidiaries (the "Company"). All significant intercompany accounts and transactions have been eliminated.

The information contained in the financial statements is unaudited. The statements reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal, recurring nature.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accounting policies followed in the presentation of interim financial results are the same as those followed on an annual basis. These policies are presented in Note 1 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 30, 2001 filed with the Securities and Exchange Commission. See Note 14 for new accounting pronouncements.

Certain prior year amounts have been reclassified to conform to current year classifications.

## 2. Piedmont Coca-Cola Bottling Partnership

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont Coca-Cola Bottling Partnership ("Piedmont") to distribute and market carbonated and noncarbonated beverages primarily in portions of North Carolina and South Carolina. Prior to January 2, 2002, the Company and The Coca-Cola Company, through their respective subsidiaries, each beneficially owned a 50% interest in Piedmont. The Company provides a portion of the soft drink products to Piedmont at cost and receives a fee for managing the business of Piedmont pursuant to a management agreement.

On January 2, 2002, the Company purchased an additional 4.651% interest in Piedmont from The Coca-Cola Company for $10.0 million, increasing the Company's ownership in Piedmont to 54.651%. As a result of the increase in ownership, the results of operations, financial position and cash flows of Piedmont have been consolidated with those of the Company beginning in the first quarter of 2002. The excess of the purchase price over the net book value of the interest of Piedmont acquired was $4.4 million and has been recorded principally as an addition to franchise rights. The Company's investment in Piedmont has been accounted for using the equity method in 2001 and prior years.

The following financial information includes the 2002 unaudited consolidated financial position and results of operations of the Company and includes the 2001 unaudited pro forma financial position and results of operations. The 2001 unaudited pro forma financial information reflects the consolidation of Piedmont's financial position and results of operations with those of the Company as if the additional purchase had occurred at the beginning of 2001.

Coca-Cola Bottling Co. Consolidated
Notes to Consolidated Financial Statements (Unaudited)

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

| In Thousands | March 31, 2002 | Pro forma Dec. 30, 2001 | Pro forma April 1, 2001 |
| --- | --- | --- | --- |
| ASSETS | | | |
| Current Assets: | | | |
| Cash | $ 9,172 | $ 18,210 | $ 9,022 |
| Accounts receivable, trade, net | 81,303 | 84,384 | 82,043 |
| Accounts receivable from The Coca-Cola Company | 15,475 | 5,004 | 10,302 |
| Accounts receivable, other | 6,385 | 7,603 | 8,417 |
| Inventories | 40,852 | 45,812 | 41,519 |
| Prepaid expenses and other current assets | 15,615 | 13,522 | 17,112 |
| Total current assets | 168,802 | 174,535 | 168,415 |
| Property, plant and equipment | 826,018 | 822,095 | 766,761 |
| Less-Accumulated depreciation and amortization | 347,045 | 332,942 | 310,556 |
| Property, plant and equipment, net | 478,973 | 489,153 | 456,205 |
| Leased property under capital leases | 60,761 | 20,424 | 21,019 |
| Less-Accumulated amortization | 9,982 | 10,109 | 8,030 |
| Leased property under capital leases, net | 50,779 | 10,315 | 12,989 |
| Other assets | 60,418 | 57,756 | 66,382 |
| Franchise rights and goodwill | 607,031 | 604,651 | 619,694 |
| Other identifiable intangible assets | 8,026 | 10,396 | 13,313 |
| Total | $1,374,029 | $1,346,806 | $1,336,998 |

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

| In Thousands | March 31, 2002 | Pro forma Dec. 30, 2001 | Pro forma April 1, 2001 |
|---|---|---|---|
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current Liabilities: | | | |
| Portion of long-term debt payable within one year | $ 147,431 | $ 154,208 | $ 57,317 |
| Current portion of obligations under capital leases | 5,715 | 2,466 | 3,883 |
| Accounts payable, trade | 35,476 | 34,214 | 31,903 |
| Accounts payable to The Coca-Cola Company | 4,817 | 8,193 | 4,100 |
| Other accrued liabilities | 68,257 | 57,593 | 58,921 |
| Accrued compensation | 7,817 | 17,350 | 7,273 |
| Accrued interest payable | 15,122 | 13,647 | 15,864 |
| Total current liabilities | 284,635 | 287,671 | 179,261 |
| Deferred income taxes | 160,578 | 157,739 | 171,102 |
| Pension and retiree benefit obligations | 32,941 | 37,203 | 24,950 |
| Other liabilities | 60,510 | 61,425 | 54,456 |
| Obligations under capital leases | 41,811 | 4,033 | 5,010 |
| Long-term debt | 717,625 | 727,657 | 825,156 |
| Total liabilities | 1,298,100 | 1,275,728 | 1,259,935 |
| Minority interest in Piedmont | 56,452 | 54,603 | 53,568 |
| Stockholders' Equity: | | | |
| Common Stock | 9,454 | 9,454 | 9,454 |
| Class B Common Stock | 3,009 | 2,989 | 2,989 |
| Capital in excess of par value | 89,559 | 91,004 | 97,569 |
| Accumulated deficit | (8,929) | (12,743) | (23,764) |
| Accumulated other comprehensive loss | (12,362) | (12,975) | (1,499) |
| | 80,731 | 77,729 | 84,749 |
| Less-Treasury stock, at cost: | | | |
| Common | 60,845 | 60,845 | 60,845 |
| Class B Common | 409 | 409 | 409 |
| Total stockholders' equity | 19,477 | 16,475 | 23,495 |
| Total | $ 1,374,029 | $ 1,346,806 | $ 1,336,998 |

Coca-Cola Bottling Co. Consolidated
Notes to Consolidated Financial Statements (Unaudited)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

| In Thousands (Except Per Share Data) | First Quarter 2002 | First Quarter Pro forma 2001 |
|---|---|---|
| Net sales | $ 283,198 | $ 270,328 |
| Cost of sales | 148,616 | 143,408 |
| Gross margin | 134,582 | 126,920 |
| Selling, general and administrative expenses | 96,520 | 91,859 |
| Depreciation expense | 17,985 | 17,207 |
| Amortization of goodwill and intangibles | 687 | 5,849 |
| Income from operations | 19,390 | 12,005 |
| Interest expense | 12,140 | 15,763 |
| Other income (expense), net | (899) | (312) |
| Minority interest | 759 | (849) |
| Income (loss) before income taxes | 5,592 | (3,221) |
| Federal and state income taxes (benefit) | 2,214 | (1,234) |
| Net income (loss) | $ 3,378 | $ (1,987) |
| Basic net income (loss) per share | $ .39 | $ (.23) |
| Diluted net income (loss) per share | $ .38 | $ (.23) |
| Weighted average number of common shares outstanding | 8,773 | 8,753 |
| Weighted average number of common shares outstanding - assuming dilution | 8,857 | 8,753 |

3. Inventories

Inventories were summarized as follows:

| In Thousands | March 31, 2002 | Dec. 30, 2001 | April 1, 2001 |
|---|---|---|---|
| Finished products | $28,580 | $23,637 | $23,099 |
| Manufacturing materials | 7,229 | 11,893 | 8,905 |
| Plastic pallets and other | 5,043 | 4,386 | 3,921 |
| Total inventories | $40,852 | $39,916 | $35,925 |

4. Property, Plant and Equipment

The principal categories and estimated useful lives of property, plant and equipment were as follows:

| In Thousands | March 31, 2002 | Dec. 30, 2001 | April 1, 2001 | Estimated Useful Lives |
|---|---|---|---|---|
| Land | $ 13,058 | $ 11,158 | $ 11,208 | |
| Buildings | 114,773 | 95,338 | 96,300 | 10-50 years |
| Machinery and equipment | 93,009 | 93,658 | 94,398 | 5-20 years |
| Transportation equipment | 138,441 | 130,016 | 126,562 | 4-13 years |
| Furniture and fixtures | 38,253 | 36,350 | 35,089 | 4-10 years |
| Vending equipment | 356,415 | 334,975 | 287,807 | 6-13 years |
| Leasehold and land improvements | 45,945 | 40,969 | 38,938 | 5-20 years |
| Software for internal use | 22,302 | 21,850 | 16,392 | 3-7 years |
| Construction in progress | 3,822 | 1,908 | 1,700 | |
| Total property, plant and equipment, at cost | 826,018 | 766,222 | 708,394 | |
| Less: Accumulated depreciation and amortization | 347,045 | 308,916 | 284,268 | |
| Property, plant and equipment, net | $ 478,973 | $ 457,306 | $ 424,126 | |

5. Leased Property Under Capital Leases

| In Thousands | March 31, 2002 | Dec. 30, 2001 | April 1, 2001 | Estimated Useful Lives |
|---|---|---|---|---|
| Leased property under capital leases | $60,761 | $ 12,265 | $ 12,626 | 1-29 years |
| Less: Accumulated amortization | 9,982 | 6,882 | 5,507 | |
| Leased property under capital leases, net | $50,779 | $ 5,383 | $ 7,119 | |

The Company recorded a capital lease of $41.6 million at the end of the first quarter of 2002 related to its production/distribution center located in Charlotte, North Carolina. As disclosed in the Company's 2001 Annual Report on Form 10-K, this facility is leased from a related party. The lease obligation was capitalized as a result of the Company's decision in the first quarter to enter into renewal options that extend the expected term of this lease.

6. Franchise Rights and Goodwill

| In Thousands | March 31, 2002 | Dec. 30, 2001 | April 1, 2001 |
|---|---|---|---|
| Franchise rights | $662,374 | $353,388 | $353,388 |
| Goodwill | 155,192 | 112,097 | 112,097 |
| Franchise rights and goodwill | 817,566 | 465,485 | 465,485 |
| Less: Accumulated amortization | 210,535 | 129,823 | 121,164 |
| Franchise rights and goodwill, net | $607,031 | $335,662 | $344,321 |

7. Other Identifiable Intangible Assets

The principal categories and estimated useful lives of identifiable intangible assets were as follows:

| In Thousands | March 31, 2002 | Dec. 30, 2001 | April 1, 2001 | Estimated Useful Lives |
|---|---|---|---|---|
| Customer lists | $54,864 | $54,864 | $54,864 | 20 years |
| Other | | 16,316 | 16,316 | |
| Other identifiable intangible assets | 54,864 | 71,180 | 71,180 | |
| Less: Accumulated amortization | 46,838 | 60,784 | 57,867 | |
| Other identifiable intangible assets, net | $ 8,026 | $10,396 | $13,313 | |

8. Long-Term Debt

Long-term debt was summarized as follows:

| In Thousands | Maturity | Interest Rate | Interest Paid | March 31, 2002 | Dec. 30, 2001 | April 1, 2001 |
|---|---|---|---|---|---|---|
| Lines of Credit | 2002 | 2.40% | Varies | $ 19,900 | | |
| Revolving Credit | 2002 | 4.75% | Varies | 30,000 | | |
| Term Loan Agreement | 2004 | 2.39% | Varies | 85,000 | $ 85,000 | $ 85,000 |
| Term Loan Agreement | 2005 | 2.39% | Varies | 85,000 | 85,000 | 85,000 |
| Term Loan Agreement* | 2002 | 2.44% | Varies | 97,500 | | |
| Term Loan Agreement* | 2003 | 2.44% | Varies | 97,500 | | |
| Medium-Term Notes | 2002 | | | | 47,000 | 47,000 |
| Debentures | 2007 | 6.85% | Semi-annually | 100,000 | 100,000 | 100,000 |
| Debentures | 2009 | 7.20% | Semi-annually | 100,000 | 100,000 | 100,000 |
| Debentures | 2009 | 6.38% | Semi-annually | 250,000 | 250,000 | 250,439 |
| Other notes payable | 2002 - 2006 | 5.75%-10.00% | Varies | 156 | 9,864 | 10,473 |
| | | | | 865,056 | 676,864 | 677,912 |
| Less: Portion of long-term debt payable within one year | | | | 147,431 | 56,708 | 57,317 |
| | | | | 717,625 | 620,156 | 620,595 |
| Fair market value of interest rate swaps | | | | | | (439) |
| Long-term debt | | | | $717,625 | $620,156 | $620,156 |

* Piedmont's outstanding debt.

8. Long-Term Debt (cont.)

The Company borrows periodically under its available lines of credit. These lines of credit, in the aggregate amount of $95 million at March 31, 2002, are made available at the discretion of the three participating banks and may be withdrawn at any time by such banks. On March 31, 2002, $19.9 million was outstanding under these lines of credit. The Company intends to refinance short-term maturities with currently available lines of credit.

The Company has a revolving credit facility for borrowings of up to $170 million that matures in December 2002. The Company intends to negotiate a new revolving credit facility to replace the current facility. The agreement contains covenants which establish ratio requirements related to debt, interest expense and cash flow. A facility fee of 1/8% per year on the banks' commitment is payable quarterly. On March 31, 2002, $30.0 million was outstanding under this facility.

After taking into account all of the interest rate hedging activities, the Company had a weighted average interest rate of 5.4%, 5.7% and 6.7% for the debt portfolio as of March 31, 2002, December 30, 2001 and April 1, 2001, respectively. The Company's overall weighted average borrowing rate on its long-term debt was 5.5% for the first quarter of 2002 compared to 6.8% for the first quarter of 2001.

As of March 31, 2002, approximately 33% of the total debt portfolio was subject to changes in short-term interest rates. The Company considers all floating rate debt and fixed rate debt with a maturity of less than one year to be subject to changes in short-term interest rates.

If average interest rates for the floating rate component of the Company's debt portfolio increased by 1%, annual interest expense for the first quarter ended March 31, 2002 would have increased by approximately $.6 million and net income would have been reduced by approximately $.4 million.

With regards to the Company's $170 million term loan agreement that matures in 2004 and 2005, the Company must maintain its public debt ratings at investment grade as determined by both Moody's and Standard & Poor's. If the Company's public debt ratings fall below investment grade within 90 days after the public announcement of certain designated events and such ratings stay below investment grade for an additional 40 days, a trigger event resulting in a default occurs. The Company does not anticipate a trigger event will occur.

Piedmont obtained a term loan with a group of banks on May 28, 1996 for $195 million with interest payable at a floating rate of LIBOR plus 0.50%. The loan agreement matures in two equal installments of $97.5 million each on May 28, 2002 and May 28, 2003. The interest rate is subject to increase in the event Piedmont's debt rating, as established by Standard & Poor's, declines, and is subject to acceleration if Piedmont's debt rating falls below investment grade for more that 40 days. Piedmont does not anticipate that its debt rating will fall below investment grade. The loan agreement contains certain restrictions which include limitations on additional borrowings, new liens and dispositions of assets. The loan agreement also requires that The Coca-Cola Company continue to maintain at least a 40% voting and equity interest in Piedmont and a 20% interest in the Common Stock of the Company.

## 8. Long-Term Debt

In January 1999, the Company filed an $800 million shelf registration for debt and equity securities. The Company used this shelf registration to issue $250 million of long-term debentures in 1999. The Company currently has $550 million available for use under this shelf registration.

The Company intends to refinance the $97.5 million of the Piedmont loan maturing in May 2002 with currently available credit facilities which include its revolving credit facility and $550 million of availability under its shelf registration. The Company currently plans to loan $97.5 million to Piedmont to repay the maturing debt in May 2002. It is anticipated that Piedmont will pay the Company interest based on a spread over the Company's average cost of funds.

## 9. Derivative Financial Instruments

The Company uses interest rate hedging products to modify risk from interest rate fluctuations in its underlying debt. The Company has historically used derivative financial instruments from time to time to achieve a targeted fixed/floating rate mix. This target is based upon anticipated cash flows from operations relative to the Company's debt level and the potential impact of increases in interest rates on the Company's overall financial condition.

The Company does not use derivative financial instruments for trading or other speculative purposes nor does it use leveraged financial instruments. All of the Company's outstanding interest rate swap agreements are LIBOR-based.

Derivative financial instruments were summarized as follows:

| | March 31, 2002 | | December 30, 2001 | | April 1, 2001 | |
|---|---|---|---|---|---|---|
| In Thousands | Notional Amount | Remaining Term | Notional Amount | Remaining Term | Notional Amount | Remaining Term |
| Interest rate swaps-floating | | | | | $100,000 | 8.0 years |
| Interest rate swap - fixed | $27,000 | .7 years | $27,000 | .95 years | | |
| Interest rate swap - fixed | 19,000 | .7 years | 19,000 | .95 years | | |
| Interest rate swap - fixed* | 40,000 | .2 years | | | | |
| Interest rate swap - fixed* | 90,000 | 1.2 years | | | | |

* Piedmont's derivative financial instruments.

## 10. Fair Values of Financial Instruments

The following methods and assumptions were used by the Company in estimating the fair values of its financial instruments:

Cash, Accounts Receivable and Accounts Payable
The fair values of cash, accounts receivable and accounts payable approximate carrying values due to the short maturity of these financial instruments.

Public Debt
The fair values of the Company's public debt are based on estimated market prices.

Non-Public Variable Rate Long-Term Debt
The carrying amounts of the Company's variable rate borrowings approximate their fair values.

Non-Public Fixed Rate Long-Term Debt
The fair values of the Company's fixed rate long-term borrowings are estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Derivative Financial Instruments
Fair values for the Company's interest rate swaps are based on current settlement values.

The carrying amounts and fair values of the Company's long-term debt and derivative financial instruments were as follows:

| | March 31, 2002 | | December 30, 2001 | | April 1, 2001 | |
|---|---|---|---|---|---|---|
| In Thousands | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Public debt | $450,000 | $441,990 | $497,000 | $493,993 | $497,439 | $494,473 |
| Non-public variable rate long-term debt | 414,900 | 414,900 | 170,000 | 170,000 | 170,000 | 170,000 |
| Non-public fixed rate long-term debt | 156 | 156 | 9,864 | 9,868 | 10,473 | 10,533 |
| Interest rate swaps | 4,056 | 4,056 | (7) | (7) | (439) | (439) |

The fair values of the interest rate swaps at March 31, 2002 represent the estimated amounts the Company would have paid upon termination of these agreements. The fair values of the interest rate swaps at December 30, 2001 and April 1, 2001 represent the estimated amounts the Company would have received upon termination of these agreements.

11. Supplemental Disclosures of Cash Flow Information

Changes in current assets and current liabilities affecting cash, net of effect of consolidating Piedmont, were as follows:

| | First Quarter | |
|---|---|---|
| In Thousands | 2002 | 2001 |
| Accounts receivable, trade, net | $ 3,081 | $ 292 |
| Accounts receivable, The Coca-Cola Company | (10,470) | (2,408) |
| Accounts receivable, other | 1,218 | 2,052 |
| Inventories | 4,960 | 4,577 |
| Prepaid expenses and other current assets | (2,092) | (2,472) |
| Accounts payable, trade | 1,262 | 2,934 |
| Accounts payable, The Coca-Cola Company | (3,376) | 216 |
| Other accrued liabilities | 10,665 | 3,718 |
| Accrued compensation | (8,765) | (6,307) |
| Accrued interest payable | 2,126 | 3,979 |
| Due to Piedmont | | 2,522 |
| Increase (decrease) in current assets less current liabilities | $ (1,391) | $ 9,103 |

## 12. Earnings Per Share

The following table sets forth the computation of basic net income per share and diluted net income per share:

| In Thousands (Except Per Share Data) | First Quarter 2002 | First Quarter 2001 |
|---|---|---|
| Numerator: | | |
| Numerator for basic net income (loss) per share and diluted net income (loss) per share | $ 3,378 | $(1,782) |
| Denominator: | | |
| Denominator for basic net income (loss) per share - weighted average common shares | 8,773 | 8,753 |
| Effect of dilutive securities - stock options | 84 | * |
| Denominator for diluted net income (loss) per share - adjusted weighted average common shares | 8,857 | 8,753 |
| Basic net income (loss) per share | $ .39 | $ (.20) |
| Diluted net income (loss) per share | $ .38 | $ (.20) |

*Antidilutive

## 13. Commitments and Contingencies

The Company has guaranteed a portion of the debt for two cooperatives in which the Company is a member. The amounts guaranteed were $45.8 million, $37.4 million and $37.4 million as of March 31, 2002, December 30, 2001 and April 1, 2001, respectively.

The Company is involved in various claims and legal proceedings which have arisen in the ordinary course of business. Although it is difficult to predict the ultimate outcome of these cases, management believes, based on discussions with legal counsel, that the ultimate disposition of these claims will not have a material adverse effect on the financial condition, cash flows or results of operations of the Company.

## 14. New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141, "Business Combinations," ("SFAS No. 141") and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," ("SFAS No. 142"). These standards require that all business combinations be accounted for using the purchase method and that goodwill and intangible assets with indefinite useful lives not be amortized but instead be tested for impairment at least annually. These standards provide guidelines for new disclosure requirements and outline the criteria for initial recognition and measurement of intangibles, assignment of assets and liabilities including goodwill to reporting units and goodwill impairment testing. The provisions of SFAS No. 141 and SFAS No. 142 apply to all business combinations consummated after June 30, 2001. The provisions of SFAS No. 142 for existing goodwill and other intangible assets have been implemented effective the first day of fiscal year 2002. The Company estimates the adoption of SFAS No. 142 will reduce amortization expense in 2002 by approximately $21.0 million for the Company and Piedmont on a combined basis. The Company has performed its initial impairment analysis of its goodwill and intangible assets with indefinite useful lives and concluded that there is no impairment at this time.

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS No. 144"). SFAS No. 144 supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," but it retains many of the fundamental provisions of that Statement. SFAS No. 144 also extends the reporting requirements to report separately as discontinued operations, components of an entity that have either been disposed of or classified as held for sale. The provisions of SFAS No. 144 have been adopted as of the beginning of fiscal year 2002. The adoption of SFAS No. 144 did not have a material effect on the Company's operating results.

EITF No. 01-09 "Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products" was effective for the Company beginning January 1, 2002, requiring certain expenses previously classified as selling, general and administrative expenses to be reclassified as deductions from net sales. Prior year results have been adjusted to reclassify these expenses as a deduction to net sales for comparability with current year presentation. These expenses relate to payments to customers for certain marketing programs. The Company has reclassified $1.4 million and $5.2 million for the first quarter of 2002 and first quarter of 2001, respectively, related to these expenses.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Introduction:

Coca-Cola Bottling Co. Consolidated (the "Company") produces, markets and distributes carbonated and noncarbonated beverages, primarily products of The Coca-Cola Company, which include some of the most recognized and popular beverage brands in the world. The Company is currently the second largest bottler of products of The Coca-Cola Company in the United States, operating in eleven states, primarily in the southeast. The Company also distributes several other beverage brands. The Company's product offerings include carbonated soft drinks, teas, juices, isotonics and bottled water. The Company is also a partner with The Coca-Cola Company in Piedmont Coca-Cola Bottling Partnership ("Piedmont"), a partnership that operates additional bottling territory in portions of North Carolina and South Carolina.

On January 2, 2002, the Company purchased an additional 4.651% interest in Piedmont for $10.0 million from The Coca-Cola Company, increasing the Company's ownership in Piedmont to 54.651%. As a result of the increase in ownership, the results of operations, financial position and cash flows of Piedmont have been consolidated with those of the Company beginning in the first quarter of 2002. The Company's investment in Piedmont has been accounted for using the equity method for 2001 and prior years.

Management's discussion and analysis should be read in conjunction with the Company's consolidated unaudited financial statements and the accompanying footnotes along with the cautionary statements at the end of this section.

### Basis of Presentation

The statement of operations and statement of cash flows for the quarter ending March 31, 2002 and the consolidated balance sheet as of March 31, 2002 include the combined operations of the Company and Piedmont, reflecting the acquisition of an additional interest in Piedmont as discussed above. Generally accepted accounting principles require that results for the other periods presented, including results of operations and cash flows for the quarter ended April 1, 2001 and the consolidated balance sheets as of December 30, 2001 and April 1, 2001, be presented on a historical basis with Piedmont accounted for as an equity investment. The following management's discussion and analysis for the first quarter of 2002 is based on the actual unaudited results for the first quarter compared to the unaudited pro forma consolidated results for the Company and Piedmont for the same period in the prior year. The 2001 unaudited pro forma consolidated results for the Company and Piedmont are included in Note 2 to the financial statements.

### New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141, "Business Combinations," ("SFAS No. 141") and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," ("SFAS No. 142").

These standards require that all business combinations be accounted for using the purchase method and that goodwill and intangible assets with indefinite useful lives not be amortized but instead be tested for impairment at least annually. These standards provide guidelines for new disclosure requirements and outline the criteria for initial recognition and measurement of intangibles, assignment of assets and liabilities including goodwill to reporting units and goodwill impairment testing. The provisions of SFAS No. 141 and SFAS No. 142 apply to all business combinations consummated after June 30, 2001. The provisions of SFAS No. 142 for existing goodwill and other intangible assets have been implemented effective the first day of fiscal year 2002. The Company estimates the adoption of SFAS No. 142 will reduce amortization expense in 2002 by approximately $21.0 million for the Company and Piedmont on a combined basis. The Company has performed its initial impairment analysis of its goodwill and intangible assets with indefinite useful lives and has concluded that there is no impairment at this time.

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS No. 144"). SFAS No. 144 supersedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," but it retains many of the fundamental provisions of that Statement. SFAS No. 144 also extends the reporting requirements to report separately as discontinued operations, components of an entity that have either been disposed of or classified as held for sale. The provisions of SFAS No. 144 have been adopted as of the beginning of fiscal year 2002. The adoption of SFAS No. 144 did not have a material effect on the Company's operating results.

EITF No. 01-09 "Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products" was effective for the Company beginning January 1, 2002, requiring certain expenses previously classified as selling, general and administrative expenses to be reclassified as deductions from net sales. Prior year results have been adjusted to reclassify these expenses as a deduction to net sales for comparability with current year presentation. These expenses relate to payments to customers for certain marketing programs. The Company has reclassified $1.4 million and $5.2 million for the first quarter of 2002 and first quarter of 2001, respectively, related to these expenses.

Discussion of Critical Accounting Policies and Critical Accounting Estimates

In the ordinary course of business, the Company has made a number of estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. The Company has included in its Annual Report on Form 10-K for the year ended December 30, 2001 a discussion of the Company's most critical accounting policies, which are those that are most important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Except for the Company's adoption of SFAS No. 142 and SFAS No. 144, the Company has not made any changes in any of these critical accounting policies during the first quarter of 2002, nor has it made any material changes in any of the critical accounting estimates underlying these accounting policies during the first quarter of 2002.

Overview:
- --------

The following discussion presents management's analysis of the results of operations for the first quarter of 2002 compared to the pro forma consolidated results for the first quarter of 2001 and changes in financial condition from April 1, 2001 and December 30, 2001 (on a pro forma consolidated basis) to March 31, 2002. The results for interim periods are not necessarily indicative of the results to be expected for the year due to seasonal factors.

The Company reported net income of $3.4 million or $.39 per share for the first quarter of 2002 compared with a net loss of $2.0 million or $.23 per share for the same period in 2001. Operating results for the first quarter of 2002 included physical case volume growth of approximately 2.8% and approximately 1% higher net revenue per case. Net income for the first quarter of 2002 was favorably impacted by the adoption of SFAS No. 142 which resulted in a reduction of amortization expense of $3.1 million, net of tax, or approximately $.36 per share. Lower interest rates and reduced debt balances resulted in a decrease in interest expense from the first quarter of 2001 of $3.6 million.

Results of Operations:
- ---------------------

The Company's operations for the first quarter reflected an increase in sales of 4.8% driven by an increase in physical case volume of 2.8%, a 1% increase in net selling price per case, 16% higher contract sales to other bottlers and a 10% increase in fountain sales. Gross margin as a percentage of sales increased to 47.5% in the first quarter of 2002 from 47.0% for the same period in 2001. The improvement in gross margin primarily reflects higher pricing and a favorable shift in package and channel mix.

The Company's carbonated soft drink volume grew by 1% in the first quarter of 2002 led by increases in the diet Coke and Mello Yello trademarks of 3% and 2%, respectively. Also, the Company introduced Fanta flavors throughout its territory during the quarter. The Company continues to experience significant growth for its bottled water, Dasani, with volume increasing over 50% over the first quarter of 2001. POWERade volume also increased by over 50% from the first quarter of 2001. The Company expects to introduce additional new brands and packaging in its territory during the balance of 2002.

Cost of sales on a per unit basis was relatively unchanged in the first quarter of 2002 compared to the same period in 2001. Modest increases in raw material costs were offset by a reduction in manufacturing labor and overhead costs.

Selling, general and administrative expenses for the first quarter of 2002 increased 5% from the first quarter of 2001. The increase was primarily attributable to increases in employee compensation, cost of employee benefit plans including costs related to the Company's pension plans and certain expenses related to the closing of sales distribution facilities during the quarter. Based on the performance of the Company's pension plan investments and lower interest rates, pension expense will increase from approximately $2 million in fiscal year 2001 to approximately $6 million in fiscal year 2002. The Company closed five sales distribution centers in the first quarter and will close two additional distribution centers in the second quarter. The Company believes that these distribution center closings will reduce overall costs and improve asset productivity in the future. The Company will continue to evaluate its distribution system in an effort to optimize the process of distributing products to customers.

The Company relies extensively on advertising and sales promotion in the marketing of its products. The Coca-Cola Company and other beverage companies that supply concentrate, syrups and finished products to the Company make substantial advertising expenditures to promote sales in the local territories served by the Company. The Company also benefits from national advertising programs conducted by The Coca-Cola Company and other beverage companies. Certain of the marketing expenditures by The Coca-Cola Company and other beverage companies are made pursuant to annual arrangements. Although The Coca-Cola Company has advised the Company that it intends to provide marketing funding support in 2002, it is not obligated to do so under the Company's master bottle contract. Direct marketing funding support from The Coca-Cola Company and other beverage companies in the first quarter of 2002 and 2001 was $17.0 million and $16.1 million, respectively.

Depreciation expense increased approximately $.8 million for the first quarter of 2002 compared to the first quarter of 2001. The increase in depreciation expense was attributable primarily to the purchase during May 2001 of previously leased equipment for approximately $49 million. The Company expects its capital spending in 2002 will be comparable to the amount expended during 2001, excluding the purchase of previously leased equipment as discussed above.

Interest expense of $12.1 million decreased by $3.6 million or 23% from the first quarter of 2001. The decrease is attributable to lower average interest rates on the Company's outstanding debt and lower debt balances. The Company's outstanding debt declined to $865.1 million at March 31, 2002 from $882.5 million at April 1, 2001. Long-term debt at March 31, 2002 includes borrowings used to finance the purchase of approximately $49 million of leased equipment discussed above. The Company's overall weighted average interest rate decreased from an average of 6.8% during the first quarter of 2001 to an average of 5.5% during the first quarter of 2002.

The Company's effective income tax rates for the first quarter of 2002 and 2001 were 39.6% and 38.3%, respectively. The Company's first quarter 2002 effective tax rate reflects expected fiscal year 2002 earnings. The Company's effective income tax rate for the remainder of 2002 is dependent upon operating results and may change if the results for the year are different from current expectations.

Changes in Financial Condition:
- ------------------------------

Working capital decreased $2.7 million from December 30, 2001 and $105.0 million from April 1, 2001 to March 31, 2002. A working capital deficit at March 31, 2002 of $115.8 million was due to the reclassification of $147.4 million of the Company's debt which matures in the next twelve months. The significant changes in the components of working capital from December 30, 2001 include decreases in cash of $9.0 million and accrued compensation of $9.5 million offset by increases in amounts receivable from The Coca-Cola Company of $10.5 million and an increase in other accrued liabilities of $10.7 million.

Working capital decreased $105.0 million from April 1, 2001 to March 31, 2002 due primarily to an increase in the current portion of long-term debt of $90.1 million. The increase in the current maturities of long-term debt reflects the reclassification of $97.5 million that matures in May 2002.

The Company recorded a capital lease of $41.6 million at the end of the first quarter of 2002 related to its production/distribution center located in Charlotte, North Carolina. As disclosed in the Company's 2001 Annual Report on Form 10-K, this facility is leased from a related party. The lease obligation was capitalized as a result of the Company's decision in the first quarter to enter into renewal options that extend the expected term of this lease.

Capital expenditures in the first quarter of 2002 were $7.7 million compared to $10.7 million in the first quarter of 2001. The Company anticipates that additions to property, plant and equipment in 2002 will be in the range of $50 to $60 million and that such additions will be financed primarily through cash flow from operations.

Total debt, as of March 31, 2002, decreased by $17.4 million from April 1, 2001 and $16.8 million from December 30, 2001. Long-term debt at March 31, 2002 and December 30, 2001 includes borrowings used to finance the purchase of approximately $49 million of leased equipment previously discussed.

As of March 31, 2002, the Company had $30.0 million outstanding under its $170 million revolving credit facility and $19.9 million outstanding under its lines of credit. As of March 31, 2002, the Company's debt portfolio had a weighted average interest rate of approximately 5.4% and approximately 33% of the total portfolio of $865.1 million was subject to changes in short-term interest rates.

In January 1999, the Company filed an $800 million shelf registration for debt and equity securities. The Company used this shelf registration to issue $250 million of long-term debentures in 1999. The Company currently has $550 million available for use under this shelf registration. The Company intends to refinance its short-term debt maturities with currently available lines of credit and to negotiate a new revolving credit facility to replace the current facility that matures in December 2002.

The Company currently intends to refinance $97.5 million of debt that matures at Piedmont in May 2002 through its available credit facilities, which include its revolving credit facility and unused capacity under its shelf registration. The Company currently plans to loan $97.5 million to Piedmont to repay the maturing debt in May 2002. It is anticipated that Piedmont will pay the Company interest based on a spread over the Company's average cost of funds.

With regard to the Company's $170 million term loan agreement, the Company must maintain its public debt ratings at investment grade as determined by both Moody's and Standard & Poor's. If the Company's public debt ratings fall below investment grade within 90 days after the public announcement of certain designated events and such ratings stay below investment grade for an additional 40 days, a trigger event resulting in a default occurs. The Company does not anticipate a trigger event will occur.

Sources of capital for the Company include operating cash flows, bank borrowings, issuance of public or private debt and the issuance of equity securities. Management believes that the Company, through these sources, has sufficient financial resources available to maintain its current operations and provide for its current capital expenditure and working capital requirements, scheduled debt payments, interest and income tax liabilities and dividends for stockholders. The amount and frequency of future dividends will be determined by the Company's Board of Directors in light of the earnings and financial condition of the Company at such time, and no assurance can be given that dividends will be declared in the future.

FORWARD-LOOKING STATEMENTS

This Quarterly Report to Stockholders on Form 10-Q, as well as information included in future filings by the Company with the Securities and Exchange Commission and information contained in written material, press releases and oral statements issued by or on behalf of the Company, contains, or may contain, several forward-looking management comments and other statements that reflect management's current outlook for future periods. These statements include, among others, statements relating to: the introduction of new brands and packaging during the balance of 2002; cost savings and asset productivity improvements in the future related to sales distribution facility closings; the effects of the adoption of SFAS No. 142 and SFAS No. 144, anticipated increases in pension expense, potential marketing support from The Coca-Cola Company, sufficiency of financial resources, anticipated additions to property, plant and equipment and that such additions will be financed primarily through cash flow from operations, the amount and frequency of future dividends, refinancing of short-term debt maturities, negotiation of a new revolving credit facility, refinancing of certain debt at Piedmont, the anticipated loan by the Company to Piedmont for $97.5 million, Piedmont's payment of interest to the Company, management's belief that a trigger event will not occur under the Company's $170 million term loan agreement and management's belief that Piedmont's debt rating will not fall below investment grade. These statements and expectations are based on the current available competitive, financial and economic data along with the Company's operating plans, and are subject to future events and uncertainties. Among the events or uncertainties which could adversely affect future periods are: lower than expected net pricing resulting from increased marketplace competition, changes in how significant customers market our products, an inability to meet performance requirements for expected levels of marketing support payments from The Coca-Cola Company, reduced marketing and advertising spending by The Coca-Cola Company or other beverage companies, an inability to meet requirements under bottling contracts, the inability of our aluminum can or PET bottle suppliers to meet our demand, material changes from expectations in the cost of raw materials, higher than expected fuel prices and unfavorable interest rate fluctuations.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Not applicable.

## PART II - OTHER INFORMATION

### Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

| Exhibit Number | Description |
| --- | --- |
| 4.1 | Consent as of January 25, 2002, by and among Piedmont Coca-Cola Bottling Partnership ("Piedmont"), General Electric Capital Corporation, as Agent and Assignee of LTCB Trust Company and other banks named in the Loan Agreement dated as of May 28, 1996, related to Piedmont's request to borrow up to $97.5 million from the Company. |
| 4.2 | The Registrant, by signing this report, agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument which defines the rights of holders of long-term debt of the Registrant and its subsidiaries for which consolidated financial statements are required to be filed, and which authorizes a total amount of securities not in excess of 10 percent of total assets of the Registrant and its subsidiaries on a consolidated basis. |

(b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K on January 14, 2002 reporting pursuant to Item 5 thereof that it had purchased an additional interest in Piedmont Coca-Cola Bottling Partnership from The Coca-Cola Company. No financial statements were required to be filed as a part of such Form 8-K.

On May 3, 2002, the Company filed a Current Report on Form 8-K relating to the announcement of the Company's financial results for the period ended March 31, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COCA-COLA BOTTLING CO. CONSOLIDATED
(REGISTRANT)

Date: May 13, 2002

By: /s/ David V. Singer
-------------------------------------
David V. Singer

Principal Financial Officer of the Registrant and
Executive Vice President and Chief Financial Officer

# CONSENT

THIS CONSENT (this "Consent"), is entered into as of January 25, 2002 by Piedmont Coca-Cola Bottling Partnership, a Delaware corporation (the "Borrower"), General Electric Capital Corporation, as Agent and assignee of LTCB Trust Company (the "Agent"), and such number of the Banks (defined hereafter) signatory to the Loan Agreement (defined hereafter) as may be required pursuant to that certain Loan Agreement dated as of May 28, 1996 (as amended from time to time, the "Loan Agreement") among Borrower, Agent, the banks party thereto from time to time (the "Banks") and the following co-agents: Deutsche Bank AG, New York Branch, DG Bank Deutsche Genossenschaftsbank, Cayman Islands Branch and The Industrial Bank of Japan, Limited, Atlanta Agency. Capitalized terms not otherwise defined herein shall be ascribed the meaning set forth for such term in the Loan Agreement.

WHEREAS, pursuant to the Loan Agreement, the Banks made available to the Borrower certain credit facilities;

WHEREAS, the Borrower is required to pay to the Banks a principal installment of $97,500,000 on the Interim Maturity Date (the "Scheduled Principal Installment");

WHEREAS, in order to facilitate the Borrower's payment of the Scheduled Principal Installment, the Borrower may desire to borrow up to $97,500,000 from Coca-Cola Bottling Co. Consolidated ("Consolidated"), an affiliate of Borrower (such loan being referred to herein as the "Intercompany Loan");

WHEREAS, Borrower has requested that the Agent and the Banks consent to the making of the Intercompany Loan; and

WHEREAS, the Agent and the Banks executing this Consent are willing to consent to the Intercompany Loan under the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual promises herein contained and for other valuable consideration, and intending to be legally bound hereby, the parties hereto agree as follows:

SECTION 1. <u>Consent to Intercompany Loan.</u>

1.1 The Agent and the Banks executing this Consent hereby consent to the making of the Intercompany Loan and the performance by the Borrower of its obligations with respect thereto, so long as the following conditions are satisfied:

(a) The obligations of the Borrower under the Intercompany Loan must be subordinated to the obligations of the Borrower under the Loan Documents, which subordination shall be effected by a subordination agreement (the "Subordination Agreement") to be executed by Consolidated and Agent (and acknowledged by Borrower), all upon such terms as may be acceptable to Agent, in its sole discretion (including, without limitation, a prohibition on any payments by Borrower to Consolidated with respect to the Intercompany Loan other than regularly scheduled interest payments, at the non-default rate, payable only at such time as no Event of Default exists under the Loan Documents). The Subordination Agreement shall expressly prohibit any modification of the Intercompany Loan Documentation (defined hereafter) without the prior written consent of the Agent, in its sole discretion.

(b) The Intercompany Loan shall not be secured by any liens or security interests in any property of Borrower or any other Person, and the Borrower's obligations thereunder shall not be guarantied by any other Person.

(c) The Intercompany Loan shall not (i) exceed $97,500,000, (ii) require principal payments prior to the date that is at least one year after the Maturity Date or (iii) have an annual interest rate greater than nine percent. The Intercompany Loan will be made in a single advance to Borrower by Consolidated.

(d) Immediately upon receipt of the proceeds of the Intercompany Loan by Borrower, Borrower must deliver all of such proceeds to Agent in immediately available funds for distribution to the Lenders against payment of the Scheduled Principal Installment.

(e) The promissory note and all other documentation evidencing or relating to the Intercompany Loan (collectively, the "Intercompany Loan Documentation") must be approved by Agent, in its sole discretion, and fully executed copies of all Intercompany Loan Documentation must be provided to Agent.

(f) On both the date the Borrower executes the Intercompany Loan Documentation and the date the proceeds of the Intercompany Loan are advanced to the Borrower, no Default or Event of Default shall exist.

(g) The Intercompany Loan Documentation shall be executed and delivered by all parties thereto, and the Borrower shall have received the proceeds thereof, no later than the Interim Maturity Date.

1.2 So long as the Intercompany Loan is made in accordance with the conditions set forth in Section 1.1 of this Consent, the Agent and the Banks hereby waive the following provisions of the Loan Agreement for the sole purpose of allowing Borrower to (i) execute and deliver the Intercompany Loan Documentation, (ii) receive the proceeds of the Intercompany Loan, and (iii) perform its obligations under the Intercompany Loan Documentation, subject however to compliance with the terms of the Subordination Agreement (and such waiver shall not extend to any other or subsequent events, loans or transactions):

(a) Section 8.05 of the Loan Agreement (and the Intercompany Loan shall not be counted against the Indebtedness basket provided in Section 8.05(f) of the Loan Agreement); and

(b) Section 8.10 of the Loan Agreement.

1.3 The Borrower hereby represents and warrants to the Agent and the Banks that, after giving effect to the waivers set forth in Section 1.2 above, the Intercompany Loan and the Intercompany Loan Documentation comply in all respects with the requirements of the Loan Agreement and the other Loan Documents and that the consummation of the Intercompany Loan and the performance by the Borrower of its obligations under the Intercompany Loan Documentation will not cause a Default or an Event of Default under any Loan Document. This Consent is limited to its terms as expressly set forth herein and shall not be considered a waiver of any other provisions of the Loan Agreement or any other Loan Document.

SECTION 2. Effectiveness of Consent. This Consent shall not be deemed effective until (i) the Agent shall have executed and delivered to the Borrower a copy of this Consent and (ii) the Agent shall have one or more copies of this Consent, originally executed by Borrower and such number of the Banks as may constitute the Required Banks.

SECTION 3. Miscellaneous.

3.1 No Waiver. Except to the extent that a provision of the Loan Agreement and the other Loan Documents is expressly modified by this Consent, nothing in this Consent shall constitute a modification of the provisions of the Loan Agreement or any other Loan Document or a waiver by the Agent or Banks of their rights and remedies under the Loan Documents. No act or omission by the Agent or any Bank shall constitute a waiver of any of their rights and remedies under the Loan Documents unless such waiver is in writing, signed by the Agent and the requisite Banks required for approval of such modification under the Loan Agreement and then only to the extent specifically set forth therein. Nothing in this Consent shall be deemed to modify or affect any obligations that the Borrower, Consolidated, or any other affiliate of the Borrower or Consolidated, may have to Agent or any Lender with respect to any credit facility or other financial arrangements other than those evidenced by the Credit Agreement.

3.2 Reaffirmation. The Borrower hereby acknowledges that all terms and conditions of the Loan Agreement and the other Loan Documents are and shall remain in full force and effect. The Borrower hereby reaffirms the outstanding Loans. This Consent is incorporated into the Loan Agreement by reference and shall constitute a part thereof as if fully set forth therein. In the event that any of the terms or the provisions of the Loan Agreement are inconsistent with or contradictory of the terms hereof, the terms of this Consent shall control. Borrower hereby agrees to pay promptly all costs and expenses incurred by Agent (including, without limitation, the fees and expenses of Agent's counsel) in connection with the preparation, negotiation and execution of this Consent.

3.3 Release. The Borrower acknowledges and agrees that, as of the date hereof, it does not have any claim, defense or set-off right against the Agent or any Bank or their respective officers, directors, employees, agents, successors, assigns or affiliates, nor any claim, defense or set-off right to the enforcement by the Agent or any Bank of the full amount of the Loans. The Borrower hereby forever expressly waives, releases relinquishes, satisfies, acquits and discharges the Agent and the Banks, and their respective officers, directors, employees, agents, successors, assigns and affiliates, from any and all defenses to payment or other defenses, set-offs, claims, counterclaims, liability and causes of action, accrued or unaccrued, whether known or unknown, which occurred or arose on or prior to the date hereof.

3.4 Counterparts. This Consent may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Consent may be delivered by facsimile transmission with the same force and effect as if originally executed copies of this Consent were delivered to all parties hereto.

3.5 Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections contained in this Consent shall not affect the validity or enforceability of the remaining portions of this Consent, or any part thereof.

3.6 Governing Law. This Consent shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have each caused this Consent to be duly executed by their duly authorized representatives as of the date first above written.

PIEDMONT COCA-COLA BOTTLING COMPANY PARTNERSHIP,
a Delaware general partnership

By: Coca Cola Bottling Co. Consolidated, a
Delaware corporation, being the Manager of the
Borrower, duly authorized by each of the
general partners of the Borrower

By: ___________________________________________
Name:
Title:

| | |
|---|---|
| GENERAL ELECTRIC CAPITAL CORPORATION, as Agent | GENERAL ELECTRIC CAPITAL CORPORATION, as Lender |
| By:________________________________ | By:____________________________________ |
| Name: | Name: |
| Title: | Title: |

SIGNATURE PAGE TO CONSENT

CREDIT SUISSE FIRST BOSTON, as
Lender

By: ________________________________________
Name:
Title:

SIGNATURE PAGE TO CONSENT

DEUTSCHE BANK AG, NEW YORK
BANK, as Co-Agent and Lender

By: ________________________________________
Name:
Title:

By: ________________________________________
Name:
Title:

SIGNATURE PAGE TO CONSENT

COMMERZBANK AG, as Lender

By: ______________________________________
Name:
Title:

SIGNATURE PAGE TO CONSENT

DZ BANK DUETSCHE
GENOSSENSCHAFTSBANK, CAYMAN
ISLANDS BRANCH, as Co-Agent and Lender

By: ________________________________________
Name:
Title:

By: ________________________________________
Name:
Title:

SIGNATURE PAGE TO CONSENT

FLEET NATIONAL BANK, as Lender

By: ______________________________
Name:
Title:

SIGNATURE PAGE TO CONSENT

INDUSTRIAL BANK OF JAPAN, LTD., as
Lender

By: _________________________________
Name:
Title:

SIGNATURE PAGE TO CONSENT

KBC BANK, as Lender

By: ______________________________
Name:
Title:

SIGNATURE PAGE TO CONSENT

SOCIETE GENERALE, as Lender

By: ______________________________
Name:
Title:

SIGNATURE PAGE TO CONSENT

WACHOVIA BANK OF NORTH
CAROLINA, N.A., as Lender

By: ______________________________
Name:
Title:

SIGNATURE PAGE TO CONSENT