UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 3, 2016

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ 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 6, 2016**
Common Stock, $1.00 Par Value	7,141,447
Class B Common Stock, $1.00 Par Value	2,171,702

COCA-COLA BOTTLING CO. CONSOLIDATED
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED APRIL 3, 2016

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Item 1. Financial Statements.

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

	First Quarter	
	2016	2015
Net sales	$ 625,456	$ 453,253
Cost of sales	381,558	268,880
Gross margin	243,898	184,373
Selling, delivery and administrative expenses	231,497	167,471
Income from operations	12,401	16,902
Interest expense, net	9,361	7,347
Other income (expense), net	(17,151)	(5,089)
Income (loss) before income taxes	(14,111)	4,466
Income tax expense (benefit)	(5,078)	1,513
Net income (loss)	(9,033)	2,953
Less: Net income attributable to noncontrolling interest	1,008	729
Net income (loss) attributable to Coca-Cola Bottling Co. Consolidated	$ (10,041)	$ 2,224
Basic net income (loss) per share based on net income (loss) attributable to Coca-Cola Bottling Co. Consolidated:		
Common Stock	$ (1.08)	$ 0.24
Weighted average number of Common Stock shares outstanding	7,141	7,141
Class B Common Stock	$ (1.08)	$ 0.24
Weighted average number of Class B Common Stock shares outstanding	2,157	2,136
Diluted net income (loss) per share based on net income (loss) attributable to Coca-Cola Bottling Co. Consolidated:		
Common Stock	$ (1.08)	$ 0.24
Weighted average number of Common Stock shares outstanding – assuming dilution	9,298	9,317
Class B Common Stock	$ (1.08)	$ 0.23
Weighted average number of Class B Common Stock shares outstanding – assuming dilution	2,157	2,176
Cash dividends per share:		
Common Stock	$ 0.25	$ 0.25
Class B Common Stock	$ 0.25	$ 0.25

See Accompanying Notes to Consolidated Financial Statements.

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
In Thousands

	First Quarter	
	2016	2015
Net income (loss)	$ (9,033)	$ 2,953
Other comprehensive income, net of tax:		
Foreign currency translation adjustment	10	(4)
Defined benefit plans reclassification included in pension costs:		
Actuarial loss	455	489
Prior service costs	4	5
Postretirement benefits reclassification included in benefits costs:		
Actuarial loss	360	440
Prior service costs	(516)	(516)
Other comprehensive income, net of tax	313	414
Comprehensive income (loss)	(8,720)	3,367
Less: Comprehensive income attributable to noncontrolling interest	1,008	729
Comprehensive income (loss) attributable to Coca-Cola Bottling Co. Consolidated	$ (9,728)	$ 2,638

See Accompanying Notes to Consolidated Financial Statements.

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

	Apr. 3, 2016	Jan. 3, 2016	Mar. 29, 2015
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 32,600	$ 55,498	$ 21,163
Accounts receivable, trade, less allowance for doubtful accounts of $2,280, $2,117 and $1,514 respectively	206,292	184,009	144,356
Accounts receivable from The Coca-Cola Company	53,092	28,564	30,639
Accounts receivable, other	26,824	24,047	12,308
Inventories	110,450	89,464	91,129
Prepaid expenses and other current assets	49,428	53,337	39,735
Total current assets	478,686	434,919	339,330
Property, plant and equipment, net	638,896	525,820	391,838
Leased property under capital leases, net	38,406	40,145	41,587
Other assets	68,303	63,739	63,307
Franchise rights	527,540	527,540	520,672
Goodwill	135,311	117,954	109,984
Other identifiable intangible assets, net	136,721	136,448	103,906
Total assets	$ 2,023,863	$ 1,846,565	$ 1,570,624

See Accompanying Notes to Consolidated Financial Statements.

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

	Apr. 3, 2016	Jan. 3, 2016	Mar. 29, 2015
LIABILITIES AND EQUITY			
Current Liabilities:			
Current portion of obligations under capital leases	$ 7,165	$ 7,063	$ 6,679
Accounts payable, trade	95,023	82,937	58,458
Accounts payable to The Coca-Cola Company	96,950	79,065	60,211
Other accrued liabilities	111,218	104,168	80,446
Accrued compensation	23,774	49,839	24,650
Accrued interest payable	10,840	3,481	8,768
Total current liabilities	344,970	326,553	239,212
Deferred income taxes	135,095	146,944	131,895
Pension and postretirement benefit obligations	115,000	115,197	133,809
Other liabilities	306,754	267,090	229,889
Obligations under capital leases	46,893	48,721	50,905
Long-term debt	760,036	619,628	524,696
Total liabilities	1,708,748	1,524,133	1,310,406
Commitments and Contingencies (Note 12)			
Equity:			
Common Stock, $1.00 par value:			
Authorized – 30,000,000 shares;			
Issued – 10,203,821 shares	10,204	10,204	10,204
Class B Common Stock, $1.00 par value:			
Authorized – 10,000,000 shares;			
Issued – 2,799,816, 2,778,896 and 2,778,896 shares, respectively	2,798	2,777	2,777
Capital in excess of par value	116,769	113,064	113,064
Retained earnings	248,308	260,672	210,864
Accumulated other comprehensive loss	(82,094)	(82,407)	(89,500)
	295,985	304,310	247,409
Less-Treasury stock, at cost:			
Common Stock – 3,062,374 shares	60,845	60,845	60,845
Class B Common Stock – 628,114 shares	409	409	409
Total equity of Coca-Cola Bottling Co. Consolidated	234,731	243,056	186,155
Noncontrolling interest	80,384	79,376	74,063
Total equity	315,115	322,432	260,218
Total liabilities and equity	$ 2,023,863	$ 1,846,565	$ 1,570,624

See Accompanying Notes to Consolidated Financial Statements.

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
In Thousands (Except Share Data)

	Common Stock	Class B Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity of CCBCC	Noncontrolling Interest	Total Equity
Balance on Dec. 28, 2014	$ 10,204	$ 2,756	$110,860	$210,957	$ (89,914)	$ (61,254)	$183,609	$ 73,334	$256,943
Net income (loss)				2,224			2,224	729	2,953
Other comprehensive income, net of tax					414		414		414
Cash dividends paid									
Common ($0.25 per share)				(1,785)			(1,785)		(1,785)
Class B Common ($0.25 per share)				(532)			(532)		(532)
Issuance of 20,920 shares of Class B Common Stock		21	2,204				2,225		2,225
Balance on Mar. 29, 2015	$ 10,204	$ 2,777	$113,064	$210,864	$ (89,500)	$ (61,254)	$186,155	$ 74,063	$260,218
Balance on Jan. 3, 2016	$ 10,204	$ 2,777	$113,064	$260,672	$ (82,407)	$ (61,254)	$243,056	$ 79,376	$322,432
Net income (loss)				(10,041)			(10,041)	1,008	(9,033)
Other comprehensive income, net of tax					313		313		313
Cash dividends paid									
Common ($0.25 per share)				(1,785)			(1,785)		(1,785)
Class B Common ($0.25 per share)				(538)			(538)		(538)
Issuance of 20,920 shares of Class B Common Stock		21	3,705				3,726		3,726
Balance on Apr. 3, 2016	$ 10,204	$ 2,798	$116,769	$248,308	$ (82,094)	$ (61,254)	$234,731	$ 80,384	$315,115

See Accompanying Notes to Consolidated Financial Statements.

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

	First Quarter	
	2016	2015
Cash Flows from Operating Activities		
Net income (loss)	$ (9,033)	$ 2,953
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense	23,363	17,065
Amortization of intangibles	1,026	592
Deferred income taxes	(5,078)	42
Loss on sale of property, plant and equipment	417	282
Impairment of property, plant and equipment	0	148
Amortization of debt costs	575	504
Stock compensation expense	1,627	1,116
Fair value adjustment of acquisition related contingent consideration	17,151	5,089
Change in current assets less current liabilities (exclusive of acquisition)	(38,926)	(23,898)
Change in other noncurrent assets (exclusive of acquisition)	(2,391)	(3,310)
Change in other noncurrent liabilities (exclusive of acquisition)	(3,975)	(2,229)
Other	27	(149)
Total adjustments	(6,184)	(4,748)
Net cash used in operating activities	(15,217)	(1,795)
Cash Flows from Investing Activities		
Additions to property, plant and equipment (exclusive of acquisition)	(36,785)	(30,842)
Proceeds from the sale of property, plant and equipment	131	118
Investment in CONA Services LLC	(1,204)	0
Acquisition of new territories, net of cash acquired	(100,907)	(33,389)
Net cash used in investing activities	(138,765)	(64,113)
Cash Flows from Financing Activities		
Borrowings under revolving credit facility	140,000	82,000
Cash dividends paid	(2,323)	(2,317)
Payment on acquisition related contingent consideration	(4,959)	0
Principal payments on capital lease obligations	(1,726)	(1,619)
Other	92	(88)
Net cash provided by financing activities	131,084	77,976
Net increase (decrease) in cash	(22,898)	12,068
Cash at beginning of period	55,498	9,095
Cash at end of period	$ 32,600	$ 21,163
Significant noncash investing and financing activities:		
Issuance of Class B Common Stock in connection with stock award	$ 3,726	$ 2,225
Additions to property, plant and equipment accrued and recorded in accounts payable, trade	8,873	4,734

See Accompanying Notes to Consolidated Financial Statements.

1. Significant Accounting Policies

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

The consolidated financial 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 consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial reporting and the instructions to Form 10-Q and Article 10 of Regulation S-X. The preparation of consolidated financial statements 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 consistent with 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 fiscal year ended January 3, 2016 filed with the U.S. Securities and Exchange Commission.

2. Acquisitions and Divestitures

Since April 2013, as a part of The Coca-Cola Company's plans to refranchise its North American bottling territories, the Company has engaged in a series of transactions with The Coca-Cola Company and Coca-Cola Refreshments USA, Inc. ("CCR"), a wholly-owned subsidiary of The Coca-Cola Company, to expand the Company's distribution operations significantly through the acquisition of rights to serve additional distribution territories previously served by CCR (the "Expansion Territories") and of related distribution assets (the "Distribution Territory Expansion Transactions"). During 2015, the Company completed Distribution Territory Expansion Transactions announced as part of the April 2013 letter of intent signed with The Coca-Cola Company. These completed acquisitions include Expansion Territories in parts of Tennessee, Kentucky and Indiana previously served by CCR.

On May 12, 2015, the Company and The Coca-Cola Company entered into a non-binding letter of intent (the "May 2015 LOI") pursuant to which CCR would grant the Company in two phases certain exclusive rights for the distribution, promotion, marketing and sale of The Coca-Cola Company-owned and -licensed products in additional territories then served by CCR. The major markets that would be served as part of the expansion contemplated by the May 2015 LOI include: Baltimore, Alexandria, Norfolk, Richmond, the District of Columbia, Cincinnati, Columbus, Dayton and Indianapolis.

On September 23, 2015, the Company and CCR entered into an asset purchase agreement for the first phase of this additional distribution territory contemplated by the May 2015 LOI including: (i) eastern and northern Virginia, (ii) the entire state of Maryland, (iii) the District of Columbia, and (iv) parts of Delaware, North Carolina, Pennsylvania and West Virginia (the "Next Phase Territories"). The first closing for the series of Next Phase Territories transactions (the "Next Phase Territories Transactions") occurred on October 30, 2015 for territories served by distribution facilities in Norfolk, Fredericksburg and Staunton, Virginia and Elizabeth City, North Carolina. The second closing for the series of Next Phase Territories Transactions occurred on January 29, 2016 for territories served by distribution facilities in Easton and Salisbury, Maryland and Richmond and Yorktown, Virginia. The third closing for the series of Next Phase Territories Transactions occurred on April 1, 2016 for territories served by distribution facilities in Alexandria, Virginia and Capitol Heights and La Plata, Maryland. The final closing for the series of Next Phase Territories Transactions occurred on April 29, 2016 for territories served by distribution facilities in Baltimore, Hagerstown and Cumberland, Maryland.

At the closings of each of the Distribution Territory Expansion Transactions (excluding the Lexington-for-Jackson exchange described below), the Company signed a Comprehensive Beverage Agreement ("CBA") for each of the territories which has a term of ten years and is automatically renewed for successive additional terms of ten years unless we give notice to terminate at least one year prior to the expiration of a ten-year term or unless earlier terminated as provided therein. Under the CBAs, the Company will make a quarterly sub-bottling payment to CCR on a continuing basis for the grant of exclusive rights to distribute, promote, market and sell specified covered beverages and related products, as defined in the agreements. The quarterly sub-bottling payment, which is accounted for as contingent consideration, is based on sales of certain beverages and beverage products that are sold under the same trademarks that identify a covered beverage, related product or certain cross-licensed brands (as defined in the CBAs). The CBA imposes certain

obligations on the Company with respect to serving the expansion territories that failure to meet could result in termination of a CBA if the Company fails to take corrective measures within a specified time frame.

The May 2015 LOI contemplated that The Coca-Cola Company would work collaboratively with the Company and certain other expanding participating bottlers in the U.S. ("EPBs") to implement a national product supply system. As a result of subsequent discussions among the EPBs and The Coca-Cola Company, on September 23, 2015, the Company and The Coca-Cola Company entered into a non-binding letter of intent (the "Manufacturing LOI") pursuant to which CCR would sell six manufacturing facilities ("Regional Manufacturing Facilities") and related manufacturing assets (collectively, "Manufacturing Assets") to the Company as the Company becomes a regional producing bottler ("Regional Producing Bottler") in the national product supply system (the "Manufacturing Facility Expansion Transactions"). Similar to, and as an integral part of, the Distribution Territory Expansion Transactions described in the May 2015 LOI, the sale of the Manufacturing Assets by CCR to the Company would be accomplished in two phases. The first phase includes three Regional Manufacturing Facilities located in Sandston, Virginia; Silver Spring, Maryland; and Baltimore, Maryland that serve the Next Phase Territories. The second phase includes three Regional Manufacturing Facilities located in Indianapolis, Indiana; Portland, Indiana; and Cincinnati, Ohio that serve the distribution territories in central and southern Ohio, northern Kentucky and parts of Indiana and Illinois. On October 30, 2015, the Company and CCR entered into a definitive purchase and sale agreement for the Manufacturing Assets that comprise the three Regional Manufacturing Facilities located in Sandston, Virginia; Silver Spring, Maryland; and Baltimore, Maryland (the "Next Phase Manufacturing Transactions"). The first closing for the series of Next Phase Manufacturing Transactions occurred on January 29, 2016 for the Sandston, Virginia facility. The final closing for the series of Next Phase Manufacturing Transactions occurred on April 29, 2016 for the Silver Spring, Maryland facility and the Baltimore, Maryland facility.

On February 8, 2016, the Company and The Coca-Cola Company entered into a non-binding letter of intent (the "February 2016 LOI") pursuant to which CCR would grant the Company exclusive rights for the distribution, promotion, marketing and sale of The Coca-Cola Company-owned and -licensed products in additional territories then served by CCR. The transactions proposed in the February 2016 LOI would provide exclusive distribution rights for the Company in territories located within northern Ohio and northern West Virginia, including the following major markets: Akron, Elyria, Toledo, Willoughby, and Youngstown County in Ohio. CCR currently serves these territories and owns and operates the Twinsburg manufacturing facility.

2014 Expansion Territories

On May 23, 2014, the Company acquired the Johnson City and Morristown, Tennessee territory, and on October 24, 2014, the Company acquired the Knoxville, Tennessee territory (collectively the "2014 Expansion Territories") from CCR.

The fair value of acquired assets and assumed liabilities of the 2014 Expansion Territories as of the acquisition dates is summarized as follows:

In Thousands	Johnson City/ Morristown Territory	Knoxville Territory
Cash	$ 46	$ 108
Inventories	1,150	2,100
Prepaid expenses and other current assets	315	1,893
Property, plant and equipment	8,495	17,229
Other assets	361	138
Goodwill	914	4,781
Other identifiable intangible assets	13,800	37,400
Total acquired assets	$ 25,081	$ 63,649
Current liabilities (acquisition related contingent consideration)	$ 1,005	$ 2,426
Current liabilities	23	2,351
Accounts payable to The Coca-Cola Company	0	105
Other liabilities (including deferred taxes)	334	0
Other liabilities (acquisition related contingent consideration)	11,564	27,834
Total assumed liabilities	$ 12,926	$ 32,716

The fair value of the acquired identifiable intangible assets as of the acquisition dates is as follows:

In Thousands	Johnson City/ Morristown Territory	Knoxville Territory	Estimated Useful Lives
Distribution agreements	$ 13,200	$ 36,400	40 years
Customer lists	600	1,000	12 years
Total	$ 13,800	$ 37,400	

The goodwill of $0.9 million and $4.8 million for the Johnson City/Morristown and Knoxville territories, respectively, is primarily attributed to the workforce. Goodwill of $0.4 million and $4.6 million for the Johnson City/Morristown and Knoxville territories, respectively, is expected to be deductible for tax purposes. During the third quarter of 2015, the Company made certain measurement period adjustments as a result of purchase price changes to reflect the revised opening balance sheets for the Johnson City/Morristown and Knoxville, Tennessee territories. The effect on the Company's consolidated financial statements of these measurement period adjustments was immaterial. These adjustments are included in the opening balance sheets presented above.

2015 Expansion Territories

During 2015, the Company closed on the expansion of the following distribution territories and related assets: Cleveland and Cookeville, Tennessee; Louisville, Kentucky and Evansville, Indiana; Paducah and Pikeville, Kentucky; Norfolk, Fredericksburg and Staunton, Virginia; and Elizabeth City, North Carolina (the "2015 Expansion Territories"). The Company also acquired a make-ready center in Annapolis, Maryland in 2015. During the fourth quarter of 2015, the Company made certain measurement period adjustments as a result of purchase price changes to reflect the revised opening balance sheets for the Cleveland and Cookeville Tennessee and Louisville, Kentucky and Evansville, Indiana territories.

Cleveland and Cookeville, Tennessee Territory Acquisitions

On December 5, 2014, the Company and CCR entered into an asset purchase agreement (the "Initial December 2014 APA") related to the territory served by CCR through CCR's facilities and equipment located in Cleveland and Cookeville, Tennessee (the "January 2015 Expansion Territory"). The closing of this transaction occurred on January 30, 2015 for a cash purchase price after final adjustments of $13.2 million.

Louisville, Kentucky and Evansville, Indiana Territory Acquisitions

On December 17, 2014, the Company and CCR entered into an asset purchase agreement (the "Additional December 2014 APA") related to the territory served by CCR through CCR's facilities and equipment located in Louisville, Kentucky and Evansville, Indiana (the "February 2015 Expansion Territory"). The closing of this transaction occurred on February 27, 2015, for a cash purchase price after final adjustments of $18.0 million.

Paducah and Pikeville, Kentucky Territory Acquisitions

On February 13, 2015, the Company and CCR entered into an asset purchase agreement (the "February 2015 APA") related to the territory served by CCR through CCR's facilities and equipment located in Paducah and Pikeville, Kentucky (the "May 2015 Expansion Territory"). The closing of this transaction occurred on May 1, 2015, for a cash purchase price of $7.5 million, which will remain subject to adjustment in accordance with the terms and conditions of the February 2015 APA.

Norfolk, Fredericksburg and Staunton, Virginia; and Elizabeth City, North Carolina Territory Acquisitions

On September 23, 2015, the Company and CCR entered into an asset purchase agreement (the "September 2015 APA") related to the territory served by CCR through CCR's facilities and equipment located in Norfolk, Fredericksburg and Staunton, Virginia, and Elizabeth City, North Carolina (the "October 2015 Expansion Territory"). The closing of this transactions occurred on October 30, 2015, for a cash purchase price of $26.1 million, which will remain subject to adjustment in accordance with the terms and conditions of the September 2015 APA.

Annapolis, Maryland Make-Ready Center Acquisition

As a part of the Expansion Transactions, on October 30, 2015 the Company acquired from CCR a "make-ready center" in Annapolis, Maryland for approximately $5.3 million, subject to a final post-closing adjustment. The Company recorded a bargain purchase gain of approximately $2.0 million on this transaction after applying a deferred tax liability of approximately $1.3 million. The Company uses the make-ready center to deploy and refurbish vending and other sales equipment for use in the marketplace.

The fair value of acquired assets and assumed liabilities of the 2015 Expansion Territories and the Annapolis, Maryland make-ready center as of the acquisition dates is summarized as follows:

In Thousands	January 2015 Expansion Territory	February 2015 Expansion Territory	May 2015 Expansion Territory	October 2015 Expansion Territory	Annapolis MRC
Cash	$ 59	$ 105	$ 45	$ 160	$ 0
Inventories	1,238	1,268	1,045	2,564	109
Prepaid expenses and other current assets	714	1,108	224	1,305	0
Property, plant and equipment	6,722	16,598	6,584	25,930	8,492
Other assets (including deferred taxes)	336	1,147	510	4,272	0
Goodwill	1,280	1,528	942	6,559	0
Other identifiable intangible assets	12,950	20,350	1,700	49,100	0
Total acquired assets	$ 23,299	$ 42,104	$ 11,050	$ 89,890	$ 8,601
Current liabilities (acquisition related contingent consideration)	$ 843	$ 1,659	$ 281	$ 547	$ 0
Other current liabilities	125	974	494	4,222	0
Other liabilities	0	823	10	0	1,265
Other liabilities (acquisition related contingent consideration)	9,131	20,625	2,748	58,925	0
Total assumed liabilities	$ 10,099	$ 24,081	$ 3,533	$ 63,694	$ 1,265

The fair value of the acquired identifiable intangible assets of the 2015 Expansion Territories as of the acquisition dates is as follows:

In Thousands	January 2015 Expansion Territory	February 2015 Expansion Territory	May 2015 Expansion Territory	October 2015 Expansion Territory	Estimated Useful Lives
Distribution agreements	$ 12,400	$ 19,200	$ 1,500	$ 47,900	40 years
Customer lists	550	1,150	200	1,200	12 years
Total	$ 12,950	$ 20,350	$ 1,700	$ 49,100	

The goodwill of $1.3 million, $1.5 million, $0.9 million and $6.6 million for the 2015 Expansion Territories, respectively, is primarily attributed to the workforce. Goodwill of $1.0 million, $0.3 million and $0.1 million is expected to be deductible for tax purposes for the January 2015 Expansion Territory, February 2015 Expansion Territory and May 2015 Expansion Territory, respectively. No goodwill is expected to be deductible for tax purposes for the October 2015 Expansion Territory.

YTD 2016 Expansion Transactions

During the quarter ended April 3, 2016 ("Q1 2016"), the Company closed on the expansion of the following distribution territories and related assets: Easton and Salisbury, Maryland and Richmond and Yorktown, Virginia on January 29, 2016 and Alexandria, Virginia and Capitol Heights and La Plata, Maryland on April 1, 2016 and also closed on the acquisition of the Sandston, Virginia Regional Manufacturing Facility and related assets on January 29, 2016 (the "YTD 2016 Expansion Transactions").

Easton and Salisbury, Maryland and Richmond, Sandston and Yorktown, Virginia Acquisitions

The September 2015 APA contemplated the Company's acquisition of the territory served by CCR through CCR's facilities and equipment located in Easton and Salisbury, Maryland and Richmond and Yorktown, Virginia and the October 2015 APA contemplated the Company's acquisition of the Regional Manufacturing Facility and related manufacturing assets in Sandston, Virginia (the "January 2016 Expansion Transaction"). The closing of the January 2016 Expansion Transaction occurred on January

29, 2016, for a cash purchase price of $65.7 million, which will remain subject to adjustment in accordance with the terms and conditions of the September 2015 APA and October 2015 APA.

Alexandria, Virginia and Capitol Heights and La Plata, Maryland Acquisitions

The September 2015 APA also contemplated the Company's acquisition of the territory served by CCR through CCR's facilities and equipment located in Alexandria, Virginia and Capitol Heights and La Plata, Maryland (the "April 2016 Expansion Transaction"). The closing of the April 2016 Expansion Transaction occurred on April 1, 2016, for a cash purchase price of $35.5 million, which will remain subject to adjustment in accordance with the terms and conditions of the September 2015 APA.

The fair value of acquired assets and assumed liabilities of the YTD 2016 Expansion Transactions as of the acquisition dates is summarized as follows:

In Thousands	January 2016 Expansion Transaction	April 2016 Expansion Transaction
Cash	$ 179	$ 219
Inventories	11,559	3,748
Prepaid expenses and other current assets	906	1,306
Property, plant and equipment	47,644	56,150
Other assets (including deferred taxes)	2,290	1,113
Goodwill	16,241	693
Other identifiable intangible assets	1,300	0
Total acquired assets	$ 80,119	$ 63,229
Current liabilities (acquisition related contingent consideration)	$ 361	$ 742
Other current liabilities	7,245	3,011
Accounts payable to The Coca-Cola Company	650	0
Other liabilities	29	0
Other liabilities (acquisition related contingent consideration)	6,144	23,924
Total assumed liabilities	$ 14,429	$ 27,677

The fair value of the acquired identifiable intangible assets as of the acquisition dates is as follows:

In Thousands	January 2016 Expansion Transaction	Estimated Useful Lives
Distribution agreements	$ 750	40 years
Customer lists	550	12 years
Total	$ 1,300	

The goodwill of $16.2 million and $0.7 million for the YTD 2016 Expansion Transactions respectively, is primarily attributed to operational synergies and the workforce. Goodwill of $12.8 million is expected to be deductible for tax purposes for the January 2016 Expansion Transactions. No goodwill is expected to be deductible for the April 2016 Expansion Transactions.

The Company has preliminarily allocated the purchase price of the 2015 Expansion Territories and YTD 2016 Expansion Transactions to the individual acquired assets and assumed liabilities. The valuations are subject to adjustment as additional information is obtained.

The anticipated range of amounts the Company could pay annually under the acquisition related contingent consideration arrangements for the 2015 Expansion Territories and the YTD 2016 Expansion Transactions is between $7 million and $14 million.

2015 Asset Exchange Agreement

On October 17, 2014, the Company and CCR entered into an agreement (the "Asset Exchange Agreement") pursuant to which CCR agreed to exchange certain assets of CCR relating to the marketing, promotion, distribution and sale of Coca-Cola and other beverage products in the territory served by CCR's facilities and equipment located in Lexington, Kentucky (the "Lexington Expansion Territory"), including the rights to produce such beverages in the Lexington Expansion Territory, in exchange for certain assets of the Company relating to the marketing, promotion, distribution and sale of Coca-Cola and other beverage products in the territory served by the Company's facilities and equipment located in Jackson, Tennessee, including the rights to produce such beverages in that territory. The Company and CCR closed the Asset Exchange Transaction on May 1, 2015. The net assets received in the exchange, after deducting the value of certain retained assets and retained liabilities, was approximately $10.5 million.

The fair value of acquired assets and assumed liabilities related to the Lexington Expansion Territory as of the exchange date is summarized as follows:

In Thousands	Lexington Expansion Territory
Cash	$ 56
Inventories	2,712
Prepaid expenses and other current assets	442
Property, plant and equipment	12,677
Other assets	48
Franchise rights	18,200
Goodwill	2,543
Other identifiable intangible assets	1,000
Total acquired assets	$ 37,678
Current liabilities	$ 926
Total assumed liabilities	$ 926

The fair value of the acquired identifiable intangible assets related to the Lexington Expansion Territory as of the exchange date is as follows:

In Thousands	Lexington Expansion Territory	Estimated Useful Lives
Franchise rights	$ 18,200	Indefinite
Distribution agreements	200	40 years
Customer lists	800	12 years
Total	$ 19,200	

The goodwill related to the Lexington Expansion Territory is primarily attributed to the workforce of the territories. Goodwill of $2.5 million is expected to be deductible for tax purposes.

The Company has preliminarily allocated the purchase price for the Lexington Expansion Territory to the individual acquired assets and assumed liabilities. The valuations are subject to adjustment as additional information is obtained.

The carrying value of assets exchanged related to the Jackson territory was $17.5 million, resulting in a gain on the exchange of $8.8 million in the second quarter of 2015.

The amount of goodwill and franchise rights allocated to the Jackson territory was determined using a relative fair value approach comparing the fair value of the Jackson territory to the fair value of the overall Nonalcoholic Beverages reporting unit.

Subsequent to Q1 2016, the net assets received in the exchange, after deducting the value of certain retained assets and retained liabilities, increased by approximately $7.0 million as a result of completing the post-closing adjustment under the Asset Exchange Agreement. In addition, the gain on the exchange is expected to be reduced by an immaterial amount and will be recorded during the quarter ending July 3, 2016.

The financial results of the 2015 Expansion Territories and YTD 2016 Expansion Transactions have been included in the Company's consolidated financial statements from their respective acquisition dates. These territories contributed $142.5 million and $18.1 million in net sales and $1.3 million and $1.8 million in operating income during Q1 2016 and the quarter ended March 29, 2015 ("Q1 2015"), respectively.

Pro Forma Financial Information

The following table represents the unaudited pro forma net sales for the Company for the 2015 Expansion Territories and the YTD 2016 Expansion Transactions. The pro forma combined net sales does not necessarily reflect what the combined Company's net sales would have been had the acquisitions occurred at the beginning of each period presented. It also may not be useful in predicting the future financial results of the combined company. The actual results may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

Q1 2016 Net Sales

In Thousands		
As Reported	**Pro Forma Adjustments (Unaudited)**	**Pro Forma (Unaudited)**
$ 625,456	$ 59,291	$ 684,747

Q1 2015 Net Sales

In Thousands		
As Reported	**Pro Forma Adjustments (Unaudited)**	**Pro Forma (Unaudited)**
$ 453,253	$ 183,914	$ 637,167

Sale of BYB Brands, Inc.

On August 24, 2015, the Company sold BYB Brands, Inc. ("BYB"), a wholly owned subsidiary of the Company to The Coca-Cola Company. Pursuant to the stock purchase agreement dated July 22, 2015, the Company sold all of the issued and outstanding shares of capital stock of BYB for a cash purchase price of $26.4 million. As a result of the sale, the Company recognized a gain of $22.7 million in the third quarter of 2015. BYB contributed $6.9 million in net sales and $34,000 in operating loss during Q1 2015.

3. Inventories

In Thousands	Apr. 3, 2016	Jan. 3, 2016	Mar. 29, 2015
Finished products	$ 74,725	$ 56,252	$ 60,670
Manufacturing materials	11,345	12,277	10,466
Plastic shells, plastic pallets and other inventories	24,380	20,935	19,993
Total inventories	$ 110,450	$ 89,464	$ 91,129

The growth in the inventory balance at April 3, 2016 as compared to January 3, 2016 and March 29, 2015 is primarily due to inventory acquired through the acquisitions of the 2015 Expansion Territories and the YTD 2016 Expansion Transactions.

4. Property, Plant and Equipment

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

In Thousands	Apr. 3, 2016	Jan. 3, 2016	Mar. 29, 2015
Land	$ 56,151	$ 24,731	$ 15,342
Buildings	158,137	134,496	122,521
Machinery and equipment	171,681	165,733	154,977
Transportation equipment	270,740	251,712	200,472
Furniture and fixtures	63,860	59,500	47,929
Cold drink dispensing equipment	438,582	398,867	366,200
Leasehold and land improvements	95,445	94,208	77,983
Software for internal use	99,940	97,760	92,289
Construction in progress	26,524	24,632	10,680
Total property, plant and equipment, at cost	1,381,060	1,251,639	1,088,393
Less: Accumulated depreciation and amortization	742,164	725,819	696,555
Property, plant and equipment, net	$ 638,896	$ 525,820	$ 391,838

Depreciation and amortization expense was $23.4 million and $17.1 million in Q1 2016 and in Q1 2015, respectively. These amounts included amortization expense for leased property under capital leases.

5. Franchise Rights and Goodwill

In Thousands	Apr. 3, 2016	Jan. 3, 2016	Mar. 29, 2015
Franchise rights	$ 527,540	$ 527,540	$ 520,672
Goodwill	135,311	117,954	109,984
Total franchise rights and goodwill	$ 662,851	$ 645,494	$ 630,656

A reconciliation of the activity for franchise rights and goodwill for Q1 2015 and Q1 2016 follows:

In Thousands	Franchise rights	Goodwill	Total
Balance on December 28, 2014	$ 520,672	$ 106,220	$ 626,892
Q1 2015 Expansion Territories	0	3,804	3,804
Measurement period adjustment	0	(40)	(40)
Balance on March 29, 2015	$ 520,672	$ 109,984	$ 630,656
Balance on January 3, 2016	$ 527,540	$ 117,954	$ 645,494
Q1 2016 Expansion Transactions	0	16,935	16,935
Measurement period adjustment	0	422	422
Balance on April 3, 2016	$ 527,540	$ 135,311	$ 662,851

The Company's goodwill and franchise rights reside entirely within the Nonalcoholic Beverage segment. The Company performs its annual impairment test of franchise rights and goodwill as of the first day of the fourth quarter. During Q1 2016, the Company did not experience any triggering events or changes in circumstances that indicated the carrying amounts of the Company's franchise rights or goodwill exceeded fair values.

6. Other Identifiable Intangible Assets

	Mar. 29, 2015			
In Thousands	Cost	Accumulated Amortization	Total, net	Useful Lives
Distribution agreements	$ 100,509	$ 1,557	$ 98,952	20-40 years
Customer lists and other identifiable intangible assets	9,188	4,234	4,954	12-20 years
Total other identifiable intangible assets	$ 109,697	$ 5,791	$ 103,906	

	Jan. 3, 2016			
In Thousands	Cost	Accumulated Amortization	Total, net	Useful Lives
Distribution agreements	$ 133,109	$ 3,323	$ 129,786	20-40 years
Customer lists and other identifiable intangible assets	11,338	4,676	6,662	12-20 years
Total other identifiable intangible assets	$ 144,447	$ 7,999	$ 136,448	

	Apr. 3, 2016			
In Thousands	Cost	Accumulated Amortization	Total, net	Useful Lives
Distribution agreements	$ 133,859	$ 4,173	$ 129,686	20-40 years
Customer lists and other identifiable intangible assets	11,888	4,853	7,035	12-20 years
Total other identifiable intangible assets	$ 145,747	$ 9,026	$ 136,721	

During Q1 2016, the Company acquired $0.8 million of distribution agreement intangible assets and $0.6 million of customer lists intangible assets related to the YTD 2016 Expansion Transactions.

7. Other Accrued Liabilities

In Thousands	Apr. 3, 2016	Jan.3, 2016	Mar 29, 2015
Accrued marketing costs	$ 18,810	$ 24,959	$ 14,161
Accrued insurance costs	25,916	24,353	21,831
Accrued taxes (other than income taxes)	3,379	1,721	4,308
Employee benefit plan accruals	12,868	13,963	13,000
Checks and transfers yet to be presented for payment from zero balance cash accounts	19,726	8,980	8,692
Acquisition related contingent consideration	9,765	7,902	5,542
Commodity hedges at fair market value	2,470	3,442	0
All other accrued liabilities	18,284	18,848	12,912
Total other accrued liabilities	$ 111,218	$ 104,168	$ 80,446

8. Debt

The Company has historically obtained its debt financing, other than capital leases, from various sources including banks and the public markets. As of April 3, 2016, the Company's total outstanding balance of debt and capital lease obligations was $814.1 million of which $620.0 million was financed through publicly offered debt. The Company had capital lease obligations of $54.1 million as of April 3, 2016. The Company mitigates its financing risk by using multiple financial institutions and enters into credit arrangements only with institutions with investment grade credit ratings. The Company monitors counterparty credit ratings on an ongoing basis.

On October 16, 2014, the Company entered into a $350 million five-year unsecured revolving credit facility (the "Revolving Credit Facility"). On April 27, 2015, the Company exercised the accordion feature of the Revolving Credit Facility, thereby increasing the aggregate availability by $100 million to $450 million. The Revolving Credit Facility has a scheduled maturity date of October 16, 2019 and up to $50 million is available for the issuance of letters of credit. Borrowings under the Revolving Credit Facility bear interest at a floating base rate or a floating Eurodollar rate plus an applicable margin, dependent on the Company's credit rating at the

time of borrowing. At the Company's current credit ratings, the Company must pay an annual facility fee of 0.15% of the lenders' aggregate commitments under the Revolving Credit Facility. The Revolving Credit Facility includes two financial covenants: a cash flow/fixed charges ratio and a funded indebtedness/cash flow ratio, each as defined in the agreement. The Company was in compliance with these covenants at April 3, 2016. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources.

On April 3, 2016, the Company had $140.0 million of outstanding borrowings on the Revolving Credit Facility and had $310.0 million available to meet its cash requirements. On January 3, 2016, the Company had no outstanding borrowings on the Revolving Credit Facility. On March 29, 2015, the Company had $153.0 million of outstanding borrowings on the Revolving Credit Facility.

In November 2015, the Company issued $350 million of unsecured 3.8% Senior Notes due 2025. The notes were issued at 99.975% of par, which resulted in a discount on the notes of approximately $0.1 million. Total debt issuance costs for these notes totaled $3.2 million. The proceeds plus cash on hand were used to repay outstanding borrowings under the Revolving Credit Facility. The Company refinanced its $100 million of senior notes, which matured in April 2015, with borrowings under the Company's Revolving Credit Facility. The Company has $164.8 million of senior notes maturing in June 2016. The Company expects to refinance the notes when due and, accordingly, has classified the $164.8 million of senior notes due in June 2016 as long-term.

As of April 3, 2016, January 3, 2016 and March 29, 2015, the Company had a weighted average interest rate of 4.7%, 5.5% and 5.2%, respectively, for its outstanding debt and capital lease obligations. The Company's overall weighted average interest rate on its debt and capital lease obligations was 4.7% and 5.3% for Q1 2016 and Q1 2015 respectively. As of April 3, 2016, $140.0 million of the Company's debt and capital lease obligations of $814.1 million were subject to changes in short-term interest rates.

9. Derivative Financial Instruments

The Company is subject to the risk of increased costs arising from adverse changes in certain commodity prices. In the normal course of business, the Company manages these risks through a variety of strategies, including the use of derivative instruments. The Company does not use derivative instruments for trading or speculative purposes. All derivative instruments are recorded at fair value as either assets or liabilities in the Company's consolidated balance sheets. These derivative instruments are not designated as hedging instruments under GAAP and are used as "economic hedges" to manage commodity price risk. Derivative instruments held are marked to market on a monthly basis and recognized in earnings consistent with the expense classification of the underlying hedged item. Settlements of derivative agreements are included in cash flows from operating activities on the Company's consolidated statements of cash flows.

The Company uses several different financial institutions for commodity derivative instruments to minimize the concentration of credit risk. While the Company is exposed to credit loss in the event of nonperformance by these counterparties, the Company does not anticipate nonperformance by these parties.

The following summarizes Q1 2016 and Q1 2015 pre-tax changes in the fair value of the Company's commodity derivative financial instruments and the classification of such changes in the consolidated statements of operations.

		First Quarter	
In Thousands	Classification of Gain (Loss)	2016	2015
Commodity hedges	Cost of sales	$ 842	$ 213
Commodity hedges	Selling, delivery and administrative expenses	198	430
Total		$ 1,040	$ 643

The following table summarizes the fair values and classification in the consolidated balance sheets of derivative instruments held by the Company:

In Thousands	Balance Sheet Classification	Apr. 3, 2016	Jan. 3, 2016	Mar. 29, 2015
Assets:				
Commodity hedges at fair market value	Prepaid expenses and other current assets	$ 0	$ 0	$ 452
Commodity hedges at fair market value	Other assets	70	3	191
Total assets		$ 70	$ 3	$ 643
Liabilities:				
Commodity hedges at fair market value	Other accrued liabilities	$ 2,470	$ 3,442	$ 0
Total liabilities		$ 2,470	$ 3,442	$ 0

The Company has master agreements with the counterparties to its derivative financial agreements that provide for net settlement of derivative transactions. Accordingly, the net amounts of derivative assets are recognized in either prepaid expenses and other current assets or other assets in the consolidated balance sheet and the net amounts of derivative liabilities are recognized in other accrued liabilities in the consolidated balance sheet. The Company had gross derivative assets of $0.1 million and gross derivative liabilities of $2.5 million as of April 3, 2016. The Company had gross derivative assets of $0.2 million and gross derivative liabilities of $3.6 million as of January 3, 2016. The Company had gross derivative assets of $1.8 million and gross derivative liabilities of $1.2 million as of March 29, 2015.

The Company's outstanding commodity derivative agreements as of April 3, 2016 had a notional amount of $45.8 million and a latest maturity date of December 2017. The Company's outstanding commodity derivative agreements as of March 29, 2015 had a notional amount of $62.2 million and a latest maturity date of December 2016.

Subsequent to April 3, 2016, the Company entered into additional agreements to hedge certain commodity costs for 2017. The notional amount of these agreements was $6.6 million.

10. Fair Value of Financial Instruments

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

Instrument	Method and Assumptions
Cash and Cash Equivalents, Accounts Receivable and Accounts Payable	The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate carrying values due to the short maturity of these items.
Public Debt Securities	The fair values of the Company's public debt securities are based on estimated current market prices.
Non-Public Variable Rate Debt	The carrying amounts of the Company's variable rate borrowings approximate their fair values due to variable interest rates with short reset periods.
Deferred Compensation Plan Assets/Liabilities	The fair values of deferred compensation plan assets and liabilities, which are held in mutual funds, are based upon the quoted market value of the securities held within the mutual funds.
Acquisition Related Contingent Consideration	The fair values of acquisition related contingent consideration are based on internal forecasts and the weighted average cost of capital ("WACC") derived from market data.
Derivative Financial Instruments	The fair values for the Company's commodity hedging agreements are based on current settlement values at each balance sheet date. The fair values of the commodity hedging agreements at each balance sheet date represent the estimated amounts the Company would have received or paid upon termination of these agreements. Credit risk related to the derivative financial instruments is managed by requiring high standards for its counterparties and periodic settlements. The Company considers nonperformance risk in determining the fair value of derivative financial instruments.

The carrying amounts and fair values of the Company's debt, deferred compensation plan assets and liabilities, commodity hedging agreements and acquisition related contingent consideration were as follows:

	Apr. 3, 2016		Jan. 3, 2016		Mar. 29, 2015	
In Thousands	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Public debt securities	$ (620,036)	$ (658,200)	$ (619,628)	$ (645,400)	$ (371,696)	$ (406,500)
Non-public variable rate debt	(140,000)	(140,000)	0	0	(153,000)	(153,000)
Deferred compensation plan assets	21,407	21,407	20,755	20,755	19,720	19,720
Deferred compensation plan liabilities	(21,407)	(21,407)	(20,755)	(20,755)	(19,720)	(19,720)
Commodity hedging agreements-assets	70	70	3	3	643	643
Commodity hedging agreements-liabilities	(2,470)	(2,470)	(3,442)	(3,442)	0	0
Acquisition related contingent consideration	(177,933)	(177,933)	(136,750)	(136,750)	(98,505)	(98,505)

GAAP requires that assets and liabilities carried at fair value be classified and disclosed in one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The following table summarizes, by assets and liabilities, the valuation of the Company's deferred compensation plan, commodity hedging agreements and acquisition related contingent consideration:

	Apr. 3, 2016			Jan. 3, 2016			Mar. 29, 2015		
In Thousands	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets									
Deferred compensation plan assets	$21,407			$20,755			$19,720		
Commodity hedging agreements		$ 70			$ 3			$ 643	
Liabilities									
Deferred compensation plan liabilities	21,407			20,755			19,720		
Commodity hedging agreements		2,470			3,442			0	
Acquisition related contingent consideration			$177,933			$136,570			$ 98,505

The fair value estimates of the Company's debt are classified as Level 2. Public debt securities are valued using quoted market prices of the debt or debt with similar characteristics.

The Company maintains a non-qualified deferred compensation plan for certain executives and other highly compensated employees. The investment assets are held in mutual funds. The fair value of the mutual funds is based on the quoted market value of the securities held within the funds (Level 1). The related deferred compensation liability represents the fair value of the investment assets.

The fair values of the Company's commodity hedging agreements are based upon rates from public commodity exchanges that are observable and quoted periodically over the full term of the agreement and are considered Level 2 items.

Under the CBAs the Company entered into in 2016, 2015 and 2014, the Company will make a quarterly sub-bottling payment to CCR on a continuing basis for the grant of exclusive rights to distribute, promote, market and sell specified covered beverages and beverage products in the acquired territories. This acquisition related contingent consideration is valued using a probability weighted discounted cash flow model based on internal forecasts and the WACC derived from market data, which are considered Level 3 inputs. Each reporting period, the Company adjusts its acquisition related contingent consideration liability related to the territory expansion to fair value by discounting future expected sub-bottling payments required under the CBAs using the Company's estimated WACC. These future expected sub-bottling payments extend through the life of the related distribution assets acquired in each expansion territory, which is generally 40 years. As a result, the fair value of the acquisition related contingent consideration liability is impacted by the Company's WACC, management's estimate of the amounts that will be paid in the future under the CBAs, and current sub-bottling payments (all Level 3 inputs). Changes in any of these Level 3 inputs, particularly the underlying risk-free interest rate used to estimate the Company's WACC, could result in material changes to the fair value of the acquisition related contingent consideration and could materially impact the amount of noncash expense (or income) recorded each reporting period.

The acquisition related contingent consideration is the Company's only Level 3 asset or liability. A reconciliation of the activity is as follows:

	First Quarter	
In Thousands	2016	2015
Opening balance	$ 136,570	$ 46,850
Increase due to acquisitions	31,171	47,283
Payments/accruals	(6,959)	(717)
Fair value adjustment - (income) expense	17,151	5,089
Ending balance	$ 177,933	$ 98,505

As of April 3, 2016 and March 29, 2015, the Company has recorded a liability of $177.9 million and $98.5 million, respectively, to reflect the estimated fair value of the contingent consideration related to the future sub-bottling payments. The contingent consideration was valued using a probability weighted discounted cash flow model based on internal forecasts and the WACC derived from market data. The contingent consideration is reassessed and adjusted to fair value each quarter through other income (expense). During Q1 2016 and Q1 2015, the Company recorded an unfavorable fair value adjustment to the contingent consideration liability of $17.2 million and $5.1 million, respectively, primarily due to updated projections and a change in the risk-free interest rate.

The unfavorable fair value adjustment of the acquisition related contingent consideration for both Q1 2016 and Q1 2015, which was primarily due to updated projections and a change in the risk-free interest rate used to estimate the Company's WACC, is recorded in other income (expense) on the Company's consolidated statements of operations.

There were no transfers of assets or liabilities between Levels in any period presented.

11. Other Liabilities

In Thousands	Apr. 3, 2016	Jan .3, 2016	Mar. 29, 2015
Accruals for executive benefit plans	$ 122,066	$ 122,077	$ 120,911
Acquisition related contingent consideration	168,168	128,668	92,963
Other	16,520	16,345	16,015
Total other liabilities	$ 306,754	$ 267,090	$ 229,889

12. Commitments and Contingencies

The Company is a member of South Atlantic Canners, Inc. ("SAC"), a manufacturing cooperative from which it is obligated to purchase 17.5 million cases of finished product on an annual basis through June 2024. The Company is also a member of Southeastern Container ("Southeastern"), a plastic bottle manufacturing cooperative from which it is obligated to purchase at least 80% of its requirements of plastic bottles for certain designated territories. The Company has an equity ownership in each of the entities.

The Company guarantees a portion of SAC's and Southeastern's debt. The amounts guaranteed were $25.3 million, $30.6 million and $34.1 million as of April 3, 2016, January 3, 2016 and March 29, 2015, respectively. The Company holds no assets as collateral against these guarantees, the fair value of which is immaterial. The guarantees relate to the debt of SAC and Southeastern, which resulted primarily from the purchase of production equipment and facilities. These guarantees expire at various dates through 2023. The members of both cooperatives consist solely of Coca-Cola bottlers. The Company does not anticipate either of these cooperatives will fail to fulfill its commitments. The Company further believes each of these cooperatives has sufficient assets, including production equipment, facilities and working capital, and the ability to adjust selling prices of its products to adequately mitigate the risk of material loss from the Company's guarantees. In the event either of these cooperatives fails to fulfill its commitments under the related debt, the Company would be responsible for payments to the lenders up to the level of the guarantees. If these cooperatives had borrowed up to their aggregate borrowing capacity, the Company's maximum exposure under these guarantees on April 3, 2016 would have been $23.9 million for SAC and $25.3 million for Southeastern. The Company's maximum total exposure, including its equity investment, would have been $28.0 million for SAC and $43.4 million for Southeastern.

The Company has standby letters of credit, primarily related to its property and casualty insurance programs. On April 3, 2016, these letters of credit totaled $26.9 million.

The Company participates in long-term marketing contractual arrangements with certain prestige properties, athletic venues and other locations. The future payments related to these contractual arrangements as of April 3, 2016 amounted to $32.9 million and expire at various dates through 2026.

The Company is involved in various claims and legal proceedings which have arisen in the ordinary course of its business. Although it is difficult to predict the ultimate outcome of these claims and legal proceedings, management believes the ultimate disposition of these matters will not have a material adverse effect on the financial condition, cash flows or results of operations of the Company. No material amount of loss in excess of recorded amounts is believed to be reasonably possible as a result of these claims and legal proceedings.

13. Income Taxes

The Company's effective tax rate, as calculated by dividing income tax expense (benefit) by income before income taxes, for Q1 2016 and Q1 2015 was 36.0% and 33.9%, respectively. The increase in the effective tax rate was driven primarily by an increase in the state tax rate applied to the deferred tax assets and liabilities driven by the new territories and a decrease to the favorable manufacturing deduction (as a % of pre-tax income) caused by new territories which do not qualify for the deduction. The Company's effective tax rate, as calculated by dividing income tax expense (benefit) by income before income taxes minus net income attributable to noncontrolling interest, for Q1 2016 and Q1 2015 was 33.6% and 40.5%, respectively.

As of April 3, 2016, January 3, 2016 and March 29, 2015, the Company had $3.1 million, $2.9 million and $2.9 million, respectively, of uncertain tax positions, including accrued interest, all of which would affect the Company's effective tax rate if recognized. While it is expected that the amount of uncertain tax positions may change in the next 12 months, the Company does not expect any change to have a material impact on the consolidated financial statements.

Prior tax years beginning in year 2012 remain open to examination by the Internal Revenue Service, and various tax years beginning in year 1998 remain open to examination by certain state tax jurisdictions due to loss carryforwards.

In November 2015, the Financial Accounting Standards Board ("FASB") issued new accounting guidance which simplified the presentation of deferred income taxes. This guidance requires that deferred tax assets and deferred tax liabilities be classified and presented as noncurrent on the balance sheet. The Company elected to early adopt this new accounting guidance effective January 3, 2016 on a prospective basis. Adoption of this accounting guidance resulted in a reclassification of the Company's net current deferred tax asset to the net noncurrent deferred tax liability on the Company's consolidated financial statements as of January 3, 2016. No prior periods were retrospectively adjusted.

As of April 3, 2016, the Company revalued its existing net deferred tax liabilities for the effects which resulted from the YTD 2016 Expansion Transactions. The impact was a decrease to the recorded income tax benefit of $0.8 million.

14. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is comprised of adjustments relative to the Company's pension and postretirement medical benefit plans and foreign currency translation adjustments required for a subsidiary of the Company that performs data analysis and provides consulting services outside the United States.

A summary of accumulated other comprehensive loss for Q1 2016 and Q1 2015 is as follows:

In Thousands	Jan. 3, 2016	Pre-tax Activity	Tax Effect	Apr. 3, 2016
Net pension activity:				
Actuarial loss	$ (68,243)	$ 741	$ (286)	$ (67,788)
Prior service costs	(78)	7	(3)	(74)
Net postretirement benefits activity:				
Actuarial loss	(19,825)	587	(227)	(19,465)
Prior service costs	5,744	(840)	324	5,228
Foreign currency translation adjustment	(5)	15	(5)	5
Total	$ (82,407)	$ 510	$ (197)	$ (82,094)

In Thousands	Dec. 28, 2014	Pre-tax Activity	Tax Effect	Mar. 29, 2015
Net pension activity:				
Actuarial loss	$ (74,867)	$ 796	$ (307)	$ (74,378)
Prior service costs	(99)	9	(4)	(94)
Net postretirement benefits activity:				
Actuarial loss	(22,759)	717	(277)	(22,319)
Prior service costs	7,812	(840)	324	7,296
Foreign currency translation adjustment	(1)	(7)	3	(5)
Total	$ (89,914)	$ 675	$ (261)	$ (89,500)

A summary of the impact on the income statement line items is as follows:

In Thousands	Net Pension Activity	Net Postretirement Benefits Activity	Total
Q1 2016			
Cost of sales	$ 75	$ (38)	$ 37
Selling, delivery & administrative expenses	673	(215)	458
Subtotal pre-tax	748	(253)	495
Income tax expense	289	(97)	192
Total after tax effect	$ 459	$ (156)	$ 303
Q1 2015			
Cost of sales	$ 81	$ (16)	$ 65
Selling, delivery & administrative expenses	724	(107)	617
Subtotal pre-tax	805	(123)	682
Income tax expense	311	(47)	264
Total after tax effect	$ 494	$ (76)	$ 418

15. Capital Transactions

On March 8, 2016 and March 3, 2015, the Compensation Committee of the Company's Board of Directors determined that 40,000 shares of the Company's Class B Common Stock should be issued in each year pursuant to a performance unit award agreement to J. Frank Harrison, III, in connection with his services in 2015 and 2014, respectively, as Chairman of the Board of Directors and Chief Executive Officer of the Company. As permitted under the terms of the performance unit award agreement, 19,080 of such shares were settled in cash in both 2016 and 2015 to satisfy tax withholding obligations in connection with the vesting of the performance units.

Compensation expense for the performance unit award agreement recognized in Q1 2016 was $1.6 million, which was based upon a Common Stock share price of $162.69 on April 1, 2016. Compensation expense for the performance unit award agreement recognized in Q1 2015 was $1.1 million, which was based upon a Common Stock share price of $111.57 on March 27, 2015.

The increase in the total number of shares outstanding in Q1 2016 and Q1 2015 was due to the issuance of the 20,920 shares of Class B Common Stock related to the performance unit award agreement in each year.

16. Benefit Plans

Pension Plans

All benefits under the primary Company-sponsored pension plan were frozen in 2006 and no benefits have accrued to participants after this date. The Company also sponsors a pension plan for certain employees under collective bargaining agreements. Benefits under the pension plan for collectively bargained employees are determined in accordance with negotiated formulas for the respective participants. Contributions to the plans are based on actuarial determined amounts and are limited to the amounts currently deductible for income tax purposes.

The components of net periodic pension cost were as follows:

	First Quarter	
In Thousands	2016	2015
Service cost	$ 28	$ 35
Interest cost	3,031	2,974
Expected return on plan assets	(3,458)	(3,388)
Amortization of prior service cost	7	9
Recognized net actuarial loss	741	796
Net periodic pension cost	$ 349	$ 426

The Company did not make contributions to the Company-sponsored pension plans during Q1 2016. Anticipated contributions for the two Company-sponsored pension plans will be in the range of $10 million to $12 million during the remainder of 2016.

Postretirement Benefits

The Company provides postretirement benefits for a portion of its current employees. The Company recognizes the cost of postretirement benefits, which consist principally of medical benefits, during employees' periods of active service. The Company does not pre-fund these benefits and has the right to modify or terminate certain of these benefits in the future.

The components of net periodic postretirement benefit cost were as follows:

	First Quarter	
In Thousands	2016	2015
Service cost	$ 350	$ 325
Interest cost	778	708
Recognized net actuarial loss	587	717
Amortization of prior service cost	(840)	(840)
Net periodic postretirement benefit cost	$ 875	$ 910

Multi-Employer Benefits

Certain employees of the Company participate in a multi-employer pension plan, the Employers-Teamsters Local Union Nos. 175 and 505 Pension Fund (the "Plan"), to which the Company makes monthly contributions on behalf of such employees. The Plan was certified by the Plan's actuary as being in "critical" status for the plan year beginning January 1, 2013. As a result, the Plan adopted a "Rehabilitation Plan" effective January 1, 2015. The Company agreed and incorporated such agreement in the renewal of the collective bargaining agreement with the union, effective April 28, 2014, to participate in the Rehabilitation Plan. The Company increased its contribution rates to the Plan effective January 2015 with additional increases occurring annually to support the Rehabilitation Plan.

There would likely be a withdrawal liability in the event the Company withdraws from its participation in the Plan. The Company's withdrawal liability was reported by the Plan's actuary to be approximately $4.5 million. The Company does not currently anticipate withdrawing from the Plan.

17. Related Party Transactions

The Company's business consists primarily of the production, marketing and distribution of nonalcoholic beverages of The Coca-Cola Company, which is the sole owner of the secret formulas under which the primary components (either concentrate or syrup) of its soft drink products are manufactured. As of April 3, 2016, The Coca-Cola Company owned approximately 34.8% of the Company's total outstanding Common Stock, representing approximately 4.9% of the total voting power of the Company's Common Stock and Class B Common Stock voting together as a single class. As long as The Coca-Cola Company holds the number of shares of Common Stock that it currently owns, it has the right to have its designee proposed by the Company for the nomination to the Company's Board of Directors, and J. Frank Harrison III, the Chairman of the Board and the Chief Executive Officer of the Company, and trustees of certain trusts established for the benefit of certain relatives of J. Frank Harrison, Jr., have agreed to vote their shares of the Company's Class B Common Stock which they control in favor of such designee. The Coca-Cola Company does not own any shares of Class B Common Stock of the Company.

The following table and the subsequent descriptions summarize the significant transactions between the Company and The Coca-Cola Company:

In Millions	First Quarter 2016	First Quarter 2015
Payments by the Company for concentrate, syrup, sweetener and other purchases	$ 123.2	$ 103.2
Marketing funding support payments to the Company	15.6	11.5
Payments by the Company net of marketing funding support	$ 107.6	$ 91.7
Payments by the Company for customer marketing programs	$ 29.1	$ 14.5
Payments by the Company for cold drink equipment parts	4.6	2.9
Fountain delivery and equipment repair fees paid to the Company	5.6	3.7
Presence marketing funding support provided by The Coca-Cola Company on the Company's behalf	0.5	0.0
Payments to the Company to facilitate the distribution of certain brands and packages to other Coca-Cola bottlers	1.5	1.2

The Company has a production arrangement with CCR to buy and sell finished products. Sales to CCR under this arrangement were $13.1 million and $8.8 million in Q1 2016 and Q1 2015, respectively. Purchases from CCR under this arrangement were $60.4 million and $32.0 million in Q1 2016 and Q1 2015, respectively. Prior to the sale of BYB to The Coca-Cola Company, CCR distributed one of the Company's brands ("Tum-E Yummies"). Total sales to CCR for Tum-E Yummies were $4.9 million in Q1 2015. During the third quarter of 2015, the Company sold BYB, the subsidiary that owned and distributed Tum-E Yummies, to The Coca-Cola Company and recorded a gain of $22.7 million on the sale. The Company continues to distribute Tum-E Yummies following the sale. In addition, the Company transports product for CCR to the Company's and other Coca-Cola bottlers' locations. Total sales to CCR for transporting CCR's product were $5.0 million and $2.3 million in Q1 2016 and Q1 2015, respectively.

The acquisitions and divestitures with CCR and The Coca-Cola Company described above in Note 2 to the consolidated financial statements are incorporated herein by reference. As described above in Note 2 to the consolidated financial statements, the Company and CCR have entered into and closed the following asset purchase agreements relating to certain territories previously served by CCR's facilities and equipment located in these territories:

Territory	Asset Agreement Date	Acquisition Closing Date
Johnson City and Morristown, Tennessee	May 7, 2014	May 23, 2014
Knoxville, Tennessee	August 28, 2014	October 24, 2014
Cleveland and Cookeville, Tennessee	December 5, 2014	January 30, 2015
Louisville, Kentucky and Evansville, Indiana	December 17, 2014	February 27, 2015
Paducah and Pikeville, Kentucky	February 13, 2015	May 1, 2015
Norfolk, Fredericksburg and Staunton, Virginia and Elizabeth City, North Carolina	September 23, 2015	October 30, 2015
Richmond and Yorktown, Virginia and Easton and Salisbury, Maryland	September 23, 2015	January 29, 2016
Sandston Regional Manufacturing Facility	October 30, 2015	January 29, 2016
Alexandria, Virginia and Capitol Heights and La Plata Maryland	September 23, 2015	April 1, 2016

As part of the distribution territory closings under these asset purchase agreements, the Company signed CBAs which have terms of ten years and are renewable by the Company indefinitely for successive additional terms of ten years each unless earlier terminated as provided therein. Under the CBAs, the Company will make a quarterly sub-bottling payment to CCR on a continuing basis for the grant of exclusive rights to distribute, promote, market and sell the authorized brands of The Coca-Cola Company and related products in the Expansion Territories. The quarterly sub-bottling payment will be based on sales of certain beverages and beverage products that are sold under the same trademarks that identify a covered beverage, beverage product or certain cross-licensed brands. As of April 3, 2016, January 3, 2016 and March 29, 2015, the Company had recorded a liability of $177.9 million, $136.6 million and $98.5 million, respectively, to reflect the estimated fair value of the contingent consideration related to the future sub-bottling payments. A

payment of $5.0 million was made to CCR under the CBAs during Q1 2016. There were no payments to CCR under the CBAs during Q1 2015.

On October 17, 2014, the Company entered into an asset exchange agreement with CCR, pursuant to which the Company exchanged its facilities and equipment located in Jackson, Tennessee for territory previously served by CCR's facilities and equipment located in Lexington, Kentucky. This transaction closed on May 1, 2015.

As part of the Expansion Transactions, on October 30, 2015 the Company acquired from CCR a "make-ready center" in Annapolis, Maryland for approximately $5.3 million, subject to a final post-closing adjustment. The Company recorded a bargain purchase gain of $2.0 million on this transaction after applying a deferred tax liability of approximately $1.3 million. The Company uses the make-ready center to deploy and refurbish vending and other sales equipment for use in the marketplace.

Along with all other Coca-Cola bottlers in the United States, the Company is a member in Coca-Cola Bottlers' Sales and Services Company, LLC ("CCBSS"), which was formed in 2003 for the purposes of facilitating various procurement functions and distributing certain specified beverage products of The Coca-Cola Company with the intention of enhancing the efficiency and competitiveness of the Coca-Cola bottling system in the United States. CCBSS negotiates the procurement for the majority of the Company's raw materials (excluding concentrate). The Company pays an administrative fee to CCBSS for its services. Administrative fees to CCBSS for its services were $0.2 million and $0.1 million in Q1 2016 and Q1 2015, respectively. Amounts due from CCBSS for rebates on raw materials were $4.6 million, $5.9 million and $3.4 million as of April 3, 2016, January 3, 2016 and March 29, 2015, respectively. CCR is also a member of CCBSS.

The Company is a member of SAC, a manufacturing cooperative. SAC sells finished products to the Company at cost. Purchases from SAC by the Company for finished products were $33.2 million and $30.5 million in Q1 2016 and Q1 2015, respectively. In addition, the Company transports product for SAC to the Company's and other Coca-Cola bottlers' locations. Total sales to SAC for transporting SAC's product were $2.1 million and $1.8 million in Q1 2016 and Q1 2015, respectively. The Company also manages the operations of SAC pursuant to a management agreement. Management fees earned from SAC were $0.5 million and $0.4 million in Q1 2016 and Q1 2015, respectively. The Company has also guaranteed a portion of debt for SAC. Such guarantee amounted to $15.9 million as of April 3, 2016. The Company's equity investment in SAC was $4.1 million as of April 3, 2016, January 3, 2016 and March 29, 2015 and was recorded in other assets on the Company's consolidated balance sheets.

The Company is a shareholder in two entities from which it purchases substantially all of its requirements for plastic bottles. Net purchases from these entities were $19.7 million in Q1 2016 and $18.1 million in Q1 2015. In conjunction with the Company's participation in one of these entities, Southeastern, the Company has guaranteed a portion of the entity's debt. Such guarantee amounted to $9.4 million as of April 3, 2016. The Company's equity investment in Southeastern was $18.1 million, $18.3 million and $18.3 million as of April 3, 2016, January 3, 2016 and March 29, 2015, respectively, and was recorded in other assets on the Company's consolidated balance sheets.

The Company holds no assets as collateral against the SAC or Southeastern guarantees, the fair value of which is immaterial to the Company's consolidated financial statements. The Company monitors its investments in SAC and Southeastern and would be required to write down its investment if an impairment is identified and the Company determined it to be other than temporary. No impairment of the Company's investments in SAC or Southeastern has been identified as of April 3, 2016 nor was there any impairment in 2015.

The Company leases from Harrison Limited Partnership One ("HLP") the Snyder Production Center ("SPC") and an adjacent sales facility, which are located in Charlotte, North Carolina. HLP is directly and indirectly owned by trusts of which J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and Deborah H. Everhart, a director of the Company, are trustees and beneficiaries. Morgan H. Everett, a director of the Company, is a permissible, discretionary beneficiary of the trusts that directly or indirectly own HLP. The SPC lease expires on December 31, 2020. The principal balance outstanding under this capital lease as of April 3, 2016, January 3, 2016 and March 29, 2015 was $16.8 million $17.5 million and $19.4 million, respectively. Rental payments related to this lease were $1.0 million in both Q1 2016 and Q1 2015.

The Company leases from Beacon Investment Corporation ("Beacon") the Company's headquarters office facility and an adjacent office facility. The lease expires on December 31, 2021. Beacon's majority shareholder is J. Frank Harrison, III and Morgan H. Everett is a minority shareholder. The principal balance outstanding under this capital lease as of April 3, 2016, January 3, 2016 and March 29, 2015 was $17.5 million, $18.1 million and $20.0 million, respectively. Rental payments related to this lease were $1.1 million and $1.0 million in Q1 2016 and Q1 2015, respectively.

CONA

The Company is a member of CONA Services LLC ("CONA"), an entity formed with The Coca-Cola Company and certain Coca-Cola bottlers to provide business process and information technology services to its members. Under the CONA limited liability agreement executed January 27, 2016 (as amended or restated from time to time, the "CONA LLC Agreement"), the Company and other members of CONA are required to make capital contributions to CONA if and when approved by CONA's board of directors, which is comprised of representatives of the members. During Q1 2016, the Company made $1.2 million of capital contributions to CONA.

The Company is a party to a Master Services Agreement (the "Master Services Agreement") with CONA, pursuant to which CONA agreed to make available, and the Company became authorized to use, the Coke One North America system (the "CONA System"), a uniform information technology system developed to promote operational efficiency and uniformity among North American Coca-Cola bottlers. Pursuant to the Master Services Agreement, CONA agreed to make available, and authorized the Company to use, the CONA System in connection with the distribution, sale, marketing and promotion of non-alcoholic beverages the Company is authorized to distribute under its comprehensive beverage agreement or any other agreement with The Coca-Cola Company (the "Beverages") in the territories the Company serves (the "Territories"), subject to the provisions of the CONA LLC Agreement and any licenses or other agreements relating to products or services provided by third-parties and used in connection with the CONA System. As part of making the CONA System available to the Company, CONA will provide certain business process and information technology services to the Company, including the planning, development, management and operation of the CONA System in connection with the Company's direct store delivery of products (collectively, the "CONA Services"). In exchange for the Company's right to use the CONA System and right to receive the CONA Services under the Master Services Agreement, the Company will be charged service fees by CONA on a quarterly basis based on the number of physical cases of Beverages distributed by the Company during the applicable period in the Territories where the CONA Services have been implemented (the "Service Fees"). Upon the earlier of (i) all members of CONA beginning to use the CONA System in all territories in which they distribute products of The Coca-Cola Company (excluding certain territories of CCR that are expected to be sold to bottlers that are neither members of CONA nor users of the CONA System), or (ii) December 31, 2018, the Service Fees will be changed to be an amount per physical case of Beverages distributed in any portion of the Territories that is equal to the aggregate costs incurred by CONA to maintain and operate the CONA System and provide the CONA Services divided by the total number of cases distributed by all of the members of CONA, subject to certain exceptions. The Company is obligated to pay the Service Fees under the Master Services Agreement even if it is not using the CONA System for all or any portion of its operations in the Territories.

During Q1 2016, the Company incurred CONA Service Fees of $1.4 million.

NPSG

The Coca-Cola Company, the Company and three other Coca-Cola bottlers who are regional producing bottlers in The Coca-Cola Company's national product supply system (collectively, the "Regional Producing Bottlers") are parties to a national product supply governance agreement (the "NPSG Governance Agreement"), pursuant to which The Coca-Cola Company and the Regional Producing Bottlers have established a national product supply group (the "NPSG") and agreed to certain binding governance mechanisms, including a governing board (the "NPSG Board") comprised of a representative of (i) the Company, (ii) The Coca-Cola Company and (iii) each other Regional Producing Bottler. The stated objectives of the NPSG include, among others, (i) Coca-Cola system strategic infrastructure investment and divestment planning; (ii) network optimization of all plant to distribution center sourcing; and (iii) new product/packaging infrastructure planning. The NPSG Board makes and/or oversees and directs certain key decisions regarding the NPSG, including decisions regarding the management and staffing of the NPSG and the funding for the ongoing operations thereof. The Company is obligated to pay a certain portion of the costs of operating the NPSG. Pursuant to the decisions of the NPSG Board made from time to time and subject to the terms and conditions of the NPSG Governance Agreement, the Company and each other Regional Producing Bottler will make investments in their respective manufacturing assets and will implement Coca-Cola system strategic investment opportunities that are consistent with the NPSG Governance Agreement.

18. Net Income Per Share

The following table sets forth the computation of basic net income per share and diluted net income per share under the two-class method:

	First Quarter	
In Thousands (Except Per Share Data)	2016	2015
Numerator for basic and diluted net income (loss) per Common Stock and Class B Common Stock share:		
Net income (loss) attributable to Coca-Cola Bottling Co. Consolidated	$ (10,041)	$ 2,224
Less dividends:		
Common Stock	1,785	1,785
Class B Common Stock	538	532
Total undistributed earnings	$ (12,364)	$ (93)
Common Stock undistributed earnings – basic	$ (9,496)	$ (72)
Class B Common Stock undistributed earnings – basic	(2,868)	(21)
Total undistributed earnings – basic	$ (12,364)	$ (93)
Common Stock undistributed earnings – diluted	$ (9,496)	$ (71)
Class B Common Stock undistributed earnings – diluted	(2,868)	(22)
Total undistributed earnings – diluted	$ (12,364)	$ (93)
Numerator for basic net income (loss) per Common Stock share:		
Dividends on Common Stock	$ 1,785	$ 1,785
Common Stock undistributed earnings – basic	(9,496)	(72)
Numerator for basic net income (loss) per Common Stock share	$ (7,711)	$ 1,713
Numerator for basic net income (loss) per Class B Common Stock share:		
Dividends on Class B Common Stock	$ 538	$ 532
Class B Common Stock undistributed earnings – basic	(2,868)	(21)
Numerator for basic net income (loss) per Class B Common Stock share	$ (2,330)	$ 511

In Thousands (Except Per Share Data)	First Quarter 2016	2015
Numerator for diluted net income (loss) per Common Stock share:		
Dividends on Common Stock	$ 1,785	$ 1,785
Dividends on Class B Common Stock assumed converted to Common Stock	538	532
Common Stock undistributed earnings – diluted	(12,364)	(93)
Numerator for diluted net income (loss) per Common Stock share	$ (10,041)	$ 2,224
Numerator for diluted net income (loss) per Class B Common Stock share:		
Dividends on Class B Common Stock	$ 538	$ 532
Class B Common Stock undistributed earnings – diluted	(2,868)	(22)
Numerator for diluted net income (loss) per Class B Common Stock share	$ (2,330)	$ 510
Denominator for basic net income (loss) per Common Stock and Class B Common Stock share:		
Common Stock weighted average shares outstanding – basic	7,141	7,141
Class B Common Stock weighted average shares outstanding – basic	2,157	2,136
Denominator for diluted net income (loss) per Common Stock and Class B Common Stock share:		
Common Stock weighted average shares outstanding – diluted (assumes conversion of Class B Common Stock to Common Stock)	9,298	9,317
Class B Common Stock weighted average shares outstanding – diluted	2,157	2,176
Basic net income (loss) per share:		
Common Stock	$ (1.08)	$ 0.24
Class B Common Stock	$ (1.08)	$ 0.24
Diluted net income (loss) per share:		
Common Stock	$ (1.08)	$ 0.24
Class B Common Stock	$ (1.08)	$ 0.23

The 40,000 unvested performance units granted to Mr. Harrison in 2016 were excluded from the computations of diluted net earnings per share from Q1 2016 calculation, because their effect would have been anti-dilutive.

NOTES TO TABLE

(1) For purposes of the diluted net income per share computation for Common Stock, all shares of Class B Common Stock are assumed to be converted; therefore, 100% of undistributed earnings is allocated to Common Stock.

(2) For purposes of the diluted net income per share computation for Class B Common Stock, weighted average shares of Class B Common Stock are assumed to be outstanding for the entire period and not converted.

(3) Denominator for diluted net income per share for Common Stock and Class B Common Stock includes the dilutive effect of shares relative to the Performance Unit Award.

19. Supplemental Disclosures of Cash Flow Information

Changes in current assets and current liabilities affecting cash flows were as follows:

	First Quarter	
In Thousands	2016	2015
Accounts receivable, trade, net	$ (22,283)	$ (18,630)
Accounts receivable from The Coca-Cola Company	(25,093)	(7,898)
Accounts receivable, other	(2,777)	2,223
Inventories	(7,778)	(17,883)
Prepaid expenses and other current assets	7,710	4,800
Accounts payable, trade	17,219	4,269
Accounts payable to The Coca-Cola Company	15,374	8,984
Other accrued liabilities	(4,691)	8,042
Accrued compensation	(23,966)	(12,918)
Accrued interest payable	7,359	5,113
Change in current assets less current liabilities (exclusive of acquisition)	$ (38,926)	$ (23,898)

20. Segments

The Company evaluates segment reporting in accordance with the FASB Accounting Standards Codification ("ASC") 280, Segment Reporting each reporting period, including evaluating the reporting package reviewed by the Chief Operation Decision Maker ("CODM"). The Company has concluded the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, as a group, represent the CODM. Prior to the sale of BYB, the Company believed five operating segments existed. Two operating segments, Franchised Nonalcoholic Beverages and Internally-Developed Nonalcoholic Beverages (made up entirely of BYB), have been aggregated due to their similar economic characteristics as well as the similarity of products, production processes, types of customers, methods of distribution, and nature of the regulatory environment. This combined segment, Nonalcoholic Beverages, represents the vast majority of the Company's consolidated revenues, operating income, and assets. After the sale of BYB, the Company believes four operating segments exist. The remaining three operating segments do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate. As a result, these three operating segments have been combined into an "All Other" reportable segment.

The Company's segment results are as follows:

In Thousands	First Quarter 2016	First Quarter 2015
Net Sales:		
Nonalcoholic Beverages	$ 606,928	$ 441,683
All Other	45,709	33,815
Eliminations*	(27,181)	(22,245)
Consolidated	$ 625,456	$ 453,253
Operating Income:		
Nonalcoholic Beverages	$ 10,968	$ 15,331
All Other	1,433	1,571
Consolidated	$ 12,401	$ 16,902
Depreciation and Amortization:		
Nonalcoholic Beverages	$ 22,908	$ 16,705
All Other	1,481	952
Consolidated	$ 24,389	$ 17,657
Capital Expenditures:		
Nonalcoholic Beverages	$ 24,994	$ 19,252
All Other	6,658	7,140
Consolidated	$ 31,652	$ 26,392

	Apr. 3, 2016	Mar. 29 2015	Jan. 3, 2016
Total Assets:			
Nonalcoholic Beverages	$ 1,941,680	$ 1,523,154	$ 1,804,084
All Other	88,306	54,522	75,842
Eliminations	(6,123)	(7,052)	(33,361)
Consolidated	$ 2,023,863	$ 1,570,624	$ 1,846,565

*NOTE: The entire net sales elimination for each year presented represent net sales from the All Other segment to the Nonalcoholic Beverages segment. Sales between these segments are either recognized at fair market value or cost depending on the nature of the transaction.

Net sales by product category were as follows:

In Thousands	First Quarter 2016	First Quarter 2015
Bottle/can sales:		
Sparkling beverages (including energy products)	$ 411,137	$ 297,819
Still beverages	107,723	70,588
Total bottle/can sales	518,860	368,407
Other sales:		
Sales to other Coca-Cola bottlers	50,210	37,846
Post-mix and other	56,386	47,000
Total other sales	106,596	84,846
Total net sales	$ 625,456	$ 453,253

Sparkling beverages are carbonated beverages and energy products and still beverages are noncarbonated beverages.

21. Accounting Policies and New Accounting Pronouncements

Critical Accounting Policies

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 consolidated 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 included in its Annual Report on Form 10-K for the year ended January 3, 2016 under the caption "Discussion of Critical Accounting Policies, Estimates and New Accounting Pronouncements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations," set forth in Part II, Item 7, a discussion of the Company's most critical accounting policies, which are those 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.

The Company did not make changes in any critical accounting policies during Q1 2016. Any changes in critical accounting policies and estimates are discussed with the Audit Committee of the Board of Directors of the Company during the quarter in which a change is made.

Recently Adopted Pronouncements

In February 2015, the FASB issued new guidance which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The new guidance was effective for annual and interim periods beginning after December 15, 2015. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued new guidance on accounting for debt issuance costs. The new guidance requires that all cost incurred to issue debt be presented in the balance sheet as a direct reduction from the carrying value of the debt. In August 2015, the FASB issued additional guidance which clarified that an entity can present debt issuance costs of a line-of-credit arrangement as an asset regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The new guidance is effective for annual and interim periods beginning after December 15, 2015. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements. The standard was retrospectively adopted by the Company on January 4, 2016. As a result, $3.1 million and $1.1 million of debt issuance costs at January 3, 2016 were reclassified to long-term debt from other assets and prepaid expenses and other current assets, respectively. $0.7 million and $1.4 million of debt issuance costs at March 29, 2015 were reclassified to long-term debt from other assets and prepaid expenses and other current assets, respectively.

In April 2015, the FASB issued new guidance on whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, the arrangement should be accounted for consistent with the acquisition of other software licenses, otherwise, the arrangement should be accounted for consistent with other service contracts. The new guidance was effective for annual and interim periods beginning after December 15, 2015. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In May 2015, the FASB issued new guidance which removes the requirement to categorize investments for which fair value is measured using fair value per share in the fair value hierarchy and limits certain required disclosures to those for which fair value is being measured using the net asset value per share practical expedient. The new guidance was effective for annual and interim periods beginning after December 15, 2015. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In September 2015, the FASB issued new guidance that requires an acquirer in a business combination recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The new guidance is effective for annual and interim periods beginning after December 15, 2015, with early adoption permitted. The Company elected to early-adopt this new accounting guidance in the third quarter of 2015. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In November 2015, the FASB issued new guidance on the balance sheet classification of deferred taxes. The new guidance requires an entity to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. The new guidance is

effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted. The Company elected to early-adopt this new accounting guidance prospectively beginning with the Consolidated Balance Sheet at January 3, 2016. Prior periods were not retrospectively adjusted. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Recently Issued Pronouncements

In May 2014, the FASB issued new guidance on accounting for revenue from contracts with customers. The new guidance was to be effective for annual and interim periods beginning after December 15, 2016. In July 2015, the FASB deferred the effective date to annual and interim periods beginning after December 15, 2017. In March 2016 and April 2016, the FASB issued new guidance that amends certain aspects of the May 2014 new guidance. The Company is in the process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

In August 2014, the FASB issued new guidance that specifies the responsibility that an entity's management has to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern. The new guidance is effective for annual and interim periods beginning after December 15, 2016. The Company does not expect the new guidance to have a material impact on the Company's consolidated financial statements.

In July 2015, the FASB issued new guidance on accounting for inventory. The new guidance requires entities to measure most inventory "at lower of cost and net realizable value" thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. The new guidance is effective for annual and interim periods beginning after December 15, 2016. The Company is in the process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

In January 2016, the FASB issued new guidance which amends the guidance on the classification and measurement of financial instruments. The new guidance revises the classification and measurement of investments in equity securities and the presentation of certain fair value changes in financial liabilities measured at fair value. The new guidance is effective for annual and interim reporting periods beginning after December 31, 2017. The Company is in the process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

In February 2016, the FASB issued new guidance on accounting for leases. The new guidance requires lessees to recognize a right-to-use asset and a lease liability for virtually all leases (other than leases that meet the definition of a short-term lease). The new guidance is effective for fiscal years beginning after December 15, 2019 and interim periods beginning the following year. The Company is in the process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

In March 2016, the FASB issued new guidance which simplifies several aspects of the accounting for employee-share based transactions including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2016. The Company is in the process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

22. Subsequent Event

On April 29, 2016, the Company completed the remaining transactions contemplated by the September 2015 APA by acquiring Expansion Territories served by CCR through CCR's facilities and equipment located in Baltimore, Hagerstown and Cumberland, Maryland. On April 29, 2016, the Company also completed the remaining transactions contemplated by the October 2015 APA by acquiring Regional Manufacturing Facilities located in Silver Spring, Maryland and Baltimore, Maryland. The Company has not completed the preliminary allocation of the purchase price to the individual acquired assets and assumed liabilities for these transactions. The transactions will be accounted for as a business combination under FASB ASC 805.

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

Introduction

The following Management's Discussion and Analysis of Financial Condition and Results of Operations of Coca-Cola Bottling Co. Consolidated (the "Company," "we" and "our") should be read in conjunction with the Company's consolidated financial statements and the accompanying notes to the consolidated financial statements.

The consolidated financial statements include the consolidated operations of the Company and its majority-owned subsidiaries including Piedmont Coca-Cola Bottling Partnership ("Piedmont"). The noncontrolling interest primarily consists of The Coca-Cola Company's interest in Piedmont, which was 22.7% for all periods presented.

Expansion Transactions

Since April 2013, as a part of The Coca-Cola Company's plans to refranchise its North American bottling territories, the Company has engaged in a series of transactions with The Coca-Cola Company and Coca-Cola Refreshments USA, Inc. ("CCR"), a wholly-owned subsidiary of The Coca-Cola Company, to expand the Company's distribution operations significantly through the acquisition of rights to serve additional distribution territories previously served by CCR (the "Expansion Territories") and of related distribution assets (the "Distribution Territory Expansion Transactions"). During 2015, the Company completed its acquisitions of Expansion Territories announced as part of the April 2013 letter of intent signed with The Coca-Cola Company which included Expansion Territories in parts of Tennessee, Kentucky and Indiana previously served by CCR.

As a part of these transactions, in May 2015, the Company also completed an exchange transaction where it acquired certain assets of CCR relating to the marketing, promotion, distribution and sale of Coca-Cola and other beverage products in the territory previously served by CCR's facilities and equipment located in Lexington, Kentucky (including the rights to produce such beverages in the Lexington, Kentucky territory) in exchange for certain assets of the Company relating to the marketing, promotion, distribution and sale of Coca-Cola and other beverage products in the territory previously served by the Company's facilities and equipment located in Jackson, Tennessee (including the rights to produce such beverages in the Jackson, Tennessee territory). The net assets received by the Company in the Lexington-for-Jackson exchange transaction, after deducting the value of certain retained assets and retained liabilities, was approximately $10.5 million, which was paid in cash at closing. Subsequent to the quarter ended April 3, 2016 ("Q1 2016"), the net assets received in the exchange increased by approximately $7.0 million as a result of completing the post-closing adjustment under the Asset Exchange Agreement.

On May 12, 2015, the Company and The Coca-Cola Company entered into a second non-binding letter of intent (the "May 2015 LOI") pursuant to which CCR would grant the Company in two phases certain exclusive rights for the distribution, promotion, marketing and sale of The Coca-Cola Company-owned and licensed products in additional territories then served by CCR and would sell the Company certain assets that included rights to distribute those cross-licensed brands distributed in the territories by CCR as well as the assets used by CCR in the distribution of the cross-licensed brands and The Coca-Cola Company brands. The major markets that would be served as part of the expansion contemplated by the May 2015 LOI include: Baltimore, Alexandria, Norfolk, Richmond, District of Columbia, Cincinnati, Columbus, Dayton and Indianapolis.

On September 23, 2015, the Company and CCR entered into an asset purchase agreement for the first phase of this additional Distribution Territory Expansion Transaction contemplated by the May 2015 LOI (the "September 2015 APA") by acquiring Expansion Territory in: (i) eastern and northern Virginia, (ii) the entire state of Maryland, (iii) the District of Columbia, and (iv) parts of Delaware, North Carolina, Pennsylvania and West Virginia (the "Next Phase Territories"). The first closing for the series of Next Phase Territories transactions (the "Next Phase Territories Transactions") occurred on October 30, 2015 for Norfolk, Fredericksburg and Staunton in Virginia and Elizabeth City in North Carolina. The second closing for the series of Next Phase Territories Transactions occurred on January 29, 2016 for Easton and Salisbury, Maryland and Richmond and Yorktown, Virginia. The third closing for the series of Next Phase Territories Transactions occurred on April 1, 2016 for Capitol Heights and La Plata, Maryland and Alexandria, Virginia. The closings for the remainder of the Next Phase Territories Transactions occurred on April 29, 2016 for Baltimore, Cumberland and Hagerstown, Maryland. At each of the October 2015, January 2016 and April 2016 closings, the Company entered into a comprehensive beverage agreement with CCR in substantially the same form as the form of comprehensive beverage agreement currently in effect in the territories acquired in the earlier Distribution Territory Expansion Transactions (the "Initial CBA") that will require the Company to make a quarterly sub-bottling payment to CCR on a continuing basis for the grant of exclusive rights to distribute, promote, market and sell the Covered Beverages and Related Products (as defined in the Initial CBA) in the applicable Next Phase Territories.

The Company is continuing to work towards a definitive agreement or agreements with The Coca-Cola Company for the remainder of the proposed distribution territory expansion described in the May 2015 LOI, including distribution territories in central and southern Ohio, northern Kentucky and parts of Indiana and Illinois (the "Subsequent Phase Territories").

The net cash purchase price for each of the Expansion Territories Transactions completed by April 3, 2016 is as follows:

Territory	Acquisition / Exchange Date	(Net) Cash Purchase Price (In Millions)
Johnson City and Morristown, Tennessee	May 23, 2014	$ 12.2
Knoxville, Tennessee	October 24, 2014	30.9
Cleveland and Cookeville, Tennessee	January 30, 2015	13.2
Louisville, Kentucky and Evansville, Indiana	February 27, 2015	18.0
Paducah and Pikeville, Kentucky	May 1, 2015	7.5
Lexington, Kentucky for Jackson, Tennessee Exchange	May 1, 2015	10.5
Norfolk, Fredericksburg and Staunton, Virginia and Elizabeth City, North Carolina	October 30, 2015	26.1
Annapolis, Maryland Ready Made Center	October 30, 2015	5.3
Richmond, Sandston and Yorktown, Virginia and Easton and Salisbury, Maryland	January 29, 2016	65.7
Alexandria, Virginia and Capitol Heights and La Plata, Maryland	April 1, 2016	35.5

The cash purchase price amounts included in the table above are subject in each case to a final post-closing adjustment and, as a result, may either increase or decrease.

The financial results for the 2015 Expansion Territories and the YTD 2016 Expansion Transactions have been included in the Company's consolidated financial statements from their acquisition or exchange dates. These territories contributed $142.5 million and $18.1 million in net sales and $1.3 million and $1.8 million in operating income in Q1 2016 and the quarter ended March 29, 2015 ("Q1 2015"), respectively.

Manufacturing Letter of Intent and Definitive Agreement for Manufacturing Facilities Serving Next Phase Territories

The May 2015 LOI contemplated that The Coca-Cola Company would work collaboratively with the Company and certain other expanding participating bottlers in the U.S. ("EPBs") to implement a national product supply system. As a result of subsequent discussions among the EPBs and The Coca-Cola Company, on September 23, 2015, the Company and The Coca-Cola Company entered into a non-binding letter of intent (the "Manufacturing LOI") pursuant to which CCR would sell six manufacturing facilities ("Regional Manufacturing Facilities") and related manufacturing assets (collectively, "Manufacturing Assets") to the Company as the Company becomes a regional producing bottler ("Regional Producing Bottler") in the national product supply system (the "Manufacturing Facility Expansion Transactions"). Similar to, and as an integral part of, the Distribution Territory Expansion Transactions described in the May 2015 LOI, the sale of the Manufacturing Assets by CCR to the Company would be accomplished in two phases. The first phase includes three Regional Manufacturing Facilities located in Sandston, Virginia; Silver Spring, Maryland; and Baltimore, Maryland that serve the Next Phase Territories. The second phase includes three Regional Manufacturing Facilities located in Indianapolis, Indiana; Portland, Indiana; and Cincinnati, Ohio that serve the Subsequent Phase Territories. On October 30, 2015, the Company and CCR entered into a definitive purchase and sale agreement for the Manufacturing Assets that comprise the three Regional Manufacturing Facilities located in Sandston, Virginia; Silver Spring, Maryland; and Baltimore, Maryland (the "Next Phase Manufacturing Transactions"). The first closing for the series of Next Phase Manufacturing Transactions occurred on January 29, 2016 for the Sandston, Virginia facility. The final closings for the series of Next Phase Manufacturing Transactions occurred on April 29, 2016 for the acquisition of Regional Manufacturing Facilities located in Silver Spring, Maryland and Baltimore, Maryland.

The rights for the manufacture, production and packaging of specified beverages at the Regional Manufacturing Facilities have been granted by The Coca-Cola Company to the Company pursuant to an initial regional manufacturing agreement in the form disclosed in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 5, 2016 (the "Initial RMA"). Pursuant to its terms, the Initial RMA will be amended, restated and converted into a final form of regional manufacturing agreement (the "Final RMA") concurrent with the conversion of the Company's Bottling Agreements (as defined below) to the Final CBA as described in the description of the Territory Conversion Agreement (defined and described below). Under the Final RMA, the Company's aggregate business directly and primarily related to the manufacture of Authorized Covered Beverages, permitted cross-licensed brands and other beverages and beverage products for The Coca-Cola Company will be subject to the same agreed upon sale process provisions included in the Final CBA as described below, which include the need to obtain The Coca-Cola Company's prior approval of a potential purchaser of such manufacturing business. The Coca-Cola Company will also have the right to terminate the Final RMA in the event of an uncured default by the Company.

The Company is continuing to work towards a definitive agreement or agreements with The Coca-Cola Company for the remainder of the proposed Manufacturing Facility Expansion Transactions described in the Manufacturing LOI, which includes three manufacturing facilities located in Indianapolis, Indiana; Portland, Indiana; and Cincinnati, Ohio.

On October 30, 2015, the Company, The Coca-Cola Company and the other EPBs who are considered Regional Producing Bottlers entered into a national product supply governance agreement (the "NPSG Governance Agreement"). Pursuant to the NPSG Governance Agreement, The Coca-Cola Company and the Regional Producing Bottlers have formed a national product supply group (the "NPSG") and agreed to certain binding governance mechanisms, including a governing board (the "NPSG Board") comprised of a representative of (i) the Company, (ii) The Coca-Cola Company and (iii) each other Regional Producing Bottler. The stated objectives of the NPSG include, among others, (i) Coca-Cola system strategic infrastructure investment and divestment planning; (ii) network optimization of all plant to distribution center sourcing; and (iii) new product/packaging infrastructure planning. The NPSG Board will make and/or oversee and direct certain key decisions regarding the NPSG, including decisions regarding the management and staffing of the NPSG and the funding for the ongoing operations thereof. Pursuant to the decisions of the NPSG Board made from time to time and subject to the terms and conditions of the NPSG Governance Agreement, the Company and each other Regional Producing Bottler will make investments in their respective manufacturing assets and will implement Coca-Cola system strategic investment opportunities that are consistent with the NPSG Governance Agreement.

Territory Conversion Agreement

Concurrent with their execution of the September 2015 APA, the Company, CCR and The Coca-Cola Company executed a territory conversion agreement (as amended February 8, 2016, the "Territory Conversion Agreement"), which provides that, except as noted below, all of the Company's master bottle contracts, allied bottle contracts, Initial CBAs and other bottling agreements with The Coca-Cola Company or CCR that authorize the Company to produce and/or distribute the Covered Beverages or Related Products (as defined therein) (collectively, the "Bottling Agreements") would be amended, restated and converted (upon the occurrence of certain events described below) to a new and final comprehensive beverage agreement (the "Final CBA"). The conversion would include all of the Company's then existing Bottling Agreements in the Expansion Territories and in all other territories in the United States where the Company has rights to market, promote, distribute and sell beverage products owned or licensed by The Coca-Cola Company (the "Legacy Territory"), but would not affect any Bottling Agreements with respect to the greater Lexington, Kentucky territory. At the time of the conversion of the Bottling Agreements for the Legacy Territory to the Final CBA, CCR will pay a fee to the Company in cash (or another mutually agreed form of payment or credit) in an amount equivalent to 0.5 times the EBITDA the Company generates from sales in the Legacy Territory of Beverages (as defined in the Final CBA) either (i) owned by The Coca-Cola Company or licensed to The Coca-Cola Company and sublicensed to the Company, or (ii) owned by or licensed to Monster Energy Company on which the Company pays, and The Coca-Cola Company receives, a facilitation fee.

The Company may elect to cause the conversion of the Bottling Agreements to the Final CBA to occur at any time by giving written notice to The Coca-Cola Company. Further, now that the transactions contemplated by the September 2015 APA have been consummated, the conversion will occur automatically upon the earliest of (i) the consummation of all of the transactions described in the May 2015 LOI regarding the Subsequent Phase Territories (the "Subsequent Phase Territory Transactions"), (ii) January 1, 2020, as long as The Coca-Cola Company has satisfied certain obligations described in the Territory Conversion Agreement regarding its intent to complete the Subsequent Phase Territory Transactions, or (iii) 30 days following the Company's (a) termination of good faith negotiations of the Subsequent Phase Territory Transactions on terms similar to the Next Phase Territory Transactions or (b) notification that it no longer wants to pursue the Subsequent Phase Territory Transactions.

The Final CBA is similar to the Initial CBA in many respects, but also includes certain modifications and several new business, operational and governance provisions. For example, the Final CBA contains provisions that apply in the event of a potential sale of the Company or its aggregate businesses directly and primarily related to the marketing, promotion, distribution, and sale of Covered Beverages and Related Products (collectively, the "Business"). Under the Final CBA, the Company may only sell the Business to The Coca-Cola Company or third party buyers approved by The Coca-Cola Company. The Company annually can obtain a list of such approved third party buyers from The Coca-Cola Company or, upon receipt of a third party offer to purchase the Business, may seek approval of such buyer by The Coca-Cola Company. In addition, the Final CBA contains a sale process that would apply if the Company notifies The Coca-Cola Company that it wishes to sell the Business to The Coca-Cola Company. In such event, if the Company and The Coca-Cola Company are unable in good faith to negotiate terms and conditions of a binding purchase and sale agreement, including the purchase price for the Business, then the Company may either withdraw from negotiations with The Coca-Cola Company or initiate a third-party valuation process described in the Final CBA to determine the purchase price for the Business and, upon such third party's determination of the purchase price, may decide to continue with its potential sale of the Business to The Coca-Cola Company. The Coca-Cola Company would then have the option to (i) purchase the Business for such purchase price pursuant to defined terms and conditions set forth in the Final CBA (including, to the extent not otherwise agreed by the Company and The Coca-Cola Company, default non-price terms and conditions of the acquisition agreement) or (ii) elect not to purchase the

Business, in which case the Final CBA would automatically be amended to, among other things, permit the Company to sell the Business to any third party without obtaining The Coca-Cola Company's prior approval of such third party.

The Final CBA also includes terms that would apply in the event The Coca-Cola Company terminates the Final CBA following the Company's default thereunder. These terms include a requirement that The Coca-Cola Company acquire the Business upon such termination as well as the purchase price payable to the Company in such sale. The Final CBA specifies that the purchase price would be determined in accordance with a third-party valuation process equivalent to that employed if the Company notifies The Coca-Cola Company that it desires to sell the Business to The Coca-Cola Company; provided, the purchase price would be 85% of the valuation of the Business determined in the third-party valuation process if the Final CBA is terminated as a result of the Company's willful misconduct in violating certain obligations in the Final CBA with respect to dealing in other beverage products and other business activities, if a change in control occurs without the consent of The Coca-Cola Company or if the Company disposes of a majority of the voting power of any subsidiary of the Company that is a party to an agreement regarding the distribution or sale of Covered Beverages or Related Products.

Under the Final CBA, the Company will be required to ensure that it achieves an equivalent case volume per capita change rate that is not less than one standard deviation below the median of such rates for all U.S. Coca-Cola bottlers. If the Company fails to comply with the equivalent case volume per capita change rate obligation for two consecutive years, it would have a twelve-month cure period to achieve an equivalent case volume per capita change rate within such standard before it would be considered in breach under the Final CBA and the previously described termination provisions are triggered. The Final CBA also requires the Company to make minimum, ongoing capital expenditures at a specified level.

New Monster Distribution Agreement

Prior to April 6, 2015, the Company distributed energy drink products packaged and/or marketed by MEC Energy Company ("MEC") under the primary brand name "Monster" ("MEC Products") in certain portions of the Company's territories. On March 26, 2015, the Company and MEC entered into a new distribution agreement granting the Company rights to distribute MEC Products throughout all of the geographic territory the Company currently services for the distribution of Coca-Cola products, commencing April 6, 2015.

Our Business and the Nonalcoholic Beverage Industry

The Company produces, markets and distributes nonalcoholic 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 the largest independent bottler of products of The Coca-Cola Company in the United States, distributing these products in fourteen states primarily in the Southeast. The Company also distributes several other beverage brands. These product offerings include both sparkling and still beverages. Sparkling beverages are carbonated beverages, including energy products. Still beverages are noncarbonated beverages such as bottled water, tea, ready to drink coffee, enhanced water, juices and sports drinks.

The nonalcoholic beverage market is highly competitive. The Company's competitors include bottlers and distributors of nationally and regionally advertised and marketed products and private label products. In each region in which the Company operates, between 90% and 95% of sparkling beverage sales in bottles, cans and other containers are accounted for by the Company and its principal competitors, which in each region includes the local bottler of Pepsi-Cola and, in some regions, the local bottler of Dr Pepper, Royal Crown and/or 7-Up products. The sparkling beverage category (including energy products) represents approximately 79% of the Company's Q1 2016 bottle/can net sales to retail customers.

The principal methods of competition in the nonalcoholic beverage industry are point-of-sale merchandising, new product introductions, new vending and dispensing equipment, packaging changes, pricing, price promotions, product quality, retail space management, customer service, frequency of distribution and advertising. The Company believes it is competitive in its territories with respect to each of these methods.

Historically, operating results for the first quarter of the fiscal year have not been representative of results for the entire fiscal year. Business seasonality results primarily from higher unit sales of the Company's products in the second and third quarters versus the first and fourth quarters of the fiscal year. Fixed costs, such as depreciation expense, are not significantly impacted by business seasonality.

Net sales by product category were as follows:

In Thousands	First Quarter 2016	2015
Bottle/can sales:		
Sparkling beverages (including energy products)	$ 411,137	$ 297,819
Still beverages	107,723	70,588
Total bottle/can sales	518,860	368,407
Other sales:		
Sales to other Coca-Cola bottlers	50,210	37,846
Post-mix and other	56,386	47,000
Total other sales	106,596	84,846
Total net sales	$ 625,456	$ 453,253

Areas of Emphasis

Key priorities for the Company include territory and manufacturing expansion, revenue management, product innovation and beverage portfolio expansion, distribution cost management, and productivity.

Revenue Management

Revenue management requires a strategy that reflects consideration for pricing of brands and packages within product categories and channels, highly effective working relationships with customers and disciplined fact-based decision-making. Revenue management has been and continues to be a key driver which has a significant impact on the Company's results of operations.

Product Innovation and Beverage Portfolio Expansion

Innovation of both new brands and packages has been and is expected to continue to be important to the Company's overall revenue. New products and packaging introductions over the last several years include Coca-Cola Life, the 12-ounce sleek can, 253 ml single bottles and multi-packs, 15-pack configuration of 12 oz. cans, the 7.5-ounce sleek can in both singles and multi-packs, Yup milk beverages and Core Power protein drinks.

Distribution Cost Management

Distribution costs represent the costs of transporting finished goods from Company locations to customer outlets. Total distribution costs amounted to $64.4 million and $57.3 million in Q1 2016 and Q1 2015, respectively. Over the past several years, the Company has focused on converting its distribution system from a conventional routing system to a predictive system. This conversion to a predictive system has allowed the Company to more efficiently handle an increasing number of products. In addition, the Company has closed a number of smaller sales distribution centers reducing its fixed warehouse-related costs.

The Company has three primary delivery systems for its current business:

- bulk delivery for large supermarkets, mass merchandisers and club stores;
- advanced sales delivery for convenience stores, drug stores, small supermarkets and certain on-premise accounts; and
- full service delivery for its full service vending customers.

Distribution cost management will continue to be a key area of emphasis for the Company.

Productivity

A key driver in the Company's selling, delivery and administrative ("S,D&A") expense management relates to ongoing improvements in labor productivity and asset productivity.

Results of Operations

Q1 2016 Compared to Q1 2015.

The following overview provides a summary of key information concerning the Company's financial results for Q1 2016 compared to Q1 2015.

	First Quarter			
In Thousands (Except Per Share Data)	2016	2015	Change	% Change
Net sales	$ 625,456	$ 453,253	$ 172,203	38.0
Cost of sales	381,558	268,880	112,678	41.9
Gross margin	243,898	184,373	59,525	32.3
S,D&A expenses	231,497	167,471	64,026	38.2
Income from operations	12,401	16,902	(4,501)	(26.6)
Interest expense, net	9,361	7,347	2,014	27.4
Other income (expense), net	(17,151)	(5,089)	(12,062)	237.0
Income (loss) before taxes	(14,111)	4,466	(18,577)	N/M
Income tax expense (benefit)	(5,078)	1,513	(6,591)	N/M
Net income (loss)	(9,033)	2,953	(11,986)	N/M
Net income (loss) attributable to the Company	(10,041)	2,224	(12,265)	N/M
Basic net income (loss) per share:				
Common Stock	$ (1.08)	$ 0.24	$ (1.32)	N/M
Class B Common Stock	$ (1.08)	$ 0.24	$ (1.32)	N/M
Diluted net income (loss) per share:				
Common Stock	$ (1.08)	$ 0.24	$ (1.32)	N/M
Class B Common Stock	$ (1.08)	$ 0.23	$ (1.31)	N/M

Items Impacting Operations and Financial Condition

The following items affect the comparability of the Q1 2016 and Q1 2015 financial results:

Q1 2016

- $6.4 million of expenses related to acquiring and transitioning Expansion Territories;
- $142.5 million in net sales and $1.3 million of operating income related to the Expansion Territories:
- $4.0 million of expense related to a one-time special charitable contribution; and
- $17.2 million recorded in other expense as a result of an unfavorable fair value adjustment to the Company's contingent consideration liability related to the Expansion Territories.

Q1 2015

- $3.0 million of expenses related to acquiring and transitioning Expansion Territories;
- $18.1 million in net sales and $1.8 million of operating income related to the Expansion Territories; and
- $5.1 million recorded in other expense as a result of an unfavorable fair value adjustment to the Company's contingent consideration liability related to the Expansion Territories.

Net Sales

Net sales increased $172.2 million, or 38.0%, to $625.5 million in Q1 2016 compared to $453.3 million in Q1 2015.

The increase in net sales was principally attributable to the following (in millions):

Q1 2016	Attributable to:
$ 117.8	Net sales increase related to the 2015 Expansion Territories and the YTD 2016 Expansion Transactions, reduced by the 2015 comparable sales of the Legacy Territories exchanged for expansion territories in 2015
23.8	6.5% increase in bottle/can sales price per unit to retail customers in the Company's Legacy Territories and 2014 Expansion Territories, primarily due to an increase in energy beverage volume, including MEC Products (which have a higher sales price per unit), and an increase in all beverage categories sales price per unit, except the water beverage category
23.0	6.7% increase in bottle/can sales volume to retail customers in the Company's Legacy Territories and 2014 Expansion Territories primarily due to an increase in energy beverages, including MEC Products, and still beverages
(6.9)	Decrease in sales of the Company's own brand products primarily due to the sale of BYB during the third quarter of 2015
6.8	Increase in external transportation revenue
4.8	12.8% increase in sales volume to other Coca-Cola bottlers for Legacy manufacturing operations, primarily due to a volume increase in all beverage categories
1.1	2.6% increase in sales price per unit to other Coca-Cola bottlers for Legacy manufacturing operations primarily due to a higher percentage of still products which have higher sales price per unit than nonenergy sparkling beverages and higher sales price per unit for sparkling beverages
1.1	5.3% increase in the Company's Legacy Territories and 2014 Expansion Territories post-mix sales volume
0.7	Other
$ 172.2	Total increase in net sales

In Q1 2016, the Company's bottle/can sales to retail customers accounted for approximately 83% of the Company's total net sales. Bottle/can net pricing is based on the invoice price charged to customers reduced by promotional allowances. Bottle/can net pricing per unit is impacted by the price charged per package, the volume generated in each package and the channels in which those packages are sold.

Product category sales volume in Q1 2016 and Q1 2015 as a percentage of total bottle/can sales volume and the percentage change by product category were as follows:

	Bottle/Can Sales Volume		Bottle/Can Sales Volume
Product Category	Q1 2016	Q1 2015	% Increase
Sparkling beverages (including energy products)	78.4%	81.0%	28.3
Still beverages	21.6%	19.0%	50.3
Total bottle/can sales volume	100.0%	100.0%	32.5

Bottle/can volume to retail customers (excluding 2016 and 2015 Expansion Territories) increased 6.7%, which represented a 3.5% increase in sparkling beverages and a 20.1% increase in still beverages in Q1 2016 compared to Q1 2015. The increase in sparkling beverages was primarily due to increases in energy beverages, which was primarily due to the Company's expanding its territories where the Company distributes MEC Products. The growth trajectory and driving factors of sparkling and still beverages are different. Sparkling beverages (other than energy beverages) are in a mature state and have a lower growth trajectory, while still beverages and energy beverages have a higher growth trajectory primarily driven by changing customer preferences.

The Company's products are sold and distributed through various channels. They include selling directly to retail stores and other outlets such as food markets, institutional accounts and vending machine outlets. During Q1 2016, approximately 68% of the Company's bottle/can volume was sold for future consumption, while the remaining bottle/can volume of approximately 32% was sold for immediate consumption. The Company's largest customer, Wal-Mart Stores, Inc., accounted for approximately 20% and approximately 23% of the Company's total bottle/can volume and approximately 14% and approximately 15% of the Company's total net sales during Q1 2016 and Q1 2015, respectively. The Company's second largest customer, Food Lion, LLC, accounted for approximately 9% and approximately 7% of the Company's total bottle/can volume and approximately 6% and approximately 5% of the Company's total net sales during Q1 2016 and Q1 2015, respectively. All of the Company's beverage sales are to customers in the United States.

Cost of Sales

Cost of sales includes the following: raw material costs, manufacturing labor, manufacturing overhead including depreciation expense, manufacturing warehousing costs, shipping and handling costs related to the movement of finished goods from manufacturing locations to sales distribution centers and purchase of finished goods.

Cost of sales increased 41.9%, or $112.7 million, to $381.6 million in Q1 2016 compared to $268.9 million in Q1 2015.

The increase in cost of sales was principally attributable to the following (in million):

Q1 2016	Attributable to:
$ 76.2	Net sales increase related to the 2015 Expansion Territories and the YTD 2016 Expansion Transactions, reduced by the 2015 comparable sales of the Legacy Territories exchanged for expansion territories in 2015
18.3	Increase in raw material costs and increased purchases of finished products
13.2	6.7% increase in bottle/can sales volume to retail customers in the Company's Legacy Territories and 2014 Expansion Territories primarily due to an increase in energy beverages, including MEC Products, and still beverages
5.9	Increase in external transportation costs of sales
4.6	12.8% increase in sales volume to other Coca-Cola bottlers for Legacy manufacturing operations, primarily due to a volume increase in all beverage categories
(4.5)	Increase in marketing funding support received for the Legacy Territories and 2014 Expansion Territories, primarily from The Coca-Cola Company
(3.8)	Decrease in cost of sales of the Company's own brand products primarily due to the sale of BYB during the third quarter of 2015
2.8	Other
$ 112.7	Total increase in cost of sales

The following inputs represent a substantial portion of the Company's total cost of goods sold: (1) sweeteners, (2) packaging materials, including plastic bottles and aluminum cans, and (3) finished products purchased from other vendors.

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 concentrates, syrups and finished products to the Company make substantial marketing and 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. Total marketing funding support from The Coca-Cola Company and other beverage companies, which includes direct payments to the Company and payments to customers for marketing programs, was $20.4 million in Q1 2016 compared to $14.0 million in Q1 2015.

Gross Margin

Gross margin dollars increased 32.3%, or $59.5 million, to $243.9 million in Q1 2016 compared to $184.4 million in Q1 2015. Gross margin as a percentage of net sales decreased to 39.0% for Q1 2016 from 40.7% for Q1 2015.

The increase in gross margin dollars was principally attributable to the following (in millions):

Q1 2016		Attributable to:
$	41.6	Net sales increase related to the 2015 Expansion Territories and YTD 2016 Expansion Transactions, reduced by the 2015 comparable sales of the Legacy Territories exchanged for expansion territories in 2015
	23.8	6.5% increase in bottle/can sales price per unit to retail customers in the Company's Legacy Territories and 2014 Expansion Territories, primarily due to an increase in energy beverage volume, including MEC Products (which have a higher sales price per unit), and an increase in all beverage categories sales price per unit, except the water beverage category
	(18.3)	Increase in raw material costs and increased purchases of finished products
	9.8	6.7% increase in bottle/can sales volume to retail customers in the Company's Legacy Territories and the 2014 Expansion Territories primarily due to an increase in energy beverages, including MEC Products, and still beverages
	4.5	Increase in marketing funding support received for the Legacy Territories and 2014 Expansion Territories, primarily from The Coca-Cola Company
	(3.1)	Decrease in gross margin of the Company's own brand products primarily due to the sale of BYB during the third quarter of 2015
	1.1	2.6% increase in sales price per unit to other Coca-Cola bottlers for Legacy manufacturing operations primarily due to a higher percentage of still products which have higher sales price per unit than nonenergy sparkling beverages and higher sales price per unit for sparkling beverages
	0.1	Other
$	59.5	Total increase in gross margin

The Company's gross margins may not be comparable to other peer companies, since some of them include all costs related to their distribution network in cost of sales and the Company does not. The Company includes a portion of these costs in S,D&A expenses.

S,D&A Expenses

S,D&A expenses include the following: sales management labor costs, distribution costs from sales distribution centers to customer locations, sales distribution center warehouse costs, depreciation expense related to sales centers, delivery vehicles and cold drink equipment, point-of-sale expenses, advertising expenses, cold drink equipment repair costs, amortization of intangibles and administrative support labor and operating costs.

S,D&A expenses increased by $64.0 million, or 38.2%, to $231.5 million in Q1 2016 from $167.5 million in Q1 2015. S,D&A expenses as a percentage of net sales increased to 37.0% in Q1 2016 from 36.9% in Q1 2015.

The increase in S,D&A expenses was principally attributable to the following (in millions):

Q1 2016		Attributable to:
$	27.3	Increase in employee salaries, including incentive compensation, due to normal salary increases and additional personnel added from the Expansion Territories
	5.1	Increase in depreciation and amortization of property, plant and equipment primarily due to depreciation for fleet and vending equipment in the Completed Phase Territories
	4.5	Increase in employee benefit costs primarily due to additional medical expense and 401(k) employer match contributions for employees from the Expansion Territories
	4.0	One-time special charitable contribution
	3.1	Increase in expenses related to the Company's territory expansion primarily professional fees related to due diligence
	2.6	Increase in employer payroll taxes primarily due to payroll in the Expansion Territories
	1.7	Increase in vending and fountain parts related to the Expansion Territory
	1.7	Increase in marketing expense primarily due to increased spending for promotional items, media and cold drink sponsorships
	1.6	Increase in employee travel expenses related to the Expansion Territories
	1.3	Increase in property and casualty insurance expense primarily due to an increase in workers' compensation insurance claims
	1.3	Increase in software expenses primarily due to an investment in technology for the Expansion Territories
	9.8	Other
$	64.0	Total increase in S,D&A expenses

Shipping and handling costs related to the movement of finished goods from manufacturing locations to sales distribution centers are included in cost of sales. Shipping and handling costs related to the movement of finished goods from sales distribution centers to customer locations are included in S,D&A expenses and totaled $64.4 million and $57.3 million in Q1 2016 and Q1 2015, respectively.

Interest Expense

Net interest expense increased by $2.0 million or 27.4% in Q 2016 compared to Q1 2015. The increase in Q1 2016, as compared to Q1 2015, was primarily due to additional borrowings to finance the territory expansion. The Company's overall weighted average interest rate on its debt and capital lease obligations was 4.7% and 5.3% during Q1 2016 and Q1 2015, respectively.

Other Income (Expense), Net

Other income (expense) in Q1 2016 and Q1 2015 included a noncash expense of $17.2 million and $5.1 million, respectively, as a result of an unfavorable fair value adjustment of the Company's contingent consideration liability related to the Expansion Territories. The adjustment was primarily due to updated projections and a change in the risk-free interest rates. As the contingent consideration is calculated using 40 years of discounted cash flows, any reductions in contingent consideration due to current payments of the liability are effectively marked to market at the next reporting period, assuming interest rates and future projections remain constant.

Each reporting period, the Company adjusts its contingent consideration liability related to the newly-acquired distribution territories to fair value. The fair value is determined by discounting future expected sub-bottling payments required under the CBAs using the Company's estimated weighted average cost of capital ("WACC"), which is impacted by many factors, including the risk-free interest rate. These future expected sub-bottling payments extend through the life of the related distribution asset acquired in each distribution territory expansion, which is generally 40 years. In addition, the Company is required to pay quarterly the current portion of the sub-bottling fee. As a result, the fair value of the acquisition related contingent consideration liability is impacted by the Company's estimated WACC, management's best estimate of the amounts of sub-bottling payments that will be paid in the future under the CBAs, and current period sub-bottling payments made. Changes in any of these factors, particularly the underlying risk-free interest rate used to estimate the Company's WACC, could materially impact the fair value of the acquisition-related contingent consideration and consequently the amount of noncash expense (or income) recorded each reporting period.

The Company's effective tax rate, as calculated by dividing income tax expense (benefit) by income before income taxes, for Q1 2016 and Q1 2015 was 36.0% and 33.9%, respectively. The increase in the effective tax rate was driven primarily by an increase in the state tax rate applied to the deferred tax assets and liabilities driven by the new territories and a decrease to the favorable

manufacturing deduction (as a % of pre-tax income) caused by new territories which do not qualify for the deduction. The Company's effective tax rate, as calculated by dividing income tax expense (benefit) by income before income taxes minus net income attributable to noncontrolling interest, for Q1 2016 and Q1 2015 was 33.6% and 40.5%, respectively.

As of April 3, 2016, the Company revalued its existing net deferred tax liabilities for the effects which resulted from the YTD 2016 Expansion Transactions. The impact was a decrease to the recorded income tax benefit of $0.8 million.

The Company's income tax assets and liabilities are subject to adjustment in future periods based on the Company's ongoing evaluations of such assets and liabilities and new information that becomes available to the Company.

Noncontrolling Interest

The Company recorded net income attributable to noncontrolling interest of $1.0 million and $0.7 million in Q1 2016 and Q1 2015 respectively, related to the portion of Piedmont owned by The Coca-Cola Company.

Other Comprehensive Income

Other comprehensive income, net of tax, was $0.3 million and $0.4 million in Q1 2016 and Q1 2015, respectively.

Comparable /Adjusted Results

In Q1 2016, the Company earned $6.2 million on a comparable basis, or comparable basic net income per share of $0.67, versus $5.1 million in Q1 2015, or comparable basic net income per share of $0.55.

Comparable results are adjusted for certain items which are either events that are not expected to recur or are recurring items that have changed materially period-to-period and include the noncash fair value adjustment of acquisition related contingent consideration, on an after-tax basis, of $10.5 million and $3.1 million ($17.2 million and $5.1 million on a pre-tax basis) in Q1 2016 and Q1 2015, respectively, and expenses related to territory expansion, on an after-tax basis, of $3.9 million and $1.8 million ($6.4 million and $3.0 million on a pre-tax basis) in Q1 2016 and Q1 2015, respectively. Additionally, in Q1 2016, the Company made a one-time special charitable contribution of $2.5 million on an after-tax basis ($4.0 million on a pre-tax basis) to further the Company's purpose to serve others, pursue excellence and grow profitably.

The following table reconciles reported GAAP net income (loss) and basic net income (loss) per share to comparable net income and basic net income per share for Q1 2016 and Q1 2015:

	First Quarter			
	Net Income (Loss)		Basic Net Income (Loss) Per Share	
In Thousands (Except Per Share Data)	2016	2015	2016	2015
Reported net income (loss) (GAAP)	$ (10,041)	$ 2,224	$ (1.08)	$ 0.24
Expenses related to territory expansion, net of tax	3,943	1,839	0.42	0.20
One-time special charitable contribution, net of tax	2,456	-	0.27	-
2016 and 2015 acquired distribution territory operating income, net of tax	(789)	(1,083)	(0.08)	(0.12)
Jackson / BYB operating income, net of tax	0	(696)	-	(0.08)
(Gain) loss on commodity hedges, net of tax	(639)	(395)	(0.07)	(0.04)
Fair value adjustment of acquisition related continent consideration, net of tax	10,531	3,125	1.13	0.34
Other income tax changes	758	70	0.08	0.01
Total	16,260	2,860	1.75	0.31
Comparable net income (a)	$ 6,219	$ 5,084	$ 0.67	$ 0.55

(a) The Company reports its financial results in accordance with U.S. GAAP. However, management believes that certain non-GAAP financial measures provide users with additional meaningful financial information that should be considered when assessing the Company's ongoing performance. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP. The Company's non-GAAP financial information does not represent a comprehensive basis of accounting.

Segment Operating Results

The Company evaluates segment reporting in accordance with the Financial Accounting Standards Board ("FASB") ASC 280, Segment Reporting each reporting period, including evaluating the reporting package reviewed by the Chief Operation Decision Maker ("CODM"). The Company has concluded the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, as a group, represent the CODM. Prior to the sale of BYB, the Company believed five operating segments existed. Two operating segments, Franchised Nonalcoholic Beverages and Internally-Developed Nonalcoholic Beverages (made up entirely of BYB), were aggregated due to their similar economic characteristics as well as the similarity of products, production processes, types of customers, methods of distribution, and nature of the regulatory environment. This combined segment, Nonalcoholic Beverages, represented the vast majority of the Company's consolidated revenues, operating income, and assets. After the sale of BYB, the Company has four operating segments. The remaining three operating segments do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate. As a result, these three operating segments have been combined into an "All Other" reportable segment.

	First Quarter	
In Thousands	2016	2015
Net Sales:		
Nonalcoholic Beverages	$ 606,928	$ 441,683
All Other	45,709	33,815
Eliminations	(27,181)	(22,245)
Consolidated	$ 625,456	$ 453,253
Operating Income:		
Nonalcoholic Beverages	$ 10,968	$ 15,331
All Other	1,433	1,571
Consolidated	$ 12,401	$ 16,902

Financial Condition

Total assets increased to $2.02 billion at April 3, 2016, from $1.85 billion at January 3, 2016 and $1.57 billion at March 29, 2015. The increase in total assets is primarily attributable to the acquisition of the Expansion Territories in Q1 2016 and 2015, contributing to an increase in total assets of $143.3 million from January 3, 2016 and $290.6 million from March 29, 2015. In addition, the Company had capital expenditures of $36.8 million during Q1 2016.

Net working capital, defined as current assets less current liabilities, increased by $25.4 million to $133.7 million at April 3, 2016 from January 3, 2016 and increased by $33.6 million at April 3, 2016 from March 29, 2015.

Significant changes in net working capital from January 3, 2016 were as follows:

- A decrease in cash and cash equivalents of $22.9 million primarily due to purchase of new territories in Q1 2016.
- An increase in accounts receivable, trade of $22.3 million primarily due to normal seasonal sales increases and accounts receivable from newly-acquired territories in Q1 2016.
- An increase in accounts receivable from The Coca-Cola Company and increase in accounts payable to The Coca-Cola Company of $24.5 million and $17.9 million, respectively, primarily due to activity from newly acquired territories in Q1 2016 and the timing of payments.
- An increase in inventories of $21.0 million primarily due to a normal seasonal increase and inventories from newly acquired territories in Q1 2016.

- An increase in accounts payable, trade of $12.1 million primarily due to a normal seasonal increase in purchases and purchases from newly acquired territories in Q1 2016.
- An increase in other accrued liabilities of $7.1 million primarily due to timing of payments.
- A decrease in accrued compensation of $26.1 million primarily due to payment of bonuses in March, 2016.
- An increase in accrued interest payable of $7.4 million primarily due to additional borrowings and the timing of payments.

Significant changes in net working capital from March 29, 2015 were as follows:

- An increase in cash and cash equivalents of $11.4 million primarily due to cash flows generated from operations.
- An increase in accounts receivable, trade of $61.9 million primarily due to accounts receivable from newly-acquired territories in Q1 2016 and 2015.
- An increase in accounts receivable from The Coca-Cola Company and increase in accounts payable to The Coca-Cola Company of $22.5 million and $36.7 million, respectively, primarily due to activity from newly acquired territories in Q1 2016 and 2015 and the timing of payments.
- An increase in inventories of $19.3 million primarily due to inventories from newly acquired territories in Q1 2016 and 2015 plus inventory required for the execution of future marketing strategies.
- An increase in prepaid expenses and other current assets of $9.7 million primarily due to overpayment of federal and state income taxes in 2015.
- An increase in accounts payable, trade of $36.6 million primarily due to accounts payable from the newly acquired territories in Q1 2016 and 2015.
- An increase in other accrued liabilities of $30.8 million primarily due to the timing of payments.

Debt and capital lease obligations were $814.1 million as of April 3, 2016 compared to $675.4 million as of January 3, 2016 and $582.3 million as of March 29, 2015. Debt and capital lease obligations as of April 3, 2016 included $54.1 million of capital lease obligations related primarily to Company facilities.

Liquidity and Capital Resources

Capital Resources

The Company's sources of capital include cash flows from operations, available credit facilities and the issuance of debt and equity securities. Management believes the Company has sufficient sources of capital available to refinance its maturing debt, finance its business plan, including the proposed acquisition of previously announced additional distribution territories and manufacturing facilities, meet its working capital requirements and maintain an appropriate level of capital spending for at least the next 12 months. 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 or paid in the future.

On October 16, 2014, the Company entered into a $350 million five-year unsecured revolving credit facility (the "Revolving Credit Facility"). On April 27, 2015, the Company exercised the accordion feature of the Revolving Credit Facility thereby increasing the aggregate availability by $100 million to $450 million. The Revolving Credit Facility has a scheduled maturity date of October 16, 2019 and up to $50 million is available for the issuance of letters of credit. Borrowings under the Revolving Credit Facility bear interest at a floating base rate or a floating Eurodollar rate plus an applicable margin, dependent on the Company's credit rating at the time of borrowing. At the Company's current credit ratings, the Company must pay an annual facility fee of 0.15% of the lenders' aggregate commitments under the Revolving Credit Facility. The Revolving Credit Facility includes two financial covenants: a cash flow/fixed charges ratio and a funded indebtedness/cash flow ratio, each as defined in the agreement. The Company was in compliance with these covenants as of April 3, 2016. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources.

The Company currently believes that all of the banks participating in the Company's Revolving Credit Facility have the ability to and will meet any funding requests from the Company. On April 3, 2016, the Company had $140.0 million of outstanding borrowings on the Revolving Credit Facility and had $310.0 million available to meet its cash requirements. On January 3, 2016, the Company had no outstanding borrowings on the Revolving Credit Facility. On March 29, 2015, the Company had $153.0 million of outstanding borrowings on the Revolving Credit Facility.

In November 2015, the Company issued $350 million of unsecured 3.8% Senior Notes due 2025. The notes were issued at 99.975% of par, which resulted in a discount on the notes of approximately $0.1 million. Total debt issuance costs for these notes totaled $3.2 million. The proceeds plus cash on hand were used to repay outstanding borrowings under the Revolving Credit Facility. The Company refinanced its $100 million of Senior Notes, which matured in April 2015, with borrowings under the Company's Revolving

Credit Facility. The Company has $164.8 million of Senior Notes maturing in June 2016. The Company expects to refinance the notes when due and, accordingly, has classified the $164.8 million of Senior Notes due in June 2016 as long-term.

The Company has obtained the majority of its long-term debt, other than capital leases, from the public markets. As of April 3, 2016, the Company's total outstanding balance of debt and capital lease obligations was $814.1 million of which $620.0 million was financed through publicly offered debt. The Company had capital lease obligations of $54.1 million as of April 3, 2016.

All of the outstanding long-term debt on the Company's balance sheet has been issued by the Company with none having been issued by any of the Company's subsidiaries. There are no guarantees of the Company's debt.

At April 3, 2016, the Company's credit ratings were as follows:

	Long-Term Debt
Standard & Poor's	BBB
Moody's	Baa2

The Company's credit ratings, which the Company is disclosing to enhance understanding of the Company's sources of liquidity and the effect of the Company's rating on the Company's cost of funds, are reviewed periodically by the respective rating agencies. Changes in the Company's operating results or financial position could result in changes in the Company's credit ratings. Lower credit ratings could result in higher borrowing costs for the Company or reduced access to capital markets, which could have a material impact on the Company's financial position or results of operations. There were no changes in these credit ratings from the prior year and the credit ratings are currently stable.

The indentures under which the Company's public debt was issued do not include financial covenants but do limit the incurrence of certain liens and encumbrances as well as indebtedness by the Company's subsidiaries in excess of certain amounts.

Net debt and capital lease obligations were summarized as follows:

In Thousands	Apr. 3, 2016	Jan. 3, 2016	Mar. 29, 2015
Debt	$ 760,036	$ 619,628	$ 524,696
Capital lease obligations	54,058	55,784	57,584
Total debt and capital lease obligations	814,094	675,412	582,280
Less: Cash and cash equivalents	32,600	55,498	21,163
Total net debt and capital lease obligations (1)	$ 781,494	$ 619,914	$ 561,117

(1) The non-GAAP measure "Total net debt and capital lease obligations" is used to provide investors with additional information which management believes is helpful in the evaluation of the Company's capital structure and financial leverage. This non-GAAP financial information is not presented elsewhere in this report and may not be comparable to the similarly titled measures used by other companies. Additionally, this information should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

As a result of new guidance on accounting for debt issuance costs, $3.9 million, $4.2 million and $2.1 million of debt issuance costs as of April 3, 2016, January 3, 2016 and March 29, 2015, respectively, were classified as a reduction to long-term debt.

The Company's only Level 3 asset or liability is the contingent consideration liability incurred as a result of the Expansion Transactions. The balance as of April 3, 2016 of $177.9 million included a $17.2 million unfavorable noncash fair value adjustment in Q1 2016. The balance as of January 3, 2016 of $136.6 million. The balance as of March 29, 2015 of $98.5 million included a $5.1 million unfavorable noncash fair value adjustment in Q1 2015. There were no transfers from Level 1 or Level 2. The noncash fair value adjustments in Q1 2016 and Q1 2015, respectively, did not impact the Company's liquidity or capital resources. A payment of $5.0 million was made during Q1 2016 related to acquisition related contingent consideration. There were no payments made in Q1 2015 related to acquisition related contingent consideration.

Cash Sources and Uses

The primary sources of cash for the Company in Q1 2016 and Q1 2015 were cash flows from operating activities and borrowings under credit facilities. The primary uses of cash in Q1 2016 and Q1 2015 were capital expenditures, territory acquisitions, dividend payments, payments of capital lease obligations and payment of acquisition related contingent consideration.

A summary of activity for Q1 2016 and Q1 2015 follows:

	First Quarter	
In Millions	2016	2015
Cash Sources		
Proceeds from revolving credit facility	$ 140.0	$ 82.0
Refund of income tax payments	10.2	-
Other	0.2	0.1
Total cash sources	$ 150.4	$ 82.1
Cash Uses		
Cash used in operating activities (excluding income tax and pension payments)	$ 25.4	$ 1.7
Capital expenditures	36.8	30.8
Acquisition of expansion territories	100.9	33.4
Payment of acquisition related contingent consideration	5.0	-
Investment in CONA Services LLC	1.2	-
Payment on capital lease obligations	1.7	1.6
Dividends	2.3	2.3
Income tax payments	-	0.1
Other	-	0.1
Total cash uses	$ 173.3	$ 70.0
Increase (decrease) in cash	$ (22.9)	$ 12.1

Operating Activities

During Q1 2016, cash used in operating activities increased $13.4 million as compared to Q1 2015. The increase in cash used was primarily due to changes in working capital, including accounts receivable from The Coca-Cola Company and accrued compensation. These uses of cash were offset by $10.2 million of tax refunds received during Q1 2016. Included in net income for Q1 2016 is a $17.2 million noncash unfavorable fair value adjustment to acquisition related contingent consideration, which did not impact the Company's cash flows from operations.

Investing Activities

During Q1 2016, cash used in investing activities increased $74.7 million, as compared to Q1 2015. The increase was driven by higher levels of capital expenditures and Expansion Transactions.

Additions to property, plant and equipment during Q1 2016 were $31.6 million, of which $8.9 million were accrued in accounts payable, trade. The Q1 2016 additions exclude $103.8 million in property, plant and equipment acquired in the Expansion Transactions completed in Q1 2016. This compares to $26.4 million in additions to property, plant and equipment during Q1 2015 of which $4.7 million were accrued in accounts payable, trade. The Q1 2015 additions exclude $23.3 million in property, plant and equipment acquired in the Expansion Transactions in Q1 2015.

Capital expenditures during Q1 2016 were funded with borrowings under available credit facilities. The Company anticipates that additions to property, plant and equipment in 2016 will be in the range of $175 million to $225 million, excluding any additional Expansion Transactions expected to close in 2016.

During Q1 2016, the Company completed the YTD 2016 Expansion Transactions to acquire distribution territory in Richmond, Yorktown and Alexandria, Virginia; and Easton, Salisbury, Capital Heights and La Plata, Maryland and the Regional Manufacturing Facility in Sandston, Virginia. The total cash used to acquire these expansion territories was $101.2 million. During 2015, the Company acquired Expansion Territories in Cookeville and Cleveland, Tennessee; Louisville, Lexington, Pikeville and Paducah, Kentucky; Evansville, Indiana; Norfolk, Fredericksburg and Staunton, Virginia and Elizabeth City, North Carolina for $80.6 million in cash. During 2014, the Company acquired Expansion Territories in Johnson City, Morristown and Knoxville, Tennessee for $43.1 million in cash.

Financing Activities

During Q1 2016 cash provided by financing activities increased $53.1 million as compared to Q1 2015 to fund the acquisition of Expansion Territories and associated capital expenditures. During Q1 2016, the Company's net borrowings under the Revolving

Credit Facility increased $140.0 million compared to an $82.0 million increase in Q1 2015 due primarily to fund the YTD 2016 Expansion Transactions and to fund working capital requirements and capital expenditures.

Off-Balance Sheet Arrangements

The Company is a member of two manufacturing cooperatives and has guaranteed $25.3 million of debt for these entities as of April 3, 2016. In addition, the Company has an equity ownership in each of the entities. The members of both cooperatives consist solely of Coca-Cola bottlers. The Company does not anticipate either of these cooperatives will fail to fulfill their commitments. The Company further believes each of these cooperatives has sufficient assets, including production equipment, facilities and working capital, and the ability to adjust selling prices of their products to adequately mitigate the risk of material loss from the Company's guarantees. As of April 3, 2016, the Company's maximum exposure, if the entities borrowed up to their borrowing capacity, would have been $71.4 million including the Company's equity interests. See Note 12 and Note 17 to the consolidated financial statements for additional information about these entities.

Hedging Activities

The Company entered into derivative instruments to hedge certain commodity purchases for 2017, 2016 and 2015. Fees paid by the Company for derivative instruments are amortized over the corresponding period of the instrument. The Company accounts for its commodity hedges on a mark-to-market basis with any expense or income reflected as an adjustment of cost of sales or S,D&A expenses.

The Company uses several different financial institutions for commodity derivative instruments to minimize the concentration of credit risk. The Company has master agreements with the counterparties to its derivative financial agreements that provide for net settlement of derivative transactions.

The net impact of the commodity hedges was to decrease cost of sales by $0.2 million in both Q1 2016 and Q1 2015 and to increase S,D&A expenses by $0.3 million in Q1 2016 and decrease S,D&A expenses by $0.4 million in Q1 2015.

Cautionary Information Regarding Forward-Looking Statements

This Quarterly Report 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, 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 Company's belief that the undiscounted amounts to be paid under the acquisition related contingent consideration arrangements will be between $7 million and $14 million per year;
- the Company's belief that the covenants on the Company's Revolving Credit Facility will not restrict its liquidity or capital resources;
- the Company's belief that other parties to certain contractual arrangements will perform their obligations;
- the Company's expectation that certain amounts of goodwill will be deductible for tax purposes;
- the Company's expectation that any required adjustments to the valuation of the acquired assets and assumed liabilities for the 2014 Expansion Territories, the 2015 Expansion Territories and the YTD 2016 Expansion Transactions will not be material;
- the Company's expectation that it will be able to refinance to repay its $164.8 million of senior notes in June 2016;
- the Company's belief that disposition of certain claims and legal proceedings will not have a material adverse effect on its financial condition, cash flows or results of operations and that no material amount of loss in excess of recorded amounts is reasonably possible as a result of these claims and legal proceedings;
- the Company's belief that it has sufficient sources of capital available to refinance its maturing debt, finance its business plan, including the proposed acquisition of additional distribution territories and manufacturing facilities, meet its working capital requirements and maintain an appropriate level of capital spending for the next twelve months;
- the Company's belief that the cooperatives whose debt the Company guarantees have sufficient assets and the ability to adjust selling prices of their products to adequately mitigate the risk of material loss and that the cooperatives will perform their obligations under their debt commitments;
- the Company's key priorities include territory and manufacturing expansion, revenue management, product innovation and beverage portfolio expansion, distribution cost management and productivity;
- the Company's belief that cash contributions to the two Company-sponsored pension plans will be in the range of $10 million to $12 million for the remainder of 2016;
- the Company's expectation that additions to property, plant and equipment in 2016 will be in the range of $175 million to $225 million, excluding any additional Expansion Territories expected to close in 2016;
- the Company's beliefs and estimates regarding the impact of the adoption of certain new accounting pronouncements;
- the Company's belief that all of the banks participating in the Company's Revolving Credit Facility have the ability to and will meet any funding requests from the Company;
- the Company's belief that it is competitive in its territories with respect to the principal methods of competition in the nonalcoholic beverage industry;
- the Company's estimate that a 10% increase in the market price of certain commodities over the current market prices would cumulatively increase costs during the next 12 months by approximately $31 million assuming no change in volume;
- the Company's belief that innovation of new brands and packages will continue to be important to the Company's overall revenue;
- the Company's expectation that uncertain tax positions may change over the next 12 months but will not have a significant impact on the consolidated financial statements; and
- the Company's hypothetical calculation that, if market interest rates average 1% more over the next twelve months than the interest rates as of April 3, 2016, interest expense for the next twelve months would increase by approximately $1.4 million.

These statements and expectations are based on currently available competitive, financial and economic data along with the Company's operating plans, and are subject to future events and uncertainties that could cause anticipated events not to occur or actual results to differ materially from historical or anticipated results. Factors that could impact those statements and expectations or adversely affect future periods include, but are not limited to, the factors set forth in Part I, Item 1A. Risk Factors of the Company's Annual Report on Form 10-K for the year ended January 3, 2016.

Caution should be taken not to place undue reliance on the Company's forward-looking statements, which reflect the expectations of management of the Company only as of the time such statements are made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company is exposed to certain market risks that arise in the ordinary course of business. The Company may enter into derivative financial instrument transactions to manage or reduce market risk. The Company does not enter into derivative financial instrument transactions for trading purposes. A discussion of the Company's primary market risk exposure and interest rate risk is presented below.

Debt and Derivative Financial Instruments

The Company is subject to interest rate risk on its fixed and floating rate debt, including the Company's $450 million revolving credit facility. As of April 3, 2016, $140.0 million of the Company's debt and capital lease obligations of $814.1 million were subject to changes in short-term interest rates.

As it relates to the Company's variable rate debt, assuming no changes in the Company's financial structure, if market interest rates average 1% more over the next twelve months than the interest rates as of April 3, 2016, interest expense for the next twelve months would increase by approximately $1.4 million. This amount was determined by calculating the effect of the hypothetical interest rate on the Company's variable rate debt. This calculated, hypothetical increase in interest expense for the following twelve months may be different from the actual increase in interest expense from a 1% increase in interest rates due to varying interest rate reset dates on the Company's floating debt.

The Company's acquisition related contingent consideration, which is adjusted to fair value at each reporting period, is also impacted by changes in interest rates. The risk free interest rate used to estimate the Company's WACC is a component of the discount rate used to calculate the present value of future cash flows due under the CBAs related to the Expansion Territories. As a result, any changes in the underlying risk-free interest rates will impact the fair value of the acquisition related contingent consideration and could materially impact the amount of noncash expense (or income) recorded each reporting period.

Raw Material and Commodity Price Risk

The Company is also subject to commodity price risk arising from price movements for certain commodities included as part of its raw materials. The Company manages this commodity price risk in some cases by entering into contracts with adjustable prices. The Company periodically uses derivative commodity instruments in the management of this risk. The Company estimates that a 10% increase in the market prices of these commodities over the current market prices would cumulatively increase costs during the next 12 months by approximately $31 million assuming no change in volume.

In 2015, the Company entered into agreements to hedge a portion of the Company's 2017, 2016 and 2015 commodity purchases.

Fees paid by the Company for agreements to hedge commodity purchases are amortized over the corresponding period of the instruments. The Company accounts for commodity hedges on a mark-to-market basis with any expense or income being reflected as an adjustment to cost of sales or S,D&A expenses.

Effects of Changing Prices

The annual rate of inflation in the United States, as measured by year-over-year changes in the consumer price index, was 0.7% in 2015 compared to 0.8% in 2014 and 1.5% in 2013. Inflation in the prices of those commodities important to the Company's business is reflected in changes in the consumer price index, but commodity prices are volatile and in recent years have moved at a faster rate of change than the consumer price index.

The principal effect of inflation in both commodity and consumer prices on the Company's operating results is to increase costs, both of goods sold and S,D&A. Although the Company can offset these cost increases by increasing selling prices for its products, consumers may not have the buying power to cover these increased costs and may reduce their volume of purchases of those products. In that event, selling price increases may not be sufficient to offset completely the Company's cost increases.

Item 4. Controls and Procedures.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")), pursuant to Rule 13a-15(b) of the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of April 3, 2016.

There has been no change in the Company's internal control over financial reporting during the quarter ended April 3, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 1A. Risk Factors.

There have been no material changes to the factors disclosed in Part I, Item 1A Risk Factors in the Company's Annual Report on Form 10-K for the year ended January 3, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchase of Equity Securities

The following table provides information about repurchase of our Common Stock during the three-month period ended April 3, 2016:

Period	Number of Shares Purchased (1)	Average Price Paid per Share ($)	Total number of Shares Purchased as Part of Publically Announced Program	Approximate Dollar Value of Shares that May Be Purchased Under the Program
January 4, 2016 through January 31, 2016	-	-	-	-
February 1, 2016 through February 28, 2016	-	-	-	-
February 29, 2016 through April 3, 2016	19,080	178.09	-	-

(1) Represents shares of Common Stock withheld for income tax purposes in connection with the vesting of 40,000 shares of restricted Class B Common Stock issued pursuant to a Performance Unit Award Agreement to J. Frank Harrison, III, in connection with his services in 2015.

Item 6. Exhibits.

Exhibit Number	Description
4.1	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 consolidated subsidiaries which authorizes a total amount of securities not in excess of 10 percent of the total assets of the registrant and its subsidiaries on a consolidated basis.
10.1*	Initial Regional Manufacturing Agreement, dated January 29, 2016, between the Company and The Coca-Cola Company.
12	Ratio of earnings to fixed charges (filed herewith).
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished (and not filed) herewith pursuant to Item 601(b)(32)(ii) of Regulation S-K).

101	Financial statements from the quarterly report on Form 10-Q of Coca-Cola Bottling Co. Consolidated for the quarter ended April 3, 2016, filed on May 13, 2016, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations; (ii) the Consolidated Statements of Comprehensive Income; (iii) the Consolidated Balance Sheets; (iv) the Consolidated Statements of Changes in Equity; (v) the Consolidated Statements of Cash Flows and (vi) the Notes to the Consolidated Financial Statements.

*Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment with the Securities and Exchange Commission.

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, 2016 By: /s/ Clifford M. Deal, III
Clifford M. Deal, III
Senior Vice President, Chief Financial Officer
(Principal Financial Officer of the Registrant)

Date: May 13, 2016 By: /s/ William J. Billiard
William J. Billiard
Vice President, Chief Accounting Officer
(Principal Accounting Officer of the Registrant)

Exhibit 10.1

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETED ASTERISKS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

EXECUTION VERSION

Initial Regional Manufacturing Agreement

Entered into by The Coca-Cola Company, a Delaware corporation, and
Coca-Cola Bottling Co. Consolidated, a Delaware corporation, with Effective Date of January 29, 2016.

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TABLE OF EXHIBITS

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C	Interim Finished Goods Supply Agreement	2.8.1

TABLE OF SCHEDULES

Schedule	Title	Schedule References by Section
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9.4	Regional Manufacturing Agreement	2.14 9.4
10.1.5	Third Party Beverages	10.1.5 10.1.6
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[***] – THIS CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

Initial Regional Manufacturing Agreement

THIS AGREEMENT IS ENTERED INTO BY THE COCA-COLA COMPANY, A DELAWARE CORPORATION ("COMPANY"), AND CO BOTTLING CO. CONSOLIDATED, A DELAWARE CORPORATION ("BOTTLER").

1. RECITALS

1.1. Company and Bottler (or one or more Affiliates of Bottler) have entered into one or more Comprehensive Beverage Agreement(s) (as may be amended, restated or modified from time to time, "**Bottler's CBA**") authorizing Bottler to market, promote, distribute and sell Covered Beverages and Related Products within specific geographic Territories, subject to the terms and conditions contained in Bottler's CBA. Capitalized terms used in this Agreement will have the meanings ascribed to them in Bottler's CBA, unless a different meaning is ascribed under this Agreement;

1.2. Company manufactures and sells, or authorizes others to manufacture and sell, the Concentrates used to manufacture certain of the Covered Beverages, the formulas for all of which constitute trade secrets owned by Company and which are identified by the Trademarks;

1.3. Company and Bottler acknowledge that the manufacture of such Covered Beverages is subject to strict production standards and applicable regulatory requirements;

1.4. Bottler and Company wish to enter into this Agreement in order to permit Bottler to manufacture, produce and package (collectively, "**manufacture**"), at the Regional Manufacturing Facilities, the Authorized Covered Beverages in Authorized Containers both for (i) distribution and sale by Bottler and its Affiliates for their own account; and (ii) sale by Bottler and its Affiliates to Company and to certain other U. S. Coca-Cola Bottlers in accordance with this Agreement;

1.5. Bottler has requested an authorization from Company to use the Trademarks in connection with such manufacture of the Authorized Covered Beverages; and

1.6. Company is willing to grant the requested authorization to Bottler under the terms and conditions set forth in this Agreement.

COMPANY AND BOTTLER AGREE AS FOLLOWS:

2. DEFINITIONS

2.1. **"Agreement"** means this Initial Regional Manufacturing Agreement between Bottler and Company, as amended from time to time.

2.2. **"Authorized Containers"** means containers of certain types, sizes, shapes and other distinguishing characteristics that Company from time to time approves in its sole discretion, subject to **Section 12.9**, for use by all Regional Producing Bottlers in manufacturing Authorized Covered Beverages at the Regional Manufacturing Facilities. A list of Authorized Containers for each Authorized Covered Beverage will be provided by Company to Bottler, which list may be amended by additions, deletions or modifications by Company from time to time in its sole discretion.

2.3. **"Authorized Covered Beverages"** means the Covered Beverages identified on **Exhibit B** that all Regional Producing Bottlers are authorized to manufacture in Authorized Containers at their respective regional manufacturing facilities, which Exhibit will be deemed automatically amended to add any Covered Beverage that Company hereafter authorizes for concentrate-based, cold-fill manufacturing by any U.S. Coca-Cola Bottler, and may otherwise be updated from time to time as mutually agreed by Company and the NPSG. For purposes hereof, cold-fill manufacturing means the process of manufacturing beverages in which the product is chilled, or equal to or less than ambient temperature, at time of filling and packaging.

2.4. **"Company Owned Manufacturer"** means any Affiliate or operating unit of Company located in the United States that manufactures any of the Authorized Covered Beverages for distribution or sale within the United States.

2.5. **"Concentrates"** means the concentrates and/or beverage bases used to manufacture the Authorized Covered Beverages at the Regional Manufacturing Facilities, the formulas for all of which constitute trade secrets owned by Company and which are identified by the applicable Trademarks.

2.6. **"Effective Date"** means January 29, 2016.

2.7. **"Expanding Participating Bottler"** has the meaning ascribed to that term under the Comprehensive Beverage Agreement.

2.8. **"Finished Goods Supply Agreements":**

2.8.1. **"Interim Finished Goods Supply Agreement"**means the Interim Finished Goods Supply Agreement in the form attached as **Exhibit C**.

2.8.2. **"NPSG Finished Goods Supply Agreement"** means the form of finished goods supply agreement to be mutually agreed by Company and Bottler, that will provide, among other things, that Bottler's pricing to other Regional Producing Bottlers will be calculated by Bottler in accordance with the pricing formula set forth in **Section 4.1.2** hereof, which has been determined unilaterally by Company in a manner that supports and enables **[***]**, and to strengthen the competitiveness of the Coca-Cola finished goods production system.

2.8.3. **"Regional Finished Goods Supply Agreement"**means the form of finished goods supply agreement to be mutually agreed by Company and Bottler, that will provide, among other things, that Bottler's pricing to Expanding Participating Bottlers and Participating Bottlers will, at Company's election, be either:

2.8.3.1. a price calculated by Bottler in accordance with the pricing formula set forth in **Section 4.1.3.1** hereof, which has been determined unilaterally by Company in a manner that supports and enables **[***]**, and to strengthen the competitiveness of the Coca-Cola finished goods production system;

2.8.3.2. **[***]**, and to strengthen the competitiveness of the Coca-Cola finished goods production system.

2.9. **"National Product Supply Group" or "NPSG"** means The Coca-Cola System National Product Supply Group, as described more fully in the National Product Supply System Governance Agreement.

2.10. **"National Product Supply Group Board"** or **"NPSG Board"** means The Coca-Cola System National Product Supply Group Governance Board, the governing body for the Coca-Cola National Product Supply Group consisting of representatives of Company and all Regional Producing Bottlers, as described more fully in the National Product Supply System Governance Agreement between Bottler, certain other Regional Producing Bottlers and Company dated as of October 30, 2015.

2.11. **"Participating Bottler"** means any U.S. Coca-Cola Bottler that is not a Regional Producing Bottler or an Expanding Participating Bottler that is party to a Comprehensive Beverage Agreement with Company.

2.12. **"Recipient Bottler"** means the U.S Coca-Cola Bottlers which Bottler is authorized pursuant to this Agreement to supply with Authorized Covered Beverages manufactured by Bottler at the Regional Manufacturing Facilities.

2.13. **"Regional Manufacturing Facilities"** means the manufacturing facilities owned and operated by Bottler and listed on **Exhibit A**, which Exhibit will be deemed automatically amended to add any manufacturing facility acquired or built by Bottler after the Effective Date with the approval of the NPSG, and, subject to the requirements of National Product Supply System Governance Agreement, may be otherwise updated from time to time as mutually agreed by Company and Bottler.

2.14. **"Regional Producing Bottler"** means (i) Bottler; (ii) any other Expanding Participating Bottler that is or becomes a member of the NPSG that Company has authorized, or hereafter authorizes, to manufacture Authorized Covered Beverages under an agreement in substantially the same form as either this Agreement or the Regional Manufacturing Agreement attached as **Schedule 9.4** hereto; and (iii) a Company Owned Manufacturer that is or becomes a member of the National Product Supply Group.

2.15. **[Reserved.]**

2.16. "**Related Agreement**" means any agreement identified on **Schedule 2.16** between Company and any of Company's Affiliates and Bottler and any of Bottler's Affiliates relating to the manufacturing of Authorized Covered Beverages.

2.17. **[***]**

2.18. **[***]**

3. AUTHORIZATION FOR BOTTLER TO PURCHASE CONCENTRATES AND TO MANUFACTURE AUTHORIZED COVERED BEVERAGES

3.1. Company appoints Bottler as an authorized purchaser of the Concentrates for the purpose of manufacture of the Authorized Covered Beverages in Authorized Containers at the Regional Manufacturing Facilities. Except as otherwise mutually agreed in writing by Company and Bottler, Company shall not appoint, and shall not consent to any appointment by Coca-Cola Refreshments USA, Inc. or any of its other Affiliates of, any other Person as an authorized purchaser of the Concentrates for the purposes of manufacture, packaging and distribution of such Authorized Covered Beverages in Authorized Containers for sale in Bottler's Territory.

3.2. Bottler will purchase its entire requirements of Concentrates for such Authorized Covered Beverages exclusively from Company and will not use any other syrup, beverage base, concentrate or other ingredient not specified by Company in the manufacture of Authorized Covered Beverages.

4. AUTHORIZATION FOR BOTTLER TO SELL AND SUPPLY AUTHORIZED COVERED BEVERAGES

4.1. With the objective of ensuring that U.S. Coca-Cola Bottlers are able to acquire finished goods from Regional Producing Bottlers at a price that enables the Coca-Cola Bottler System to be highly competitive in the marketplace, Company authorizes Bottler to sell and supply Authorized Covered Beverages manufactured by Bottler at the Regional Manufacturing Facilities:

4.1.1. During the period from the Effective Date through and including December 31, 2016:

4.1.1.1. To Regional Producing Bottlers in accordance with the terms and conditions of the Interim Finished Goods Supply Agreement; and

4.1.1.2. To other U.S. Coca-Cola Bottlers that CCR supplied from the Manufacturing Facilities immediately prior to the Effective Date, on the terms and conditions applicable to each such supply arrangement.

4.1.2. Beginning January 1, 2017, to other Regional Producing Bottlers at the price specified in this **Section 4.1.2** in accordance with the terms and conditions of the NPSG Finished Goods Supply Agreement:

4.1.2.1. For calendar year 2017, the price shall be **[***]**.

4.1.2.2. For calendar year 2018 and thereafter, the price shall be **[***]**.

4.1.3. Beginning January 1, 2017, to Expanding Participating Bottlers and Participating Bottlers at the price specified in this **Section 4.1.3** and in accordance with the terms and conditions of the Regional Finished Goods Supply Agreement.

4.1.3.1. Unless **[***]**, the price shall be:

4.1.3.1.1. For calendar year 2017, **[***]**.

4.1.3.1.2. For calendar year 2018 and thereafter, **[***]**.

4.1.3.2. **[***]**, and to strengthen the competitiveness of the Coca-Cola finished goods production system.

4.2. Company authorizes Bottler to sell and supply Authorized Covered Beverages manufactured by Bottler to Company, and Bottler agrees to sell to Company Authorized Covered Beverages, at a price equivalent to **[***]**, in quantities sufficient to enable Company to satisfy demand of U.S. Coca-Cola Bottlers that are not Regional Producing Bottlers, Expanding Participating Bottlers or Participating Bottlers in accordance with sourcing plans developed by the NPSG from time to time.

4.3. Upon Company's request, Bottler agrees to advise Company, in accordance with written instructions issued by Company from time to time, of the amount of the Authorized Covered Beverages in Authorized Containers that are manufactured at the Regional Manufacturing Facilities and sold by Bottler to Company, and, as applicable, to each Regional Producing Bottler, Expanding Participating Bottler and Participating Bottler; provided, however, that Bottler will not be required to provide Company with duplicate copies of any such information provided to the NPSG that expressly directs the NPSG to provide such information to Company.

5. COMPANY AND BOTTLER RIGHTS AND OBLIGATIONS REGARDING THE TRADEMARKS

5.1. Bottler acknowledges and agrees that Company is the sole and exclusive owner of all rights, title and interest in and to the Trademarks. Company has the unrestricted right, in its sole discretion, to use the Trademarks on the Authorized Covered Beverages and on all other products and merchandise, to determine which Trademarks will be used on which Authorized Covered Beverages, and to determine how the Trademarks will be displayed and used on and in connection with the Authorized Covered Beverages. Bottler agrees not to dispute the validity of the Trademarks or their exclusive ownership by Company either during the Term or thereafter, notwithstanding any applicable doctrines of licensee estoppel.

5.2. Company grants to Bottler only a nonexclusive, royalty-free license to use the Trademarks in connection with the manufacture of the Authorized Covered Beverages in Authorized Containers at the Regional Manufacturing Facilities and in connection with the sale of such Authorized Covered Beverages to Recipient Bottlers and Company as provided in this Agreement, and in accordance with standards adopted and issued by Company from time to time, and made available to Bottler through written, electronic, on-line or other form or media, subject to the rights reserved to Company under this Agreement.

5.3. Nothing in this Agreement, nor any act or failure to act by Bottler or Company, will give Bottler any proprietary or ownership interest of any kind in the Trademarks or in the goodwill associated therewith.

5.4. Bottler acknowledges and agrees that, as between Company and Bottler, all use by Bottler of the Trademarks will inure to the benefit of Company.

5.5. Except as provided in Bottler's CBA or as otherwise authorized by Company in writing, Bottler must not adopt or use any name, corporate name, trading name, title of establishment or other commercial designation or logo that includes the words "Coca-Cola", "Coca", "Cola", "Coke", or any of them, or any word, name or designation that is confusingly similar to any of them, or any graphic or visual representation of the Trademarks or any other Trademark or intellectual property owned by Company, without the prior written consent of Company, which consent will not be unreasonably withheld and will be contingent on Bottler's compliance with Bottler's CBA and this Agreement.

5.6. Bottler recognizes that the uniform external appearance of the Trademarks on primary and secondary packaging and on equipment and materials used under this Agreement is important to the Trademarks, the successful marketing of the Covered Beverages, and the Coca-Cola system.

5.6.1. Bottler agrees, to the extent such Trademarks are utilized by Bottler in connection with the manufacture of Authorized Covered Beverages at the Regional Manufacturing Facilities, to accept and, within a reasonable time, apply, any new or modified standards adopted and issued from time to time by Company that are generally applicable, and made available to Bottler for the design and decoration of trucks and other delivery vehicles, packaging materials, cases, cartons, and other materials and equipment that bear such Trademarks.

5.6.2. If Company changes such standards, the new standards will apply to all such assets acquired by Bottler for use at the Regional Manufacturing Facilities or in connection with the manufacture of Authorized Covered Beverages at the Regional Manufacturing Facilities following receipt of Notice of the change in standards to the extent Bottler uses the Trademarks on such assets, and will be applied to such existing assets in the normal course of Bottler's business (*e.g.,* trucks would be repainted consistent with normal maintenance cycles).

6. REFORMULATION AND DISCONTINUATION OF THE CONCENTRATES

6.1. Company has the sole and exclusive right and discretion to reformulate any of the Concentrates.

6.2. Company has the right to discontinue any Concentrates for any Authorized Covered Beverage that is discontinued or Transferred in accordance with the terms of Bottler's CBA and any other agreements between Bottler and Company or their respective Affiliates.

7. TERRITORIAL LIMITATIONS AND TRANSSHIPPING

7.1. Company and Bottler hereby agree that, notwithstanding the provisions of *Paragraph 9* of Bottler's CBA (or applicable provisions of any other agreements between Bottler and Company or their respective Affiliates), Bottler may supply Authorized Covered Beverages in Authorized Containers manufactured at the Regional Manufacturing Facilities to Recipient Bottlers in accordance with **Section 4** for distribution by such Recipient Bottlers in their respective territories in accordance with their respective Comprehensive Beverage Agreement(s) or other agreements with Company.

7.2. Bottler agrees not to sell, distribute or otherwise transfer any Authorized Covered Beverage manufactured at the Regional Manufacturing Facilities except, (i) distribution and sale in Bottler's (or any one or more of its Affiliates') Territories in accordance with Bottler's CBA and in other geographic territories in which Bottler and its Affiliates are authorized to distribute and sell Authorized Covered Beverages by Company or its Affiliates, and (ii) sales of Authorized Covered Beverages in Authorized Containers to Recipient Bottlers or Company in accordance with **Section 4**.

8. [RESERVED.]

9. EFFECT OF NEW OR AMENDED MANUFACTURING AGREEMENTS WITH OTHER REGIONAL PRODUCING BOTTLERS

9.1. If Company or a Company Affiliate on or after January 29, 2016 (a) enters into a new authorization agreement to manufacture all or substantially all Authorized Covered Beverages at manufacturing facilities acquired from Company or a Company Affiliate on or after October 30, 2015 in territories in the United States of America with another Regional Producing Bottler (other than a Company Owned Distributor) that is more favorable to such other Regional Producing Bottler than the terms and conditions of this Agreement in any material respect, or (b) agrees to an amendment of the terms of a regional manufacturing agreement or other similar agreement authorizing manufacture of all or substantially all Authorized Covered Beverages at manufacturing facilities acquired from Company or a Company Affiliate on or after October 30, 2015 in territories in the United States with another Regional Producing Bottler (other than a Company Owned Distributor) that is more favorable to such other Regional Producing Bottler than the terms and conditions of this Agreement in any material respect, then Company will offer such other new agreement or amended agreement, as the case may be (a "**New Agreement**"), in its entirety, to Bottler. If the New Agreement relates to less than all of the Authorized Covered Beverages, then the New Agreement offered to Bottler under this **Section 9.1** will cover only those Authorized Covered Beverages covered by the New Agreement.

9.2. The foregoing obligation will not apply to any consent, waiver or approval provided under this Agreement or under any agreement held by another Regional Producing Bottler; provided, however, that Company will not waive or otherwise enter into any agreement with any other Regional Producing Bottler that limits the requirement set forth in **Section 14.1** or any equivalent requirement under any Regional Manufacturing Agreement held by another Regional Producing Bottler.

9.3. Nothing in **Section 9.2** will affect (a) Company's obligation under **Section 15.2** or (b) Company's agreement that the list of Covered Beverages identified on **Exhibit B** will be the same for all Regional Producing Bottlers.

9.4. If, after the Effective Date, (a) the CBA Conversion (as defined in the Territory Conversion Agreement between the parties dated September 23, 2015) (the "**Territory Conversion Agreement**") occurs in accordance with the Territory Conversion Agreement or (b) Bottler otherwise enters into the Comprehensive Beverage Agreement described in Section 1.1 of the Territory Conversion Agreement with respect to all Territories granted to Bottler under Bottler's CBA (as defined in this Agreement) and all of Bottler's Legacy Territory (as defined in

the Territory Conversion Agreement), this Agreement shall be amended and restated in the form of the Regional Manufacturing Agreement attached hereto as **Schedule 9.4** on and as of the date on which the CBA Conversion or the entry into such Comprehensive Beverage Agreement occurs.

9.5. The parties agree to cooperate in taking such other actions as may reasonably be required to further document any amendments and modifications resulting from the provisions of this **Section 9**.

10. OBLIGATIONS OF BOTTLER AS TO MANUFACTURE OF OTHER BEVERAGE PRODUCTS

10.1. Bottler covenants and agrees (subject to any requirements imposed upon Bottler under applicable law) not to manufacture at the Regional Manufacturing Facilities any Beverage, Beverage Component, or other beverage product except for:

10.1.1. Authorized Covered Beverages, subject to the terms and conditions of this Agreement and any Related Agreement;

10.1.2. Beverages (including Incubation Beverages), Beverage Components and other beverage products, if and to the extent (a) authorized under any separate written agreement with Company or any of Company's Affiliates, or (b) otherwise requested by Company or any of its Affiliates;

10.1.3. Permitted Beverage Products distributed by Bottler or its Affiliates for their own account, subject to the terms and conditions of Bottler's or Bottler Affiliate's CBA;

10.1.4. Beverages, Beverage Components and other beverage products manufactured by Bottler under license from a third party brand owner and supplied by Bottler to a Recipient Bottler, subject to the terms and conditions of the Recipient Bottler's CBA or other bottling and distribution agreements between Company and Recipient Bottler; provided that Bottler will not supply any such Beverage, Beverage Component or other beverage product manufactured at the Regional Manufacturing Facilities to any Recipient Bottler if Company provides Bottler with Notice that such Beverage, Beverage Component or other beverage product is not a Permitted Beverage Product under such Recipient Bottler's CBA (or that is prohibited by other bottling and distribution agreements between Company and Recipient Bottler); provided, further, that Bottler's supply of any Beverage, Beverage Component or other beverage product to a Recipient Bottler that is not a Permitted Beverage Product under such Recipient Bottler's CBA (or that is prohibited by other bottling and distribution agreements between Company and Recipient Bottler) will not be a breach of this **Section 10.1.4** unless Company provides Bottler with such Notice and Bottler continues to supply such Beverage to such Recipient Bottler thereafter in violation of such Notice;

10.1.5. Beverages, Beverage Components and other beverage products manufactured by Bottler at the Regional Manufacturing Facilities under license from a third party brand owner and supplied by Bottler to another U.S. Coca-Cola Bottler as of the Effective Date, as specified on **Schedule 10.1.5**; and

10.1.6. Beverages, Beverage Components and other beverage products, not otherwise permitted under **Sections 10.1.3, 10.1.4**, or **10.1.5**, manufactured by Bottler at the Regional Manufacturing Facilities under license from a third party brand owner with Company's prior written consent, which consent will not be unreasonably withheld and will be specified on **Schedule 10.1.5**.

10.2. Notwithstanding anything in **Section 10.1** to the contrary, if the NPSG reasonably determines during product supply system sourcing plan development routines that Bottler should supply any Beverage manufactured by Bottler at the Regional Manufacturing Facilities under license from a third party brand owner to certain Recipient Bottlers and/or certain other Regional Producing Bottlers in order to optimize the location for production of such Beverages, then Bottler may do so on a temporary basis as reasonably determined by the NPSG (but in any event not to exceed one hundred eighty (180) days).

11. WARRANTIES OF COMPANY RELATING TO MANUFACTURE AND QUALITY OF THE CONCENTRATE

Company agrees and warrants that the Concentrates supplied to Bottler, as well as Company's package designs and design specifications of packages and labels authorized by Company for use on Authorized Covered Beverages, shall comply with all food, labeling, health, packaging and all other applicable laws, including the Federal Food, Drug and Cosmetic Act, as amended (the "**Act**"), and regulations, and when supplied to Bottler will not be adulterated, contaminated, or misbranded within the meaning of the Act or any other federal, state or local law, rule or regulation applicable thereto.

12. OBLIGATIONS AND WARRANTIES OF BOTTLER RELATING TO MANUFACTURE AND QUALITY OF THE AUTHORIZED BEVERAGES

12.1. Bottler agrees and warrants that Bottler's handling and storage of the Concentrates and Bottler's manufacture, handling, storage, transportation and delivery of the Authorized Covered Beverages, including any Authorized Covered Beverages supplied to Company or any Recipient Bottler, will at all times and in all events:

12.1.1. be accomplished in accordance with the product, package and equipment quality; food safety; workplace safety; and environmental sustainability standards, requirements and instructions reasonably established and routinely communicated in writing, including through electronic systems and media, by Company to Bottler from time to time (collectively "**Technical Requirements**"); and

12.1.2. comply with all food, labeling, health, packaging, environmental, safety, sanitation and all other applicable laws, rules, orders, regulations and requirements of any federal, state, city, county or other local government, including any law, statute, ordinance, rule regulation, order, determination, restrictive covenant or deed restriction that regulates the use, generation, disposal, release, storage or presence at the Regional Manufacturing Facilities of substances based upon corrosiveness, toxicity, carcinogenic properties, radioactivity, environmentally hazardous or similar characteristics.

12.2. The Technical Requirements as of the Effective Date are identified on **Schedule 12.2**, which schedule will be updated by Company from time to time following discussion with

the NPSG and Notice to each Regional Producing Bottler (including any Company Owned Manufacturers).

12.2.1. Company agrees that all Regional Producing Bottlers will be required to comply with same Technical Requirements; provided, however, that (i) Company may make limited exceptions in application or enforcement where necessary to prevent undue hardship for a Regional Producing Bottler, which exceptions shall not in any way be deemed to modify the Technical Requirements and (ii) this **Section 12.2.1** shall not in any way effect, limit, or modify any of Bottler's or Company's respective rights and obligations under this Agreement, including Bottler's obligations under **Section 12.1**.

12.3. Bottler represents, warrants and covenants that Bottler possesses, or will possess, prior to the manufacture of the Authorized Covered Beverages, and will maintain during the Term, such plant or plants, machinery and equipment, qualified technical personnel and trained staff as are capable of manufacturing the Authorized Covered Beverages in Authorized Containers in accordance with this Agreement and in sufficient quantities to meet fully the demand for the Authorized Covered Beverages in Authorized Containers by Bottler in the Territory in accordance with sourcing plans developed by the NPSG from time to time.

12.4. Bottler agrees to use commercially reasonable efforts to meet fully the demand for the Authorized Covered Beverages in Authorized Containers from Recipient Bottlers in accordance with sourcing plans developed by the NPSG from time to time.

12.5. Bottler recognizes that increases in the demand for the Authorized Covered Beverages, as well as changes in the list of Authorized Containers, may, from time to time, require adaptation of its existing manufacturing or packaging equipment or the purchase of additional manufacturing or packaging equipment. Bottler agrees to use commercially reasonable efforts to make such modifications and adaptations as necessary and to purchase and install such equipment, in time to permit the introduction and manufacture of sufficient quantities of the Authorized Covered Beverages in Authorized Containers, to satisfy fully the demand for the Authorized Covered Beverages in Authorized Containers in the Territory and to fulfill Bottler's supply obligations, if any, to Recipient Bottlers, in each case in accordance with sourcing plans developed by the NPSG from time to time.

12.6. As of the date the Authorized Covered Beverages in Authorized Containers are shipped by Bottler, the Authorized Covered Beverages manufactured by Bottler will meet the Technical Requirements and will comply with all applicable laws; provided, however, that Bottler will not be responsible for any failure to comply with the Technical Requirements or applicable laws to the extent such failure results from the content or design of labels authorized by Company for use on Authorized Covered Beverages**.**

12.7. Bottler, in accordance with such instructions as may be given from time to time by Company, will submit to Company, at Bottler's expense, samples of the Authorized Covered Beverages and the raw materials used in the manufacture of the Authorized Covered Beverages. Bottler will permit representatives of Company to have access to the premises of Bottler during ordinary business hours to inspect the plant, equipment,

and methods used by Bottler in order to ascertain whether Bottler is complying with the terms of this **Section 12**, including whether Bottler is complying strictly with the Technical Requirements with respect to the manufacturing, handling and storage of the Authorized Covered Beverages. Bottler will also provide Company with all the information regarding Bottler's compliance with the terms of this **Section 12**, as Company may reasonably request from time to time.

12.8. Bottler is authorized to use only Authorized Containers in the manufacture of the Authorized Covered Beverages, and will use only such Authorized Containers, closures, cases, cartons and other packages and labels as will be authorized from time to time by Company for Bottler and will purchase such items only from manufacturers approved by Company, which approval will not be unreasonably withheld.

12.8.1. Company will approve three (3) or more manufacturers of such items, if in the reasonable opinion of Company, there are three (3) or more manufacturers who are capable of producing such items to be fully suitable for the purpose intended and in accordance with the high quality standards and image of excellence of the Trademarks and the Authorized Covered Beverages.

12.8.2. Such approval by Company does not relieve Bottler of Bottler's independent responsibility to assure that the Authorized Containers, closures, cases, cartons and other packages and labels purchased by Bottler are suitable for the purpose intended, and in accordance with the good reputation and image of excellence of the Trademarks and Covered Beverages (it being understood and agreed, however, that Bottler will not be responsible for the review or inspection of the content or design of labels authorized by Company for use on Authorized Covered Beverages).

12.9. Company reserves the right to withdraw from time to time its approval of any of the Authorized Containers upon six (6) months' prior Notice to Bottler, and, in such event, the repurchase provisions of **Section 24.1.2** will apply to such containers so disapproved that are owned by Bottler. Company will exercise its right to approve, and to withdraw its approval of, specific Authorized Containers in good faith and after consultation with Bottler so as to permit Bottler to continue to satisfy the demand in Bottler's Territory as a whole for Authorized Covered Beverages.

12.10. Bottler will use commercially reasonable efforts to maintain at all times a stock of, or have entered into other alternate supply arrangements to obtain, Authorized Containers, closures, labels, cases, cartons, and other essential related materials bearing the Trademarks, sufficient to satisfy fully the demand for Authorized Covered Beverages in Authorized Containers in Bottler's Territory and to fulfill Bottler's supply obligations, if any, to Recipient Bottlers, in each case in accordance with sourcing plans developed by the NPSG from time to time, and Bottler will not use or authorize any other Person to use Authorized Containers, or such closures, labels, cases, cartons and other materials, if they bear the Trademarks or contain any Beverages, for any purpose other than the packaging of the Authorized Covered Beverages.

12.11. Bottler agrees not to refill or otherwise reuse nonreturnable containers.

12.12. The parties acknowledge and agree (a) that Bottler makes the representations, warranties and agreements set forth in this **Section 12** in reliance on Company's warranty in **Section 11** and (b) that the representations, warranties, covenants and agreements contained in this **Section 12** relate solely to Bottler's activities under this Agreement and the manufacture of Authorized Covered Beverages at the Regional Manufacturing Facilities.

13. OBLIGATIONS OF COMPANY AND BOTTLER RELATING TO RECALL OF AUTHORIZED COVERED BEVERAGES

13.1. If Company determines or becomes aware of the existence of any quality or technical problems relating to any Authorized Covered Beverages manufactured at the Regional Manufacturing Facilities, or any package used for such Authorized Covered Beverage, in Bottler's Territory, Company will immediately notify Bottler by telephone, facsimile, e-mail or any other form of immediate communication. This notification will include, to the extent available to Company, (a) the identity and quantities of Authorized Covered Beverages involved, including the specific packages, (b) coding data, and (c) all other relevant data that will assist in tracing such Authorized Covered Beverages.

13.1.1. Company may require Bottler to take all necessary action to recall all of such Authorized Covered Beverages, or any package used for such Authorized Covered, or withdraw immediately such Authorized Covered Beverages from the market or the trade, as the case may be.

13.1.2. Company will notify Bottler by telephone, facsimile, e-mail or any other form of immediate communication of the decision by Company to require Bottler to recall such Authorized Covered Beverages or withdraw such Authorized Covered Beverages from the market or trade.

13.2. If Bottler determines or becomes aware of the existence of quality or technical problems relating to Authorized Covered Beverages manufactured at the Regional Manufacturing Facilities, then Bottler must immediately notify Company by telephone, e-mail or any other form of immediate communication. This notification must include: (a) the identity and quantities of Authorized Covered Beverages involved, including the specific packages, (b) coding data, and (c) all other relevant data that will assist in tracing such Authorized Covered Beverages.

13.3. In the event of a withdrawal or recall of any Authorized Covered Beverage manufactured at the Regional Manufacturing Facilities or any package used for such Authorized Covered Beverage, that was produced by Bottler and sold to a Recipient Bottler, Bottler will use its commercially reasonable efforts to respond promptly and fairly if a claim is made by a Recipient Bottler as a result of any such withdrawal or recall.

13.4. If any withdrawal or recall of any Authorized Covered Beverage manufactured at the Regional Manufacturing Facilities or any of the packages used therefor is caused by (i) quality or technical defects in the Concentrates, or other materials prepared by Company from which the product involved was prepared by Bottler, or (ii) quality or technical defects in Company's designs and design specifications of packages and labels

authorized by Company for use on Authorized Covered Beverages (and specifically excluding designs and specifications of other parties and the failure of other parties to manufacture packages in strict conformity with the designs and specifications of Company), Company will reimburse Bottler for Bottler's total reasonable expenses incident to such withdrawal or recall, including any payment made by Bottler to a Recipient Bottler in connection with the specific withdrawal or recall.

13.5. Conversely, if any withdrawal or recall of Authorized Covered Beverages manufactured at the Regional Manufacturing Facilities is caused by Bottler's failure to comply with the Technical Requirements or any applicable laws, rules and regulations (it being understood and agreed that Bottler will not be responsible for any failure to comply with the Technical Requirements or applicable laws to the extent such failure results from the content or design of labels authorized by Company for use on Authorized Covered Beverages), Bottler will bear its total expenses of such withdrawal or recall and reimburse Company for Company's total reasonable expenses incident to such withdrawal or recall.

14. OBLIGATIONS OF BOTTLER RELATING TO MANUFACTURE OF AUTHORIZED COVERED BEVERAGES, SYSTEM GOVERN INVESTMENT, MANAGEMENT, REPORTING AND PLANNING ACTIVITIES

14.1. Bottler will participate fully in, and comply fully with, the requirements and programs established from time to time by the NPSG Board; provided, however, that Bottler will not be required to engage in conduct that would result in breach of this Agreement, Bottler's CBA, or any other agreements between Company and Bottler.

14.2. **[Reserved.]**

14.3. **[Reserved.]**

14.4. Bottler will maintain the consolidated financial capacity reasonably necessary to assure that Bottler and all Bottler Affiliates will be financially able to perform their respective duties and obligations under this Agreement.

14.5. Upon Company's request, Bottler will provide to Company each year and review with Company an annual and long range operating plan and budget for Bottler's business of manufacturing Authorized Covered Beverages at the Regional Manufacturing Facilities, including financials and capital investment budgets to the extent related to the Regional Manufacturing Facilities, and, if requested by Company, discuss changes in general management and senior management of Bottler's manufacturing business, except to the extent otherwise prohibited by applicable law.

14.6. Bottler will:

14.6.1. Maintain accurate books, accounts and records relating to the purchasing of Concentrate and the manufacture of Authorized Covered Beverages under this Agreement; and

14.6.2. Upon Company's request, provide to Company such operational, financial, accounting, forecasting, planning and other information, including audited and unaudited detail of cost of goods sold and sales volume for Authorized Covered Beverages to the extent, in the form and manner, as permitted by applicable law and at such times as reasonably required (a) by Company to determine whether Bottler is performing its obligations under this Agreement; (b) by Company to calculate finished goods pricing under the Interim Finished Goods Supply Agreement, NPSG Finished Goods Supply Agreement or Regional Finished Goods Supply Agreement and (c) by the NPSG Board for the purpose of implementing, administering, and operating the NPSG, subject to appropriate regulatory firewalls ((a), (b), and (c) collectively, the "**Financial Information**"); provided, however, that Bottler will not be required to provide Company with duplicate copies of any compilation of Financial Information provided to the NPSG that expressly directs the NPSG to provide such compilation to Company.

14.7. The parties recognize that the Financial Information is critical to the ability of Company and the NPSG to maintain, promote, and safeguard the overall performance, efficiency, integrity, and competitiveness of the product supply system for Authorized Covered Beverages.

14.8. Company will hold the Financial Information provided by Bottler in accordance with the confidentiality provisions of **Section 39** and will not use such information for any purpose other than determining compliance with this Agreement, to calculate finished goods pricing under the Interim Finished Goods Supply Agreement, NPSG Finished Goods Supply Agreement or Regional Finished Goods Supply Agreement**,** or as necessary to provide to the NPSG, subject to appropriate regulatory firewalls, for the purpose of facilitating the NPSG's execution of operational responsibilities such as infrastructure optimization, national sourcing and strategic initiative decisions.

15. PRICING AND OTHER CONDITIONS OF PURCHASE AND SALE OF CONCENTRATES

15.1. Subject to **Section 15.2**, Company reserves the right to establish and to revise at any time, in its sole discretion, the price of any of the Concentrates sold to Bottler for use in manufacturing Authorized Covered Beverages at the Regional Manufacturing Facilities, the related terms of payment, and the other terms and conditions of supply, any such revision to be effective immediately upon Notice to Bottler. Bottler acknowledges that information related to pricing of Company's Concentrates is confidential and will be maintained as such in accordance with **Section 39**.

15.2. If Company exercises its discretion under **Section 15.1**, the "price" charged by Company or its Affiliate for any of the Concentrates will be the same as the "price" charged by Company or its Affiliate for such Concentrate, the terms of payment and other terms and conditions of supply will be the same as those applied by Company for such Concentrates, to each other Regional Producing Bottler (other than a Company Owned Manufacturer) in the United States.

15.3. For purposes of manufacturing Authorized Covered Beverages at the Regional Manufacturing Facilities, Bottler will purchase from Company only such quantities of the Concentrates as will be necessary and sufficient to carry out Bottler's obligations under

this Agreement. Bottler will use the Concentrates exclusively for its manufacture of the Authorized Covered Beverages. Bottler will not sell or otherwise transfer any Concentrates or permit the same to get into the hands of third parties.

16. OWNERSHIP AND CONTROL OF BOTTLER

16.1. Bottler hereby acknowledges the personal nature of Bottler's obligations under this Agreement, including with respect to the performance standards applicable to Bottler, the dependence of the Trademarks on proper quality control, and the confidentiality required for protection of Company's trade secrets and confidential information.

16.2. Bottler represents and warrants to Company that, prior to execution of this Agreement, Bottler has made available to Company a complete and accurate list of Persons that own more than five percent (5%) of the outstanding securities of Bottler, and/or of any third parties having a right to, or effective power of, control or management of Bottler (whether through contract or otherwise).

16.3. [Reserved.]

16.4. Bottler acknowledges that Company has a vested and legitimate interest in maintaining, promoting and safeguarding the overall performance, efficiency and integrity of Company's bottling, distribution and sales system. Bottler therefore covenants and agrees:

16.4.1. Except as otherwise permitted by Bottler's CBA, not to assign, transfer or pledge this Agreement or any interest herein, in whole or in part, whether voluntarily, involuntarily, or by operation of law (including by merger or liquidation), or sublicense its rights under this Agreement, in whole or in part, to any third party or parties, without the prior written consent of Company; and

16.4.2. Not to delegate any material element of Bottler's performance under this Agreement, in whole or in part, to any third party or parties without the prior written consent of Company.

16.5. Notwithstanding **Section 16.4**, the following shall be expressly permitted hereunder:

16.5.1. Bottler may, after Notice to Company, assign, transfer or pledge this Agreement or any interest herein, in whole or in part, or delegate any material element of Bottler's performance of this Agreement, in whole or in part, to any wholly-owned Affiliate of Bottler; provided that (a) any such Affiliate must agree in writing to be bound by and comply with the terms and conditions of this Agreement, and (b) any such assignment, transfer, pledge or delegation will not relieve Bottler of any of its obligations under this Agreement; and

16.5.2. Bottler may engage third party contractors and service providers for the purpose of receiving services relating to non-core functions (*e.g.*, back-office administrative services, human resources, payroll, information technology services and similar services); provided that (a) Bottler will retain full responsibility to Company for all of Bottler's obligations under this Agreement; and (b) Bottler may not subcontract core

functions (*i.e.*, manufacturing, market and customer-facing functions) without the prior written consent of Company.

16.6. Any attempt to take any actions prohibited by **Sections 16.4** and **16.5** without Company's prior written consent shall be void and shall be deemed to be a material breach of this Agreement, unless such actions are otherwise permitted under Bottler's CBA.

17. TERM OF AGREEMENT

This Agreement will commence on the Effective Date and continue so long as Bottler's CBA is in effect (the "**Term**").

18. COMMERCIAL IMPRACTICABILITY AND FORCE MAJEURE

18.1. With respect to any one or more Concentrates (the "**Affected Products**"), as applicable:

18.1.1. The obligation of Company (including any of its Affiliates) to supply Affected Products to Bottler, and Bottler's obligation to purchase Affected Products from Company and to manufacture any Authorized Covered Beverages manufactured from such Affected Products, shall be suspended during any period when there occurs a change in applicable laws, regulations or administrative measures (including any government permission or authorization regarding customs, health or manufacturing, and further including the withdrawal of any government authorization required by any of the parties to carry out the terms of this Agreement), or issuance of any judicial decree or order binding on any of the parties hereto, in each case in such a manner as to render unlawful or commercially impracticable:

18.1.1.1. The importation or exportation of any essential ingredients of the Affected Products that cannot be produced in quantities sufficient to satisfy the demand therefor by existing Company (including any of its Affiliates) facilities in the United States;

18.1.1.2. The manufacture and distribution of Affected Products to Bottler; or

18.1.1.3. Bottler's manufacture of Authorized Covered Beverages using such Affected Products.

18.2. "**Force Majeure Event**" means any strike, blacklisting, boycott or sanctions imposed by a sovereign nation or supra-national organization of sovereign nations, however incurred, or any act of God, act of foreign enemies, embargo, quarantine, riot, insurrection, a declared or undeclared war, state of war or belligerency or hazard or danger incident thereto.

18.3. Neither Company (including any of its Affiliates) nor Bottler shall be liable for or be subject to any claim for breach or termination as the result of a failure to perform their respective obligations to purchase or supply Concentrate under this Agreement or to manufacture Authorized Covered Beverages made from such Concentrate in quantities

to satisfy demand of Company and Recipient Bottlers, as applicable, if and to the extent that such failure is caused by or results from a Force Majeure Event; provided, however:

18.3.1. The party claiming the excuse afforded by this **Section 18.3** must use commercially reasonable efforts to comply with any excused obligations under this Agreement that are impaired by such Force Majeure Event; and

18.3.2. If Bottler is the party claiming the excuse afforded by this **Section 18.3**:

18.3.2.1. To the extent that Bottler is unable to remediate the effect on its ability to perform caused by such Force Majeure Event within three (3) months from the date of the occurrence of the Force Majeure Event, then,

18.3.2.1.1. Company shall have the right (but not the obligation) upon not less than one (1) month prior Notice to suspend this Agreement and Related Agreements during the period of time that such Force Majeure Event results in Bottler being unable to perform its obligations under this Agreement.

18.3.2.2. To the extent that Bottler is unable to remediate the effect on its ability to perform caused by such Force Majeure Event within two (2) years from the date of occurrence of the Force Majeure Event, Company shall have the right to terminate this Agreement.

19. TERMINATION FOR DEFINED EVENTS

19.1. Company may, at Company's option, terminate this Agreement, subject to the requirements of **Section 23**, if any of the following events occur:

19.1.1. An order for relief is entered with respect to Bottler under any Chapter of Title 11 of the United States Code, as amended;

19.1.2. Bottler voluntarily commences any bankruptcy, insolvency, receivership, or assignment for the benefit of creditors proceeding, case, or suit or consents to such a proceeding, case or suit under the laws of any state, commonwealth or territory of the United States or any country, kingdom or commonwealth or sub-division thereof not governed by the United States;

19.1.3. A petition, proceeding, case, complaint or suit for bankruptcy, insolvency, receivership, or assignment for the benefit of creditors, under the laws of any state, territory or commonwealth of the United States or any country, commonwealth or sub-division thereof or kingdom not governed by the United States, is filed against Bottler, and such a petition, proceeding, suit, complaint or case is not dismissed within sixty (60) days after the commencement or filing of such a petition, proceeding, complaint, case or suit or the order of dismissal is appealed and stayed;

19.1.4. Bottler makes an assignment for the benefit of creditors, deed of trust for the benefit of creditors or makes an arrangement or composition with creditors; a receiver or trustee

for Bottler or for any interest in Bottler's business is appointed and such order or decree appointing the receiver or trustee is not vacated, dismissed or discharged within sixty (60) days after such appointment or such order or decree is appealed and stayed;

19.1.5. Any of the Regional Manufacturing Facilities is subject to attachment, levy or other final process for more than twenty (20) days or any of its equipment or facilities is noticed for judicial or non-judicial foreclosure sale and such attachment, levy, process or sale would materially and adversely affect Bottler's ability to fulfill its obligations under this Agreement; or

19.1.6. Bottler becomes insolvent or ceases to conduct its operations relating to the Regional Manufacturing Facilities in the normal course of business.

19.1.7. Any Bottler's Contract, Bottler's Bottle Contract, or Master Bottle Contract (as the case may be) for Coca-Cola, listed on *Schedule 32(d)* of Bottler's CBA, between Company and Bottler or their respective Affiliates is terminated by Company under provisions that permit termination without damages due to Bottler's breach or default, unless Company agrees in writing that this **Section 19.1.7** will not be applied by Company to such termination.

20. DEFICIENCY TERMINATION

20.1. Company may also, at Company's option, terminate this Agreement, subject to the requirements of **Section 21** and **Section 23**, if any of the following events of default occur:

20.1.1. Bottler fails to make timely payment for Concentrate, or of any other material debt owing to Company;

20.1.2. The condition of the facilities or equipment used by Bottler in manufacturing the Authorized Covered Beverages at the Regional Manufacturing Facilities, as reflected in any data collected by Company or generated by Bottler, or in any audit or inspection conducted by or on behalf of Company, fails to meet the Technical Requirements reasonably established by Company, and Bottler fails to complete corrective measures approved by Company within the timeframe therefor reasonably established by Company and specified in the applicable Technical Corrective Action Plan;

20.1.3. Bottler fails to handle the Concentrates or manufacture or handle the Authorized Covered Beverages at the Regional Manufacturing Facilities in strict conformity with the Technical Requirements and applicable laws, rules and regulations and Bottler fails to complete corrective measures approved by Company within the timeframe therefor reasonably established by Company;

20.1.4. Bottler or any Affiliate of Bottler engages in any of the activities prohibited under **Section 10**;

20.1.5. **[Reserved]**;

20.1.6. **[Reserved]**;

20.1.7. Bottler breaches in any material respect any of Bottler's other material obligations under this Agreement;

20.1.8. Bottler breaches in any material respect any of Bottler's material obligations under the NPSG Governance Agreement and such breach is not timely cured; or

20.1.9. Any event of default occurs under *Section XII* of Bottler's CBA that is not timely cured in the manner provided in Bottler's CBA.

20.2. In any such event of default, Company may either exercise its right to terminate under this **Section 20** (subject to **Section 21** and **Section 23**), or pursue any rights and remedies (other than termination) against Bottler with respect to any such event of default; provided, that Company will not take any action pursuant to this **Section 20.2** or **Section 21.4** that would limit Bottler's right to cure under **Section 21** of this Agreement or *Paragraph 34* of Bottler's CBA.

21. BOTTLER RIGHT TO CURE

21.1. Upon the occurrence of any of the events of default enumerated in **Section 20**, Company will give Bottler Notice of default.

21.2. In the case of an event of default due to a material breach by Bottler of its obligations under **Section 12** (other than **Sections 12.2** or **12.4**) or **Section 13**:

21.2.1. Bottler shall have a period of sixty (60) days from receipt of the Notice of default within which to cure such default, by:

21.2.1.1. at the instruction of Company and at Bottler's expense, promptly withdrawing from the market and destroying any Authorized Covered Beverage that fails to meet the Technical Requirements;

21.2.1.2. compliance with the "Corrective Action" provision of the Technical Requirements; and

21.2.1.3. implementing a corrective action plan (the "**Technical Corrective Action Plan**"), to be negotiated in good faith and agreed to by Company and Bottler, that reasonably meets the applicable requirements of the "Corrective Action" provision of the Technical Requirements (which Technical Corrective Action Plan may, by mutual agreement of the parties, provide for actions to be taken after expiration of the cure periods specified herein).

21.2.2. If such default has not been cured within such initial sixty (60) day period (or such extended period, if any, provided for under a Technical Corrective Action Plan), then Bottler must cure such default within a second period of sixty (60) days (or such extended period, if any, provided for under a Technical Corrective Action Plan) during which period Company may, by giving Bottler further Notice to such effect, suspend sales to Bottler of Concentrates and require Bottler to cease manufacture of Authorized Covered Beverages at the Regional Manufacturing Facilities and the supply and sale of Authorized Covered Beverages from the Regional Manufacturing Facilities by Bottler to

Recipient Bottlers; provided, however, that if Bottler has throughout the first and second cure periods strictly complied with **Section 13** (Recall) and **Section 30** (Incident Management), then such suspension of Concentrate sales and cessation of manufacture and supply shall be limited to the Regional Manufacturing Facilities in which the default occurred.

21.2.3. If such default has not been cured during such second period of sixty (60) days (or such extended period, if any, provided for under a Technical Corrective Action Plan), then Company may terminate this Agreement, by giving Bottler Notice to such effect, effective immediately; provided, however, that if Bottler has throughout the first and second cure periods strictly complied with **Section 13** (Recall) and **Section 30** (Incident Management), then Bottler will have a third period of sixty (60) days (or such extended period, if any, provided for under a Technical Corrective Action Plan) within which to cure the default.

21.2.4. If such default has not been cured during any such third period of sixty (60) days (or such extended period, if any, provided for under a Technical Corrective Action Plan), then Company may terminate this Agreement, by giving Bottler notice to such effect, effective immediately.

21.3. In the case of an event of default other than those specified in **Section 21.2**:

21.3.1. Within sixty (60) days of receipt of such Notice, Bottler will provide Company with a corrective action plan (the "**Non-Technical Corrective Action Plan**"). The Non-Technical Corrective Action Plan must provide for correction of all issues identified in the Notice of default within one (1) year or less from the date on which the Non-Technical Corrective Action Plan is provided to Company.

21.3.2. Company will negotiate in good faith with Bottler the terms of the Non-Technical Corrective Action Plan.

21.3.3. If Company and Bottler fail to agree on a Non-Technical Corrective Action Plan within sixty (60) days of Bottler's tender of such plan, Bottler must cure the default described in the Notice of default within one (1) year of Bottler's receipt of the Notice of default. If Bottler fails to cure the default described in the Notice of default within one (1) year of Bottler's receipt of the Notice, the default will be deemed not to have been cured.

21.3.4. If Company and Bottler timely agree on a Non-Technical Corrective Action Plan, but Bottler fails to implement the agreed Non-Technical Corrective Action Plan to Company's reasonable satisfaction within the time period specified by the Non-Technical Corrective Action Plan, the default will be deemed not to have been cured.

21.3.5. In the event of an uncured default under this **Section 21.3**, Company may, by giving Bottler further Notice of termination, terminate this Agreement and require Bottler to cease manufacturing Authorized Covered Beverages at the Regional Manufacturing Facilities.

21.4. The provisions of this **Section 21** (including any cure) will not limit Company's right to pursue remedies under this Agreement on account of Bottler's default, other than (a)

termination of this Agreement under **Section 20**, (b) cessation of Company's performance of its obligations under this Agreement, or (c) rescission.

21.5. In the case of a breach by Bottler or one of its Affiliates of its obligations under this Agreement (other than an event of default specified by **Section 21.2**), such breach will be deemed to be cured for purposes of this **Section 21** if Bottler (or its Affiliate) has terminated the acts or omissions described in such Notice of breach, and has taken reasonable steps under the circumstances to prevent the recurrence of such breach.

22. [RESERVED.]

23. EFFECT OF BOTTLER'S CBA ON THIS AGREEMENT IN CERTAIN EVENTS

23.1. Upon any termination of Bottler's CBA by Company, Company will concurrently terminate this Agreement unless otherwise agreed in writing by the parties.

24. POST-EXPIRATION AND POST-TERMINATION OBLIGATIONS

24.1. Upon the termination of this Agreement, except to the extent provided in any other agreement between Bottler and Company (or one of Company's Affiliates):

24.1.1. Bottler shall not thereafter continue to manufacture any of the Authorized Covered Beverages in Authorized Containers at the Regional Manufacturing Facilities or to make any use of the Trademarks or Authorized Containers, or any closures, cases or labels bearing the Trademarks in connection with the manufacture of Authorized Covered Beverages at the Regional Manufacturing Facilities; and

24.1.2. Bottler shall forthwith deliver all materials used by Bottler exclusively for the manufacturing of the Authorized Covered Beverages in Authorized Containers at the Regional Manufacturing Facilities, including Concentrates, usable returnable or any nonreturnable containers, cases, closures, and labels bearing the Trademarks, still in Bottler's possession or under Bottler's control, to Company or Company's nominee, as instructed, and, upon receipt, Company shall pay to Bottler a sum equal to the reasonable market value of such supplies or materials. Company will accept and pay for only such articles as are, in the opinion of Company, in first-class and usable condition, and all other such articles shall be destroyed at Bottler's expense. Containers, closures and all other items bearing the name of Bottler, in addition to the Trademarks, that have not been purchased by Company shall be destroyed without cost to Company, or otherwise disposed of in accordance with instructions given by Company, unless Bottler can remove or obliterate the Trademarks therefrom to the satisfaction of Company. The provisions for repurchase contained this **Section 24.1.2** shall apply with regard to any Authorized Container approval of which has been withdrawn by Company under **Section 12.10**, except under circumstances under which this Agreement is terminated by Company in accordance with **Section 20**.

25. COMPANY'S RIGHT OF ASSIGNMENT

Company may assign any of its rights and delegate all or any of its duties or obligations under this Agreement to one or more of its Affiliates; provided, however, that any such assignment or

delegation will not relieve Company from any of its contractual obligations under this Agreement.

26. LITIGATION

26.1. Company reserves and has the sole and exclusive right and responsibility to institute any civil, administrative or criminal proceedings or actions, and generally to take or seek any available legal remedy it deems desirable, for the protection of its reputation, the Trademarks, and other intellectual property rights, as well as for the Concentrates, and to defend any action affecting these matters.

26.2. At the request of Company, Bottler will render reasonable assistance in any such action, including, if requested to do so in the sole discretion of Company, allowing Bottler to be named as a party to such action. However, no financial burden will be imposed on Bottler for rendering such assistance.

26.3. Bottler shall not have any claim against Company or its Affiliates as a result of such proceedings or action or for any failure to institute or defend such proceedings or action.

26.4. Bottler must promptly notify Company of any litigation or proceedings instituted or threatened against Bottler affecting these matters.

26.5. Bottler must not institute any legal or administrative proceedings against any third party that may affect the interests of Company in the Trademarks without the prior written consent of Company, which consent Company may grant or withhold in its sole discretion.

26.6. Bottler will consult with Company on all product liability claims, proceedings or actions brought against Bottler in connection with the Authorized Covered Beverages and will take such action with respect to the defense of any such claim or lawsuit as Company may reasonably request in order to protect the interests of Company in the Authorized Covered Beverages or the goodwill associated with the Trademarks.

27. INDEMNIFICATION

27.1. Company will indemnify, protect, defend and hold harmless each of Bottler and its Affiliates, and their respective directors, officers, employees, shareholders, owners and agents, from and against all claims, liabilities, losses, damages, injuries, demands, actions, causes of action, suits, proceedings, judgments and expenses, including reasonable attorneys' fees, court costs and other legal expenses (collectively, "**Losses**"), to the extent arising from, connected with or attributable to: (a) Company's manufacture of the Concentrates (except to the extent arising from matters for which Bottler is responsible under **Section 13.5** or **Section 27.2**); (b) the breach by Company of any provision this Agreement; (c) Bottler's use, in accordance with this Agreement and Company guidelines respecting use of Company intellectual property, of the Trademarks or of package labels; or (d) the inaccuracy of any warranty or representation made by Company herein or in connection herewith. None of the above indemnities shall require Company to indemnify, protect, defend or hold harmless any indemnitee with respect

to any claim to the extent such claim arises from, is connected with or is attributable to the negligence or willful misconduct of such indemnitee.

27.2. Bottler will indemnify, protect, defend and hold harmless each of Company and its Affiliates, and their respective directors, officers, employees, shareholders, owners and agents, from and against all Losses to the extent arising from, connected with or attributable to: (a) Bottler's manufacture of the Authorized Covered Beverages at the Regional Manufacturing Facilities (except to the extent arising from matters for which Company is responsible under **Section 13.4** or **Section 27.1**); (b) the breach by Bottler of any provision of this Agreement; or (c) the inaccuracy of any warranty or representation made by Bottler herein or in connection herewith. None of the above indemnities shall require Bottler to indemnify, protect, defend or hold harmless any indemnitee with respect to any claim to the extent such claim arises from, is connected with or is attributable to the negligence or willful misconduct of such indemnitee.

27.3. Neither party will be obligated under this **Section 27** to indemnify the other party for Losses consisting of lost profits or revenues, loss of use, or similar economic loss, or for any indirect, special, incidental, consequential or similar damages ("**Consequential Damages**") arising out of or in connection with the performance or non-performance of this Agreement (except to the extent that an indemnified third party claim asserted against a party includes Consequential Damages).

28. BOTTLER'S INSURANCE

Bottler will obtain and maintain a policy of insurance with insurance carriers in such amounts and against such risks as would be maintained by a similarly situated company of a similar size and giving full and comprehensive coverage both as to amount and risks covered in respect of matters referred to in **Section 27** (including Bottler's indemnity of Company contained therein) and will on request produce evidence satisfactory to Company of the existence of such insurance. Compliance with this **Section 28** will not limit or relieve Bottler from its obligations under **Section 27**. In addition, Bottler will satisfy the insurance requirements specified on **Schedule 28**.

29. [RESERVED.]

30. INCIDENT MANAGEMENT

30.1. Company and Bottler recognize that incidents may arise that can threaten the reputation and business of Bottler and/or negatively affect the good name, reputation and image of Company and the Trademarks.

30.2. In order to address such incidents, including any questions of quality of the Authorized Covered Beverages that may occur, Bottler will designate and organize an incident management team and inform Company of the members of such team.

30.3. Bottler further agrees to cooperate fully with Company and such third parties as Company may designate and coordinate all efforts to address and resolve any such incident consistent with procedures for crisis management that may be issued to Bottler by Company from time to time.

31. SEVERABILITY

If any provision of this Agreement is or becomes legally ineffective or invalid, the validity or effect of the remaining provisions of this Agreement shall not be affected; provided that the invalidity or ineffectiveness of such provision shall not prevent or unduly hamper performance hereunder or prejudice the ownership or validity of the Trademarks.

32. REPLACEMENT OF CERTAIN PRIOR CONTRACTS, MERGER, AND REQUIREMENTS FOR MODIFICATION

32.1. As to all matters and things herein mentioned, the parties agree:

32.1.1. **[Reserved]**;

32.1.2. This Agreement, together with the National Product Supply System Governance Agreement and the documents implementing and governing the NPSG and the NPSG Board set forth the entire agreement between Company and Bottler with respect to the subject matter hereof, and all prior understandings, commitments or agreements relating to such matters between the parties or their predecessors-in-interest are of no force or effect and are cancelled hereby; provided, however, that any written representations made by either party upon which the other party relied in entering into this Agreement will remain binding to the extent identified on **Schedule 32.1.2**;

32.1.3. Any waiver, amendment or modification of this Agreement or any of its provisions, and any consents given under this Agreement will not be binding upon Bottler or Company unless made in writing, signed by an officer or other duly qualified and authorized representative of Company or by a duly qualified and authorized representative of Bottler; and

32.1.4. Except as expressly provided in this Agreement, this **Section 32.1** is not intended to affect in any way the rights and obligations of Bottler (or any of its Affiliates) or Company (or any of its Affiliates) under Bottler's CBA or the agreements listed in **Schedule 32.1.2**.

33. NO WAIVER

Failure of Company or Bottler (including any of their respective Affiliates) to exercise promptly any right herein granted, or to require strict performance of any obligation undertaken herein by the other party, will not be deemed to be a waiver of such right or of the right to demand subsequent performance of any and all obligations herein undertaken by Bottler or by Company.

34. NATURE OF AGREEMENT AND RELATIONSHIP OF THE PARTIES

34.1. Bottler is an independent contractor and is not an agent of, or a partner or joint venturer with, Company.

34.2. Each of Company and Bottler agree that it will neither represent, nor allow itself to be held out as an agent of, or partner or joint venturer with the other (including any of its Affiliates).

34.3. Bottler and Company do not intend to create, and this Agreement will not be construed to create, a partnership, joint venture, agency, or any form of fiduciary relationship. Each party covenants and agrees never to assert that a partnership, joint venture or fiduciary relationship exists or has been created under or in connection with this Agreement and the Related Agreements. There is no partnership, joint venture, agency, or any form of fiduciary relationship existing between Bottler and Company, but if it there is determined or found to be a partnership, joint venture, or agency, then Bottler and Company expressly disclaim all fiduciary duties that might otherwise exist under applicable law.

34.4. Nothing in this Agreement, express or implied, is intended or will be construed to give any Person, other than the parties to this Agreement and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained in this Agreement. This Agreement does not, and is not intended to, confer any rights or remedies upon any Person other than Bottler and Company.

35. HEADINGS AND OTHER MATTERS

35.1. The headings herein are solely for the convenience of the parties and will not affect the interpretation of this Agreement.

35.2. As used in this Agreement, the phrase "including" means "including, without limitation" in each instance.

35.3. References in this Agreement to Sections are to the respective Sections of this Agreement, and references to Exhibits and Schedules are to the respective Exhibits and Schedules of this Agreement as they may be amended from time to time.

36. EXECUTION IN MULTIPLE COUNTERPARTS

The parties may execute this Agreement in counterparts, each of which is deemed an original and all of which only constitute one original.

37. NOTICE AND ACKNOWLEDGEMENT

37.1. Notices.

37.1.1. Requirement of a Writing and Permitted Methods of Delivery. Each party giving or making any notice, request, demand or other communication (each, a "**Notice**") pursuant to this Agreement must give the Notice in writing and use one of the following methods of delivery, each of which for purposes of this Agreement is a writing:

37.1.1.1. personal delivery;

37.1.1.2. Registered or Certified Mail, in each case, return receipt requested and postage prepaid;

37.1.1.3. nationally recognized overnight courier, with all fees prepaid;

37.1.1.4. facsimile; or

37.1.1.5. e-mail (followed by delivery of an original by another delivery method provided for in this Section).

37.1.2. Addressees and Addresses. Each party giving a Notice must address the Notice to the appropriate person at the receiving party (the "**Addressee**") at the address listed below or to another Addressee or at another address designated by a party in a Notice pursuant to this Section.

Company:

The Coca-Cola Company
One Coca-Cola Plaza
Atlanta, Georgia 30313
Attention: EVP & President CCNA [or such other title as may be applicable to Company's most senior officer for North America operations]
Email: jdouglas@coca-cola.com

With a copy to:

The Coca-Cola Company
One Coca-Cola Plaza
Atlanta, Georgia 30313
Attention: General Counsel
Email: bgoepelt@coca-cola.com

and

King & Spalding LLP
1180 Peachtree Street NE
Atlanta, Georgia 30309
Attention: William G. Roche
Anne M. Cox
Email: broche@kslaw.com
acox@kslaw.com

Bottler:

Coca-Cola Bottling Co. Consolidated
4100 Coca Cola Plaza
Charlotte, North Carolina 28211
Attention: Lawrence K. Workman, Jr., Vice President
Email: kent.workman@ccbcc.com

With a copy to:

Moore & Van Allen PLLC
100 North Tryon Street
Suite 4700
Charlotte, North Carolina 28202
Attention: John V. McIntosh
E. Beauregarde Fisher III
Email: johnmcintosh@mvalaw.com
beaufisher@mvalaw.com

37.1.3. Effectiveness of a Notice. Except as specifically provided elsewhere in this Agreement, a Notice is effective only if the party giving or making the Notice has complied with **Sections 37.1.1** and **37.1.2** and if the Addressee has received the Notice. A Notice is deemed to have been received as follows:

37.1.3.1. If a Notice is delivered in person, when delivered to the Addressee.

37.1.3.2. If delivered by Registered or Certified Mail, upon receipt by Addressee, as indicated by the date on the signed receipt.

37.1.3.3. If delivered by nationally recognized overnight courier service, one Business Day after deposit with such courier service.

37.1.3.4. If sent by e-mail, when sent (if followed promptly by delivery of an original by another delivery method provided for in this Section).

37.1.3.5. If the Addressee rejects or otherwise refuses to accept the Notice, or if the Notice cannot be delivered because of a change in address for which no Notice was given, then upon the rejection, refusal or inability to deliver.

37.1.3.6. Despite the other clauses of this **Section 37.1.3**, if any Notice is received after 5:00 p.m. on a Business Day where the Addressee is located, or on a day that is not a Business Day where the Addressee is located, then the Notice is deemed received at 9:00 a.m. on the next Business Day where the Addressee is located.

37.2. If Bottler's signature or acknowledgment is required or requested with respect to any document in connection with this Agreement and any employee or representative authorized by Bottler "clicks" in the appropriate space on the website designated by Company or takes such other action as may be indicated by Company, Bottler shall be deemed to have signed or acknowledged the document to the same extent and with the same effect as if Bottler had signed the document manually; provided, however, that no such signature or acknowledgment shall amend or vary the terms and conditions of this Agreement.

37.3. Bottler acknowledges and agrees that Bottler has the ability and knowledge to print information delivered to Bottler electronically, or otherwise knows how to store that information in a way that ensures that it remains accessible to Bottler in an unchanged form.

38. CHOICE OF LAW AND VENUE

38.1. This Agreement shall be interpreted, construed and governed by and in accordance with the laws of the State of Georgia, United States of America, without giving effect to any applicable principles of choice or conflict of laws, as to contract formation, construction and interpretation issues, and the federal trademark laws of the United States of America as to trademark matters.

38.2. The parties agree that any lawsuit commenced in connection with, or in relation to, this Agreement must be brought in a United States District Court, if there is any basis for federal court jurisdiction. If the party bringing such action reasonably concludes that federal court jurisdiction does not exist, then the party may commence such action in any court of competent jurisdiction.

39. CONFIDENTIALITY

39.1. In the performance of this Agreement, each party may disclose to the other party certain Proprietary Information. The Proprietary Information of the Disclosing Party will remain the sole and exclusive property of the Disclosing Party or a third party providing such information to the Disclosing Party. The disclosure of the Proprietary Information to the Receiving Party does not confer upon the Receiving Party any license, interest, or right of any kind in or to the Proprietary Information, except as expressly provided under this Agreement.

39.2. At all times and notwithstanding any termination or expiration of this Agreement or any amendment hereto, the Receiving Party agrees that it will hold in strict confidence and not disclose to any third party the Proprietary Information of the Disclosing Party, except as approved in writing by the Disclosing Party. The Receiving Party will only permit access to the Proprietary Information of the Disclosing Party to those of its or its Affiliates' employees or authorized representatives having a need to know and who have signed confidentiality agreements or are otherwise bound by confidentiality obligations at least as restrictive as those contained in this Agreement (including external auditors, attorneys and consultants).

39.3. The Receiving Party will be responsible to the Disclosing Party for any third party's use and disclosure of the Proprietary Information that the Receiving Party provides to such third party in accordance with this Agreement. The Receiving Party will use at least the same degree of care it would use to protect its own Proprietary Information of like importance, but in any case with no less than a reasonable degree of care, including maintaining information security standards specific to such information as set forth in this Agreement.

39.4. If the Receiving Party is required by a Governmental Authority or applicable law to disclose any of the Proprietary Information of the Disclosing Party, the Receiving Party will (a) first give Notice of such required disclosure to the Disclosing Party (to the extent permitted by applicable law), (b) if requested by the Disclosing Party, use reasonable efforts to obtain a protective order requiring that the Proprietary Information to be disclosed be used only for the purposes for which disclosure is required, (c) if requested by the Disclosing Party, take reasonable steps to allow the Disclosing Party to seek to

protect the confidentiality of the Proprietary Information required to be disclosed, and (d) disclose only that part of the Proprietary Information that, after consultation with its legal counsel, it determines that it is required to disclose.

39.5. Each party will immediately notify the other party in writing upon discovery of any loss or unauthorized use or disclosure of the Proprietary Information of the other party.

39.6. The Receiving Party will not reproduce the Disclosing Party's Proprietary Information in any form except as required to accomplish the intent of this Agreement. Any reproduction of any Proprietary Information by the Receiving Party will remain the property of the Disclosing Party and must contain any and all confidential or proprietary Notices or legends that appear on the original, unless otherwise authorized in writing by the Disclosing Party.

39.7. Neither party will communicate any information to the other party in violation of the proprietary rights of any third party.

39.8. Upon the earlier of termination of this Agreement, written request of the Disclosing Party, or when no longer needed by the Receiving Party for fulfillment of its obligations under this Agreement, the Receiving Party will, if requested by the Disclosing Party, either: (a) promptly return to the Disclosing Party all documents and other tangible materials representing the Disclosing Party's Proprietary Information, and all copies thereof in its possession or control, if any; or (b) destroy all tangible copies of the Disclosing Party's Proprietary Information in its possession or control, if any, in each case, except to the extent that such action would violate applicable regulatory or legal requirements. Each party's counsel may retain one copy of documents and communications between the Parties as necessary for archival purposes or regulatory purposes.

40. ACTIVE AND COMPLETE ARMS LENGTH NEGOTIATIONS

The parties acknowledge and agree that the terms and conditions of this Agreement have been the subject of active and complete negotiations, and that such terms and conditions must not be construed in favor of or against any party by reason of the extent to which a party or its professional advisors may have participated in the preparation of this Agreement.

41. RESERVATION OF RIGHTS

As relates to the Territories and the Regional Manufacturing Facilities, Company reserves all rights not expressly granted to Bottler under this Agreement or Bottler's CBA.

42. BOTTLER AFFILIATES

Bottler hereby absolutely, unconditionally and irrevocably guarantees that any actions taken by any of Bottler's Affiliates pursuant to this Agreement will be taken in accordance with all applicable requirements set forth herein to the same extent as if such actions had been taken by Bottler. Bottler acknowledges and agrees that any breach of this Agreement by any Affiliate of Bottler shall be considered a breach by Bottler for all purposes hereof.

[Signature page(s) follow]

IN WITNESS WHEREOF, COMPANY AT ATLANTA, GEORGIA, AND BOTTLER AT CHARLOTTE, NORTH CAROLINA, HAVE CAUSED THESE PRESENTS TO BE EXECUTED IN TRIPLICATE BY THE DULY AUTHORIZED PERSON OR PERSONS ON THEIR BEHALF ON THE EFFECTIVE DATE.

THE COCA-COLA COMPANY

By: /s/ J. Alexander M. Douglas, Jr.

Authorized Representative

COCA-COLA BOTTLING CO. CONSOLIDATED

By: /s/ Umesh M. Kasbekar

Authorized Representative

EXHIBIT A

Regional Manufacturing Facilities

Sandston, VA

EXHIBIT B

Authorized Covered Beverages

The following Beverages and all SKUs, packages, flavor, calorie and other variations (e.g., Sprite Cranberry, Sprite Zero Cranberry) of each such Beverage offered by Company that are identified by the primary Trademark that also identifies such Beverage or any modification of such primary Trademark, such as, e.g., the primary Trademark used in conjunction with a prefix, a suffix or other modifier:

Coca-Cola
Caffeine Free Coca-Cola
Diet Coke
Diet Coke with Lime
Diet Coke with Splenda®
Caffeine free Diet Coke
Coca-Cola Life
Coca-Cola Zero
caffeine free Coca-Cola Zero
Cherry Coke
Diet Cherry Coke
Cherry Coke Zero
Vanilla Coke
Diet Vanilla Coke
Vanilla Coke Zero

Barq's
Diet Barq's
DASANI
DASANI Plus
DASANI Sparkling
Fanta
Fanta Zero
Fresca
Mello Yello
Mello Yello Zero
PiBB Xtra
PiBB Zero
Seagram's ginger ale
Seagram's mixers
Seagram's seltzer water
Sprite
Sprite Zero
TaB
VAULT
VAULT Zero
Delaware Punch

FUZE
FUZE Tea
FUZE Juices
FUZE Refreshments
FUZE slenderize

EXHIBIT C

Interim Finished Goods Supply Agreement

See attached.

EXHIBIT C

FINISHED GOODS SUPPLY AGREEMENT

["BOTTLER" AS PRODUCER FOR CCR DISTRIBUTION CENTERS]

This Finished Goods Supply Agreement ("Agreement") is made and executed this ___ day of _____, 20__ by and between Coca-Cola Refreshments USA, Inc. ("CCR")[1] and **[Bottler]** ("Bottler").

Background

A. The Coca-Cola Company ("Company") and its Affiliates make and sell beverage products and related materials and ingredients.

B. Company has granted to Bottler, under the Manufacturing Agreement, the right to manufacture, produce and package (collectively, "manufacture"), at the Manufacturing Facilities, Authorized Covered Beverages in Authorized Containers for distribution and sale by Bottler and its Affiliates for their account in accordance with Bottler's CBA and for supply to certain other U.S. Coca-Cola Bottlers.

C. The Parties desire to enter into this Agreement, under which Bottler will, among other things, manufacture and supply, and CCR will purchase, such quantities of Authorized Covered Beverages as CCR may from time to time request, as provided in this Agreement.

In exchange for the mutual promises set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Term

The term of this Agreement (the "Term") will begin as of _____ and will continue until terminated in accordance with Section 23 hereof.

[1] Note: Bottlers other than CCR may be the purchaser using this form of Agreement in which case appropriate conforming changes to this form will be made.

2. Definitions

Capitalized terms not specifically defined in this Agreement have the meaning specified in the **[Expanding Participating Bottler/Initial Regional/Regional]** Manufacturing Agreement between CCR and Bottler dated _____, 20__ (the "Manufacturing Agreement"). In addition, the following terms have the meanings specified below:

a. "Distribution Center" means a facility operated by CCR at which it receives Products made at a Manufacturing Facility, and from which CCR distributes Products to customers and consumers. The Distribution Centers as of the Effective Date are specified in **Exhibit C**.CCR may, upon 90 days prior written notice to, and consultation with, Bottler, change, add or eliminate Distribution Centers during the Term, as long as CCR continues to purchase from Bottler the Products for the geographic territories serviced by the Distribution Centers from the Manufacturing Facilities prior to such change, addition or elimination in accordance with the same sourcing priority matrix as attached as **Exhibit C** hereto.

b. "Effective Date" means _____ **[the date of execution and delivery of this Agreement]**.

c. "Innovation SKU" means a new SKU that has been introduced by Company that CCR distributes or intends to distribute and that is or that Bottler agrees will be manufactured by Bottler at the Manufacturing Facilities in accordance with the Manufacturing Agreement. Innovation SKU does not include any SKU that has been distributed for greater than ninety (90) days.

d. "Party" means either Bottler or CCR, or their permitted successors or assigns hereunder.

e. "Primary Packaging" means the container for a Product SKU in any form or material (together with the graphics), including, by way of example and not limitation, 8 oz. glass bottles with graphics imprinted, 12 oz. aluminum cans with graphics imprinted or plastic 2 two liter containers with labels.

f. "Manufacturing Facilities" mean facilities operated by Bottler that Bottler acquired from CCR during 2016 that produce Products, and from which CCR receives Products to its Distribution Centers. The Manufacturing Facilities covered by this Agreement as of the Effective Date are specified in **Exhibit C**.

g. "Rolling Replenishment Forecast" means a weekly-generated written estimate, by individual SKU, by week, by Distribution Center and in the aggregate for all of CCR's Distribution Centers sourced from the Manufacturing Facilities, of the volume of Products that CCR expects to purchase for the next thirteen (13) calendar weeks. The form of Rolling Replenishment Forecast is attached as **Exhibit D**, or will be as generated electronically and transmitted by CCR to Bottler.

h. "Service Level Agreement" means the Service Level Agreement attached to this Agreement as **Exhibit F**, as hereafter amended by the Parties.

i. "Secondary Packaging" means packaging that contains Primary Packaging.

j. "Tertiary Packaging" means packaging that contains Secondary Packaging.

k. "Value Added Facility" or "VAF" means a facility, whether owned by Bottler or CCR, and designated by Company as a VAF, that consolidates certain low velocity Product SKUs identified by CCR's VAF segmentation process ("VAF Products"), for shipment to Bottler's Distribution Centers.

l. "Version" means the Primary Packaging, Secondary Packaging, and Tertiary Packaging, and the pallet configuration, in which a Product SKU is to be provided, as set forth on **Exhibit C**.

3. Products

This Agreement covers the supply by Bottler to CCR of Authorized Covered Beverages produced by or on behalf of Bottler at a Manufacturing Facility in Authorized Containers ("Products"). The Products as of the Effective Date are listed in **Exhibit A**. The parties may mutually agree to add SKUs of Products in Authorized Containers to **Exhibit A** at any time during the Term. CCR may delete SKUs from **Exhibit A** with the agreement of Bottler. The 2016 SKU pricing will be fixed for all of 2016 except as permitted in **Exhibit B**

[Note To Draft: At Closing, Exhibit A will list all Product SKUs, in each case with the applicable Transfer Price, to be produced by Bottler and purchased by CCR.]

4. Parties' Purchase and Supply Commitments and Sourcing

Except as provided in Subsections 4(a), 4(b), or 5(d) hereof, CCR will purchase from Bottler or a designated Bottler Affiliate, and Bottler will supply or will cause Bottler's designated Affiliate to supply, such quantities of Products as CCR may from time to time request in accordance with the terms hereof and in accordance with the same sourcing priority matrix as specified in **Exhibit C** hereto. Bottler's use of an Affiliate for the supply of any Products shall not relieve Bottler of any of its obligations set forth herein. Bottler will use commercially reasonable efforts to promptly advise CCR of any actual or anticipated delay in delivery of Products.

a. In the case of Covered Beverages and Related Products, CCR may purchase one or more SKUs from alternate production facilities operated by any Company Authorized Supplier (including, if applicable, any such authorized production facilities operated by Bottler), if and to the extent that (i) Bottler has notified CCR that Bottler will not provide such SKU (such notice to be provided by telephone call and email); (ii) CCR has reasonably determined that delivery by Bottler of any such SKU (including any SKU requested by CCR's customers) to the applicable Distribution Center will either

(A) be 48 hours or more overdue, or (B) be late and result in a Distribution Center out-of-stock situation; or (iii) Bottler's delivery of any Products is delayed or impaired as a result of a Force Majeure Event.

b. CCR will have the right to source from alternate production facilities operated by any Company Authorized Supplier (including, if applicable, any such authorized production facilities operated by CCR) (i) slow moving products (less than full pallet quantities), (ii) customer special requests, and (iii) Hot Shot Orders (i.e., time-sensitive orders that require faster delivery times than are required in the normal order process) that Bottler cannot fulfill or elects not to fulfill, in each case, so long as CCR has first provided Bottler with the opportunity to supply the requested Products and Bottler has declined to provide them. Bottler will respond in a reasonably prompt manner to any such requests from CCR.

c. Bottler will continue to operate VAFs for the supply of VAF Products to CCR's Distribution Centers as required. CCR may continue to operate VAFs and may supply VAF Products from CCNA-designated VAFs to CCR's Distribution Centers.

5. Manufacturing Facilities and Package Versions

a. Bottler will supply Products in the Versions specified in **Exhibit C**. **Exhibit C** may be amended from time to time to change the Versions being supplied to CCR only with the consent of both Parties.

b. Bottler shall supply all primary-sourced Product SKUs from the Manufacturing Facilities to CCR Distribution Centers as specified in **Exhibit C.** If the Manufacturing Facility specified in **Exhibit C** cannot source any of the primary-sourced SKUs, then Bottler shall coordinate supply from a secondary source and upon confirmation of product availability, notify CCR of the change in sourcing.

c. If CCR wishes to change the sourcing of any Product SKU from a Bottler Manufacturing Facility (including Bottler VAFs) to a CCR production center (including CCR VAFs), or vice versa, such change would require the consent of Bottler.

d. CCR may elect to change a CCR production center listed on **Exhibit C** (if any) so long as it continues to supply the same SKU to the same Distribution Center as specified in **Exhibit C**.

e. Bottler and CCR will meet at least every six (6) months as part of the normal management process and the management routines will be documented in the Service Level Agreement, **Exhibit F.**

[**Note to Draft:Exhibit C will be prepared in a mutually agreed form. Bottler will provide Exhibit C prior to Closing. Exhibit C will include a list of the then- existing primary and secondary sources for the Product SKUs to the Distribution Centers (including both CCR sources and Bottler sources) and the then-current Versions used for the Product SKUs by such sources.]**

6. Forecasts, CCR's Purchase Obligation, and Allocation of Constrained SKUs

a. CCR will provide to Bottler a Rolling Replenishment Forecast. The Rolling Replenishment Forecast will be provided by CCR for the Territory in the form comparable to **Exhibit D** to this Agreement or electronically by jointly agreed means on or before Thursday of each calendar week, by 4 PM Eastern. If the Rolling Replenishment Forecast is not received by Bottler by such time, then the last forecast provided by CCR will apply, CCR will not have the right to adjust or validate such forecast, and such forecast will be deemed the Rolling Replenishment Forecast under this Section 6 and will be the forecast on which CCR Forecast Accuracy is calculated under Section 11. The Rolling Replenishment Forecast will be a firm purchase obligation on behalf of CCR for the forecasted volume for all SKUs unique to CCR (i.e. produced by Bottler solely for supply to CCR) from the applicable Manufacturing Facility for the next three weeks of the Rolling Replenishment Forecast. Forecasts for all other Products must be made in good faith but will not result in a firm purchase obligation on behalf of CCR.

b. Bottler will use commercially reasonable efforts to avoid shortages and will provide timely updates on constrained SKUs. In the event of capacity constraints or short supply, Bottler will allocate available supply based on the following:

    i. For an existing Product SKU: In the event of a shortage of an existing Product SKU (with capacity determined on a national basis), there will be a fair and equitable process based on the annual historical total case volume percentage of all bottlers for the constrained SKU for the previous calendar year applied to the available supply of the constrained SKU, considering only the bottlers requiring the SKU that is in short supply.

    ii. For an Innovation SKU new to the system: In the event of a shortage of an Innovation SKU new to the system (with capacity determined on a national basis), the available supply would be allocated on a pro rata basis among the bottlers ordering such Innovation SKU (based upon the forecasts of each bottler for such Innovation SKU).

    iii. For an Innovation SKU not new to the system, where the SKU is replacing an existing SKU (a "Replacement Innovation SKU"): In the event of shortage of a Replacement Innovation SKU (with capacity determined on a national basis), the available supply would be allocated on a pro rata basis among the bottlers ordering the Replacement Innovation SKU (based on (x) Bottler's prior year sales of the SKU being replaced, (y) the prior year sales of the SKU being replaced for any other bottlers that are ordering the Replacement SKU for the first time, and (z) the prior year sales of the Replacement Innovation SKU for the bottlers that are not ordering the Replacement Innovation SKU for the first time).

    iv. For an Innovation SKU not new to the system, where the SKU is not replacing an existing SKU (a "Non-Replacement Innovation SKU"): In the

event of shortage of a Non-Replacement Innovation SKU (with capacity determined on a national basis), the available supply would be allocated on a pro rata basis among the bottlers ordering the Non-Replacement Innovation SKU (based on (x) CCR's forecast for the Non-Replacement SKU, (y) the forecast for the Non-Replacement Innovation SKU for any other bottlers that are ordering the Non-Replacement SKU for the first time, and (z) the prior year sales of the Non-Replacement Innovation SKU for the bottlers that are not ordering the Non-Replacement Innovation SKU for the first time).

c. CCR may, in its sole discretion, direct such constrained Products in disproportionate amounts to any of its Distribution Centers.

d. CCR will use commercially reasonable efforts to provide Bottler with written notice (by email to a Bottler-defined representative) of the proposed launch of an Innovation SKU as soon as practicable prior to the proposed launch date. Such notice shall include the commercial plan, operating deck and Transfer Pricing for the Innovation SKU.

    i. CCR may also provide to Bottler a written replenishment forecast in a form substantially similar to that set forth in **Exhibit E** of the volume requirements for such Innovation SKU for each Distribution Center, by week, for the first thirteen (13) weeks (unless a different period of time is mutually agreed by the Parties) after launch of such Innovation SKU ("Innovation SKU Forecast"). CCR may revise any Innovation SKU Forecast at any time prior to sixty (60) days before the launch date. Additionally, CCR may revise any part of the last nine (9) weeks of the Innovation SKU Forecast (but not the first four (4) weeks of the Innovation SKU Forecast) between sixty (60) days' and thirty (30) days' prior to the launch date. The Innovation SKU Forecast (as modified by any permitted revisions, as permitted by this paragraph) will be a firm purchase obligation on behalf of CCR and CCR must purchase all Product in the Innovation SKU Forecast. Bottler will use commercially reasonable efforts to provide CCR with additional Innovation SKU volume during the first thirteen (13) weeks if product sales are greater than the forecast. Bottler will manufacture to the Innovation SKU Forecast for the period forecasted.

    ii. After the Innovation SKU has been distributed for thirteen (13) weeks, CCR will comply with the requirements of Section 6(a) above for Rolling Replenishment Forecasts for purposes of providing subsequent Rolling Replenishment Forecasts that include the Innovation SKU.

7. Price

CCR will purchase, and Bottler will sell, the Products at the Transfer Price set forth in **Exhibit B**. The 2016 SKU pricing will be fixed for all of 2016 except as allowed in **Exhibit B**.

8. Payment Terms and Invoicing

a. Payment for Products is due in full within twenty-one (21) days from date of invoice.

b. Bottler shall submit invoices for Products in accordance with the pricing methodology in **Exhibit B** hereto, and such invoices shall be submitted by Bottler to CCR within forty-five (45) days of shipment.

c. Invoices will identify any applicable sales, use, or excise taxes.

d. CCR will reimburse Bottler for all sales, use or excise taxes (if any), but CCR will not be responsible for remittance of such taxes to applicable tax authorities. To the extent applicable, Bottler shall reasonably cooperate with CCR in its efforts to obtain or maintain any reseller tax exemption certificates.

9. Service Level Agreement

CCR and Bottler agree to comply with the terms of the Service Level Agreement attached as **Exhibit F**. **[Note To Draft: To be completed prior to Closing]**

10. Bottler Performance Metrics

a. "Case Fill On Time" means the percentage calculated by dividing the number of cases of Products shipped by Bottler to the applicable CCR Distribution Center on the promised shipment date by the number of ordered cases of Products for shipment to such Distribution Center by shipment date. Bottler will use commercially reasonable efforts to begin measuring, tracking and reporting "Case Fill On Time" based upon delivery date (rather than shipment date) as soon as practicable.

    i. The following will not be included in the calculation of Case Fill On Time: (a) requests not filled due to changes made to the original order by CCR, and (b) Hot Shot Orders (as defined in Section 12(g)).

    ii. Bottler will use commercially reasonable efforts to (a) meet the "Case Fill On Time Performance Target" set forth in the Service Level Agreement, and (b) measure, track and report to CCR "Case Fill On Time" by day, week, and month for each CCR Distribution Center.

11. CCR Performance Metrics

"Forecast Accuracy" means the accuracy of the "Lag 2 Week" included in CCR's Rolling Replenishment Forecast for each Distribution Center, which is the forecasted volume to be purchased from Bottler for the second week of each such Rolling Replenishment Forecast, and is measured as 1 minus the Mean Absolute Percent Error (MAPE) over the 1 week period measured. "MAPE" is defined as the sum across all SKUs of the absolute value of the difference between the SKU-level Lag-2 Week of the Rolling Replenishment Forecast provided to Bottler and the actual SKU-level shipments of

Product shipped to CCR for such Lag-2 Week, divided by the actual SKU-level shipments of Product shipped to CCR for such Lag-2 Week. CCR will not be responsible for forecast errors to the extent attributable to Product not delivered by Bottler (i.e., the calculation will be adjusted to take into account Product not delivered by Bottler to a particular Distribution Center for the Lag-2 Week period in question). CCR will use commercially reasonable efforts to (a) meet the "Forecast Accuracy Performance Target" set forth in the Service Level Agreement, and (b) track, measure, and report to Bottler Forecast Accuracy weekly by Lag 2 Week.

12. Product Quality

a. Products must be delivered to CCR in saleable condition, meeting all product and package quality standards established by TCCC.

b. Bottler will deliver all Products to CCR's Distribution Center with at least 45 days of shelf life remaining, except that, in the case of SKUs requiring more than 45 days of shelf life remaining because of customer requirements (e.g., Club Stores, ARTM, etc.), Bottler will deliver such SKUs to CCR's Distribution Center with at least 12 days more than the customer-specific requirements.

c. CCR may accept or reject any Product with less than 45 days of available shelf life remaining, in CCR's sole discretion, after discussion with Bottler.

d. Products must have no material defects in material or workmanship when delivered to CCR's Distribution Center.

e. Bottler will not deliver to CCR's Distribution Center(s) any Products that Bottler knows to be subject to recall.

f. Product SKUs must be standing and undamaged when delivered by Bottler to CCR's Distribution Center.

g. Product loads must be braced and dunnaged or wrapped when delivered to CCR's Distribution Center.

h. Delivery trailers containing Products must be sealed, with Product documentation, and must not have off odors, leaks, or contaminants.

13. Product Orders and Risk of Loss

a. Ordering will be as set forth in the Service Level Agreement, **Exhibit F.**

b. CCR agrees to cooperate with the Manufacturing Facility designated by Bottler and the Bottler Product Order Manager to develop and comply with an efficient, level ordering plan for the purchase of Products by CCR in accordance with the Rolling Replenishment Forecast ("Ordering Plan").

c. Except as provided in Subsection 13(f), (i) all orders for Product from CCR must be in full truck load quantities only and (ii) the minimum order quantity per SKU will be a full pallet.

d. Bottler will ship Product orders from the Manufacturing Facility designated by Bottler to the Distribution Centers specified by CCR, except as provided in Subsection 13(e). Title and risk of loss will pass to CCR upon initial receipt of the Products at the CCR Distribution Center.

e. At Bottler's discretion, CCR may be permitted to pick up Product orders at the Manufacturing Facility designated by Bottler. Title and risk of loss will pass to CCR upon completion of the loading of such Products on CCR's vehicles or common carriers at the Manufacturing Facility.

f. The Parties may agree to Product orders for less than full pallet quantities.

g. Additional provisions regarding placement and execution of orders are set forth in the Service Level Agreement.

h. Neither Bottler nor CCR will make any changes in the Product order fulfillment process that could have an operational or financial impact on the other Party without the prior review and approval of the other Party (such approval not to be unreasonably withheld, conditioned or delayed).

14. Warranties

a. Each Party represents and warrants the following: (i) the Party's execution, delivery and performance of this Agreement: (A) have been authorized by all necessary corporate action, (B) do not violate the terms of any law, regulation, or court order to which such Party is subject or the terms of any material agreement to which the Party or any of its assets may be subject and (C) are not subject to the consent or approval of any third party; (ii) this Agreement is the valid and binding obligation of the representing Party, enforceable against such Party in accordance with its terms; and (iii) such Party is not subject to any pending or threatened litigation or governmental action which could interfere with such Party's performance of its obligations under this Agreement.

b. In rendering its obligations under this Agreement, without limiting other applicable performance warranties, Bottler represents and warrants to CCR as follows: (i) Bottler is in good standing in the state of its incorporation and is qualified to do business as a foreign corporation in each of the other states in which it conducts business; and (ii) Bottler shall secure or has secured all permits, licenses, regulatory approvals and registrations required to deliver and sell the Products, including registration with the appropriate taxing authorities for remittance of taxes.

c. In performing its obligations under this Agreement, CCR represents and warrants to Bottler as follows: (i) CCR is in good standing in the state of its incorporation and is

qualified to do business as a foreign corporation in each of the other states in which it is doing business; and (ii) CCR shall secure or has secured all permits, licenses, regulatory approvals and registrations required to perform its obligations under this Agreement.

15. Product Warranty

a. Bottler warrants to CCR that the Products sold to CCR under this Agreement comply at the time of shipment to Bottler in all respects with the Federal Food, Drug and Cosmetic Act, as amended (the "Act"), and all federal, state and local laws, rules, regulations and guidelines applicable. Further, Bottler warrants that all Products shipped to CCR under this Agreement, and all packaging and other materials which come in contact with such Products, will not at the time of shipment to CCR be adulterated, contaminated, or misbranded within the meaning of the Act or any other federal, state or local law, rule or regulation applicable, and that such Products, packaging and other materials will not constitute articles prohibited from introduction into interstate commerce under the provisions of Sections 301(d), 404, 405 or 505 of the Act. CCR warrants to Bottler that the Products sold to CCR under this Agreement will be handled, stored and transported properly by Bottler, up to the time of shipment to Bottler.

b. Bottler makes no covenant, representation or warranty concerning the Products of any kind whatsoever, express or implied, except as expressly set forth in this Agreement. THE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, AND INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS, AND CONSTITUTE THE ONLY WARRANTIES OF CCR WITH RESPECT TO CCR'S PRODUCTS.

16. Returns of Rejected Products

a. Product Returns Classification. CCR or Bottler may discover or become aware of the existence of Product related problems, quality or other technical problems relating to Products at the time of receipt by CCR, after acceptance by CCR, or after delivery by CCR to customers. If such problems or quality issues are discovered, and such quality issues were due to quality or technical defects prior to delivery to CCR's Distribution Center, then the affected Products will be returned to Bottler following the procedures in this Section based on the timing or circumstances of the discovery of quality or technical problems.

b. Product Return – At Receipt. If CCR discovers any of the following issues associated with Products within 24 hours following delivery of such Products to the Distribution Center (or of pickup by CCR at a Manufacturing Facility, if applicable):

    i. any Product that has either not been ordered and scheduled for delivery on a particular date, or

ii. any Product that does not match the shipping documents presented at delivery, or

iii. any defect or deficiency in such Product (*e.g.*, loose caps or leaking seams), or

iv. any non-conformance of such Product with any applicable warranties or quality standards,

then CCR will, within 24 hours following delivery of such Products to the Distribution Center (or of pickup by CCR at a Manufacturing Facility, if applicable), notify Bottler of such defect, deficiency or non-conformance. CCR will be entitled to credit equal to the price paid by CCR for the defective, deficient or non-conforming Product (or cancellation of any unpaid charges associated with the defective, deficient or non-conforming Product), plus freight costs, if any, incurred by CCR in connection with the delivery and return of such defective, deficient or non-conforming product. Any such credits will be applied within twenty-one (21) days against amounts otherwise due from CCR and will be reflected in reasonable detail on appropriate invoices sent to CCR. All credit requests must be submitted by CCR to Bottler within forty-five (45) days of shipment acceptance for credit requests to be considered.

c. Product Return – Quality Issues Post-Acceptance. If after acceptance of any Product and more than 24 hours following delivery to a Distribution Center (or of pickup by CCR at a Manufacturing Facility, if applicable), CCR discovers:

i. any defect or deficiency in such Products, or

ii. any non-conformance of such Products with any applicable warranties or quality standards,

then CCR will notify Bottler within 24 hours of CCR's identification of such defect, deficiency or non-conformance. If the Product issue was discovered while in CCR's possession, CCR will be entitled to a credit equal to price paid by CCR for the defective, deficient or non-conforming Product (or cancellation of any unpaid charges associated with the defective, deficient or non-conforming Product) as identified by CCR, plus freight costs, if any, incurred by CCR in connection with the delivery and return of such defective, deficient or non-conforming product. If the Product issue was discovered while in possession of CCR's customer or another third party, CCR will be entitled to reimbursement of any reasonable expenses it incurred in connection with removing, returning and/or replacing such defective, deficient or non-conforming Product. Any such credits awarded hereunder will be

applied against amounts otherwise due from CCR and will be reflected in reasonable detail on appropriate invoices sent to CCR.

17. Product Recalls

Duties regarding Product Recalls are as provided in the Manufacturing Agreement and Bottler's CBA.

18. Local Innovation

a. Primary packaging local innovation requests will go through Company's commercialization process, as described in **Exhibit G**, as updated from time to time by Company in its sole discretion. **[Exhibit G describes Company's "stages and gates" commercialization process as of effective date of this Agreement]**

b. If a local innovation request has Secondary and Tertiary Packaging changes and the request calls for graphics changes, the local innovation execution process for the graphics changes will be the same as set forth in Subsection 18(a) hereof.

In all other respects, the approval process for a local innovation request relating to Secondary or Tertiary Packaging will be as set forth below:

i. Within one business day of a request from CCR, Bottler will inform CCR whether Bottler has the capability to provide the requested local innovation; provided, however, that this response will not constitute a commitment by Bottler to proceed with the local innovation request.

ii. If Bottler indicates that it does have the capability and capacity to supply the requested local innovation, then within three (3) business days of a written request from CCR in the form attached as **Exhibit H**, Bottler will inform CCR of the price of such requested local innovation within an expected range of +/- 40% accuracy.

iii. Within twenty (20) business days of a written request from CCR in the form attached as **Exhibit H**, Bottler will inform CCR in writing of the actual price, delivery dates and projected production quantities for the requested local innovation. If within twenty (20) business days following such written notice, CCR accepts such price and delivery dates set forth in the notice and agrees to purchase all or a portion of such quantities set forth in such notice, Bottler shall be obligated to produce and deliver such quantities at the price and dates set forth in the notice.

19. Return of Deposit Materials, Recyclable Materials, and Tertiary Packaging

a. CCR will work with Bottler to coordinate return of deposit SKUs, Tertiary Packaging, non-hazardous recyclables, and CO_2 cylinders from Distribution Centers at

commercially reasonable times. CCR will be responsible for shipping such items to Bottler at CCR's expense, utilizing Bottler back hauling to the extent available.

b. Bottler will credit CCR at Bottler's invoice rates any deposit amounts due to CCR for returned items. Any such credits will be applied within twenty-one (21) days against amounts otherwise due from CCR.

c. Bottler will accept the return of non-hazardous recyclables based on the recyclables list approved by Bottler.

20. Recycling Programs

CCR and Bottler will work together in good faith to develop recycling programs for the disposal of defective, damaged or expired Products held by CCR or CCR's customers that have been paid for by CCR and for which CCR has not received credit.

21. Compliance with Laws

a. Bottler will, and will cause its Affiliates and subcontractors to, comply with all applicable federal, state and local laws and regulations applicable to each of them relating to: (i) the production, packaging, labeling, marketing, promotion, transport and delivery of the Products; and (ii) the performance of Bottler's obligations set forth herein.

b. CCR will comply with all applicable federal, state and local laws and regulations applicable to it and relating to: (i) the storage, marketing, promotion, distribution and sale of the Products; and (ii) and the performance of CCR's obligations set forth herein.

22. Indemnity

Bottler will indemnify, defend, and hold harmless CCR against any and all damages, loss, costs, or other liability (including reasonable attorneys' fees) arising out of a third party claim that (i) results from Bottler's breach of this Agreement or any representation or warranty in this Agreement, or any negligent act or omission of Bottler, or (ii) alleges damage for loss to property, death, illness or injuries, resulting from the use or consumption of any Products, except as set forth below. Bottler will assume responsibility and expense of investigation, litigation, judgment and/or settlement of any such claim on the condition that Bottler is notified promptly (in no event later than thirty (30) days after the first receipt of written notice thereof by CCR) in writing of any such claim and is permitted to deal therewith at its own discretion and through its own representatives; except that CCR's failure to provide notice of a claim will not affect Bottler's obligation to indemnify the claim under this Section 22 unless such failure prejudices the defense of such claim. The Parties will cooperate reasonably in the investigation and defense of any such claim, and Bottler will not settle any such claim that imposes on CCR a non-monetary obligation or a liability that is not indemnified without CCR's prior written consent, which consent shall not be unreasonably withheld,

conditioned or delayed. Bottler will have no obligation to indemnify CCR for any claim to the extent that such claim arises out of the negligence or recklessness of CCR. This Section 22 sets forth the sole and exclusive remedy for CCR against Bottler with respect to third party claims relating to the Products purchased by CCR from Bottler under this Agreement. BOTTLER WILL NOT BE LIABLE TO CCR WHETHER IN CONTRACT OR IN TORT OR ON ANY OTHER LEGAL THEORY FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, ANY LOST REVENUES, PROFITS OR BUSINESS OPPORTUNITIES, OR FOR ANY OTHER LOSS OR COST OF A SIMILAR TYPE (COLLECTIVELY, "CONSEQUENTIAL DAMAGES") OF CCR OR ANY CUSTOMER OF CCR OR OF ANY PERSON WHO MAY HAVE BECOME INJURED BY BOTTLER's PRODUCTS PURCHASED FROM CCR (EXCEPT TO THE EXTENT THAT AN INDEMNIFIED THIRD PARTY CLAIM INCLUDES CONSEQUENTIAL DAMAGES).

23. Termination

This Agreement will terminate on December 31, 2016.

24. Confidentiality

The terms and conditions of this Agreement are strictly confidential and are subject to the requirements of Section 39 of the Manufacturing Agreement.

25. Modification/Waivers

No modification, waiver or amendment to this Agreement will be binding upon either Party unless first agreed to in writing by both Parties. A waiver by either Party of any default or breach by the other Party will not be considered as a waiver of any subsequent default or breach of the same or other provisions of this Agreement.

26. Assignment

Except as otherwise permitted in the Manufacturing Agreement, Bottler may not assign this Agreement or any of the rights hereunder or delegate any of its obligations hereunder, without the prior written consent of CCR, and any such attempted assignment will be void. In accordance with this Section 26, Bottler hereby assigns its rights and obligations under this Agreement in whole to its wholly-owned Affiliate, CCBCC Operations, LLC effective immediately following the execution of this Agreement by CCR and Bottler. Notwithstanding the foregoing, Bottler hereby acknowledges and agrees that such assignment does not relieve Bottler of any of its obligations under this Agreement. By execution of this Agreement, CCBCC Operations, LLC accepts the assignment by Bottler of its rights and obligations under this Agreement, and agrees to be bound by and comply with the obligations of Bottler under this Agreement.

27. Relationship of Parties

The Parties are acting under this Agreement as independent contractors. Nothing in this Agreement will create or be construed as creating a partnership, joint venture or agency relationship between the Parties, and no Party will have the authority to bind the other in any respect.

28. Authority

Each Party represents and warrants that it has the full right and authority necessary to enter into this Agreement. Each Party further represents and warrants that all necessary approvals for this Agreement have been obtained, and the person whose signature appears below has the power and authority necessary to execute this Agreement on behalf of the Party indicated.

29. Force Majeure

Neither Party will be liable to the other for any delay or failure to perform fully where such delay or failure is caused by terrorism, acts of public enemy, acts of a sovereign nation or any state or political subdivision, fires, floods or explosions, where such cause is beyond the reasonable control of the affected Party and renders performance commercially impracticable as defined under the Uniform Commercial Code (a "Force Majeure Event").

30. Business Continuity

Bottler will develop and maintain a commercially reasonable business continuity plan.

31. Notices

All notices under this Agreement or the Service Level Agreement by either Party to the other Party must be in writing, delivered by electronic mail and confirmed by overnight delivery, certified or registered mail, return receipt requested, or by overnight courier, and will be deemed to have been duly given when received or when deposited in the United States mail, postage prepaid, addressed as follows:

If to Bottler: The then current address of Bottler as contained in CCR's contractual files

With a copy to: Bottler's Chief Financial Officer or other designated representative, at the above address

If to CCR: One Coca-Cola Plaza
Atlanta, Georgia 30313
Direct: _____
Fax: _____
Attention: Michael Broaders, VP - Logistics

With a copy to: General Counsel, North America Group, at the above address

32. Governing Law

This Agreement and any dispute arising out of or relating to this Agreement will be governed by and construed in accordance with the laws of the State of Georgia, without reference to its conflict of law rules.

33. Entire Agreement

a. This Agreement and the Manufacturing Agreement constitute the final, complete and exclusive written expression of the intentions of the Parties and supersede all previous communications, representations, agreements, promises or statements, either oral or written, by or between either Party concerning the activities described herein.

b. Bottler will not be bound by any provisions in CCR's purchase order(s) or other documents, electronic or otherwise (including counter offers) which propose any terms or conditions in addition to or differing with the terms and conditions set forth in this Agreement, and any such terms and conditions of CCR and any other modification to this Agreement will have no force or effect and will not constitute any part of the terms and conditions of purchase, except to the extent separately and specifically agreed to in writing by Bottler. Bottler's failure to object to provisions contained in CCR's documents will not be deemed a waiver of the terms and conditions set forth in this Agreement, which will constitute the entire agreement between the Parties.

c. CCR will not be bound by any provisions in Bottler's confirmation of acceptance or other documents, electronic or otherwise (including counter offers) which propose any terms or conditions in addition to or differing with the terms and conditions set forth in this Agreement, and any such terms and conditions of Bottler and any other modification to this Agreement will have no force or effect and will not constitute any part of the terms and conditions of purchase, except to the extent separately and specifically agreed to in writing by CCR. CCR's failure to object to provisions contained in Bottler's documents will not be deemed a waiver of the terms and conditions set forth herein, which constitute the entire agreement between the Parties.

d. No amendment, deletion, supplement or change in terms and conditions contained in this Agreement will be binding on either Party unless approved in writing by both Parties.

e. This Agreement will inure to the benefit of and be binding upon each of the Parties and their successors and permitted assigns.

f. In the event of a conflict between this Agreement and the Service Level Agreement, the terms of this Agreement will govern.

g. In the event of a conflict between this Agreement and the Manufacturing Agreement, the Manufacturing Agreement will govern.

[Signature Page Follows]

Agreed to and accepted as of the date indicated below.

Coca-Cola Refreshments USA, Inc.

By: _____

Print Name: _____

Title: _____

[Bottler]

By: _____

Print Name: _____

Title: _____

CCBCC Operations, LLC

By: _____

Print Name: _____

Title: _____

EXHIBIT A

Products and Price

[Note To Draft: At Closing, Exhibit A will list all Finished Product SKUs and all Permitted Beverage Products produced by Bottler, in each case with the applicable price.]

EXHIBIT B

Transfer Price Methodology

1. Purchase Price Variances and material usage variances will be reconciled at year end, except as provided for Trimester Adjustments in Paragraph 2 of this **Exhibit B**. "Purchase Price Variance" means any variance between (i) the Transfer Price established on January 1 (as may be adjusted through Trimester Adjustments), and (ii) the actual costs, including freight, incurred by Bottler to produce the Products during the year. Bottler will provide CCR with an interim report on Purchase Price Variances and material usage variances on a quarterly basis, for informational purposes only, but the reconciliation will occur within 120 days following year end. If the actual **[***]** incurred by Bottler during the year and included in the year-end reconciliation exceed the **[***]** included in the Transfer Price established on January 1, then Bottler will, to the extent permitted by law, provide an explanation for such increase in **[***]** to CCR once the year-end reconciliation results are completed.

2. Transfer Price may be adjusted by Bottler (a "Trimester Adjustment") during the year on May 1 and September 1 (each, a "Trimester Adjustment Date"). If Bottler's costs for any of the components shown in the table below change by more than the amounts indicated in the table below as of a Trimester Adjustment Date, then a Trimester Adjustment will be made in conjunction with the overall EPB national delivered transfer price process:

Component	May 1	September 1
[***]	**[***]**	**[***]**
[***]	**[***]**	**[***]**
[***]	**[***]**	**[***]**

3. If the change in Bottler's costs for a component is within the range specified above on the applicable Trimester Adjustment Date, then no adjustment will be made on the date indicated. If the change in Bottler's costs for a component is outside of the range specified above on the applicable Trimester Adjustment Date, then the adjustment to the Transfer Price will be made and will reflect the full value of the variance for the remaining annual volume in conjunction with the overall EPB national delivered transfer price process. No Trimester Adjustments will be made for any pricing components other than **[***]**. Bottler may, in its discretion, adjust the cost ranges specified in the table above as Expanding Participating Bottler volume produced by Bottler increases.

4. The Transfer Price charged to CCR for each Product under this Agreement **[***]**.

5. Bottler will apply a handling fee to less than full pallet orders, as specified in **Exhibit A**.

6. CCR will pay Bottler a deposit equal to CCR's standard rate, as stated in **Exhibit A**, for shells, pallets, and CO_2 containers (Bottler to maintain ownership of the CO_2 containers), which will be refunded to CCR when returned.

EXHIBIT C

[TBD matrix reflecting current CCR SKU versioning for primary and secondary sourcing locations – Includes Bottler production facilities and applicable CCR distribution centers]

EXHIBIT D

CCR Rolling Replenishment Forecast Form

[TBD]

EXHIBIT E

Innovation SKU Forecast Form

[TBD]

EXHIBIT F

Service Level Agreement

EXHIBIT G

[Commercialization Process]

EXHIBIT H

[Form of Bottler local innovation requests relating to secondary or tertiary packaging]

Schedule 2.16

Related Agreements

1. Interim Finished Goods Supply Agreement.

Schedule 2.17

[***]

[***]

[***]

[***]

[***]

[***]

[***]

[***]

[***]

[***]

[***] – THIS CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

Schedule 9.4

Regional Manufacturing Agreement

See attached.

Regional Manufacturing Agreement

Entered into by The Coca-Cola Company, a Delaware corporation, and _____, a _____ corporation, with Effective Date of _____ __, 20__.

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TABLE OF EXHIBITS

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[***] – THIS CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

Regional Manufacturing Agreement

THIS AGREEMENT IS ENTERED INTO BY THE COCA-COLA COMPANY, A DELAWARE CORPORATION ("COMPANY" _____, A _____ CORPORATION ("BOTTLER").

1. RECITALS

1.1. Company and Bottler (or one or more Affiliates of Bottler) have entered into one or more Comprehensive Beverage Agreement(s) (as may be amended, restated or modified from time to time, "**Bottler's CBA**") authorizing Bottler to market, promote, distribute and sell Covered Beverages and Related Products within specific geographic Territories, subject to the terms and conditions contained in Bottler's CBA. Capitalized terms used in this Agreement will have the meanings ascribed to them in Bottler's CBA, unless a different meaning is ascribed under this Agreement;

1.2. Company manufactures and sells, or authorizes others to manufacture and sell, the Concentrates used to manufacture certain of the Covered Beverages, the formulas for all of which constitute trade secrets owned by Company and which are identified by the Trademarks;

1.3. Company and Bottler acknowledge that the manufacture of such Covered Beverages is subject to strict production standards and applicable regulatory requirements;

1.4. Bottler and Company wish to enter into this Agreement in order to permit Bottler to manufacture, produce and package (collectively, "**manufacture**"), at the Regional Manufacturing Facilities, the Authorized Covered Beverages in Authorized Containers both for (i) distribution and sale by Bottler and its Affiliates for their own account in accordance with Bottler's CBA; and (ii) sale by Bottler and its Affiliates to Company and to certain other U. S. Coca-Cola Bottlers in accordance with this Agreement;

1.5. Bottler has requested an authorization from Company to use the Trademarks in connection with such manufacture of the Authorized Covered Beverages;

1.6. Company is willing to grant the requested authorization to Bottler under the terms and conditions set forth in this Agreement; and

1.7. Company and Bottler are parties to certain pre-existing contracts, some of which are identified in Bottler's *CBA Exhibit D* under which Company has previously authorized Bottler (or one or more Affiliates of Bottler) to manufacture in certain authorized containers, and market, promote, distribute and sell, Coca-Cola and other beverages marketed under Company's trademarks. All such pre-existing contracts are amended, restated and superseded by this Agreement and Bottler's CBA, as of the Effective Date, to the extent provided in **Section 32**.

COMPANY AND BOTTLER AGREE AS FOLLOWS:

2. DEFINITIONS

2.1. **"Agreement"** means this Regional Manufacturing Agreement between Bottler and Company, as amended from time to time.

2.2. **"Authorized Containers"** means containers of certain types, sizes, shapes and other distinguishing characteristics that Company from time to time approves in its sole discretion, subject to **Section 12.9**, for use by all Regional Producing Bottlers in manufacturing Authorized Covered Beverages. A list of Authorized Containers for each Authorized Covered Beverage will be provided by Company to Bottler, which list may be amended by additions, deletions or modifications by Company from time to time in its sole discretion.

2.3. **"Authorized Covered Beverages"** means the Covered Beverages identified on **Exhibit B**, that all Regional Producing Bottlers are authorized to manufacture in Authorized Containers at their respective regional manufacturing facilities, which Exhibit will be deemed automatically amended to add any Covered Beverage that Company hereafter authorizes for concentrate-based, cold-fill manufacturing by any U.S. Coca-Cola Bottler, and which may otherwise be updated from time to time as mutually agreed by Company and the NPSG. For purposes hereof, cold-fill manufacturing means the process of manufacturing beverages in which the product is chilled, or equal to or less than ambient temperature, at time of filling and packaging. **[Note to Draft: Authorization to manufacture Incubation Beverages and fountain syrups to be covered under separate agreements.]**

2.4. **"Company Owned Manufacturer"** means any Affiliate or operating unit of Company located in the United States that manufactures any of the Authorized Covered Beverages for distribution or sale within the United States.

2.5. **"Concentrates"** means the concentrates and/or beverage bases used to manufacture the Authorized Covered Beverages, the formulas for all of which constitute trade secrets owned by Company and which are identified by the applicable Trademarks.

2.6. **"Effective Date"** means _____.

2.7. **"Expanding Participating Bottler"** has the meaning ascribed to that term under the Comprehensive Beverage Agreement.

2.8. **"Finished Goods Supply Agreement"**: **[Note to Draft: Definitions to be updated as necessary as a result of impact of conversion of Bottler's legacy territory. Parties to discuss attaching NPSG Finished Goods Supply Agreement and Regiona Finished Goods Supply Agreement as Exhibit C when finalized.]**

2.8.1. **"NPSG Finished Goods Supply Agreement"** means **[the form of finished goods supply agreement to be mutually agreed by Company and Bottler, that will provide, among other things, that Bottler's pricing to other Regional Producing Bottlers will be calculated by Bottler in accordance with the pricing formula set**

forth in Section 4.1.2 hereof, which has been determined unilaterally by Company in a manner that supports and enables [***], and to strengthen the competitiveness of the Coca-Cola finished goods production system.]

2.8.2. **"Regional Finished Goods Supply Agreement"**means **[the form of finished goods supply agreement to be mutually agreed by Company and Bottler, that will provide, among other things, that Bottler's pricing to Expanding Participating Bottlers and Participating Bottlers will, at Company's election, be either:**

2.8.2.1. **[a price calculated by Bottler in accordance with the pricing formula set forth in Section 4.1.3.1 hereof, which has been determined unilaterally by Company in a manner that supports and enables [***], and to strengthen the competitiveness of the Coca-Cola finished goods production system;]**

2.8.2.2. **[***], and to strengthen the competitiveness of the Coca-Cola finished goods production system.]**

2.9. **"National Product Supply Group"**or **"NPSG"**means The Coca-Cola System National Product Supply Group, as described more fully in the National Product Supply System Governance Agreement.

2.10. **"National Product Supply Group Board"** or **"NPSG Board"** means The Coca-Cola System National Product Supply Group Governance Board, the governing body for the Coca-Cola National Product Supply Group consisting of representatives of Company and all Regional Producing Bottlers, as described more fully in the National Product Supply System Governance Agreement between Bottler, certain other Regional Producing Bottlers and Company dated as of _____, 20__.

2.11. **"Participating Bottler"** means any U.S. Coca-Cola Bottler that is not a Regional Producing Bottler or an Expanding Participating Bottler that is party to a Comprehensive Beverage Agreement with Company.

2.12. **"Recipient Bottler"** means the U.S Coca-Cola Bottlers which Bottler is authorized pursuant to this Agreement to supply with Authorized Covered Beverages manufactured by Bottler.

2.13. **"Regional Manufacturing Facilities"** means the manufacturing facilities owned and operated by Bottler and listed on **Exhibit A**, which Exhibit will be deemed automatically amended to add any manufacturing facility acquired or built by Bottler after the Effective Date with the approval of the NPSG, and, subject to the requirements of National Product Supply System Governance Agreement, may otherwise be updated from time to time as mutually agreed by Company and Bottler.

2.14. **"Regional Producing Bottler"**means (i) Bottler; (ii) any other Expanding Participating Bottler that is a member of the NPSG that Company has authorized to manufacture Authorized Covered Beverages in accordance with a regional manufacturing authorization agreement with

terms and conditions that are substantially similar to those of this Agreement (or that are substantially similar to the form of regional manufacturing authorization agreement the parties previously entered into); and (iii) a Company Owned Manufacturer that is a member of the National Product Supply Group.

2.15. **[Reserved.]**

2.16. "**Related Agreement**" means any agreement identified on **Schedule 2.16** between Company and any of Company's Affiliates and Bottler and any of Bottler's Affiliates relating to the manufacturing of Authorized Covered Beverages.

2.17. **[***]**

2.18. **[***]**

3. AUTHORIZATION FOR BOTTLER TO PURCHASE CONCENTRATES AND TO MANUFACTURE AUTHORIZED COVERED BEVERAGES

3.1. Company appoints Bottler as an authorized purchaser of the Concentrates for the purpose of manufacture of the Authorized Covered Beverages in Authorized Containers at the Regional Manufacturing Facilities. Except as otherwise mutually agreed in writing by Company and Bottler, Company shall not appoint, and shall not consent to any appointment by Coca-Cola Refreshments USA, Inc. or any of its other Affiliates of, any other Person as an authorized purchaser of the Concentrates for the purposes of manufacture, packaging and distribution of such Authorized Covered Beverages in Authorized Containers for sale in Bottler's First Line Territory or in Bottler's Sub-Bottling Territory, respectively.

3.2. Bottler will purchase its entire requirements of Concentrates for such Authorized Covered Beverages exclusively from Company and will not use any other syrup, beverage base, concentrate or other ingredient not specified by Company in the manufacture of Authorized Covered Beverages.

4. AUTHORIZATION FOR BOTTLER TO SELL AND SUPPLY AUTHORIZED COVERED BEVERAGES [NOTE to Draft: Section 4 to be updated as necessary as a result of conversion of Bottler's legacy territory.]

4.1. With the objective of ensuring that U.S. Coca-Cola Bottlers are able to acquire finished goods from Regional Producing Bottlers at a price that enables the Coca-Cola Bottler System to be highly competitive in the marketplace, Company authorizes Bottler to sell and supply Authorized Covered Beverages manufactured by Bottler:

4.1.1. To other Regional Producing Bottlers at the price specified in this **Section 4.1.1** in accordance with the terms and conditions of the NPSG Finished Goods Supply Agreement:

4.1.1.1. For calendar year 2017, the price shall be **[***]**.

4.1.1.2. For calendar year 2018 and thereafter, the price shall be **[***]**.

4.1.2. To Expanding Participating Bottlers and Participating Bottlers at the price specified in this **Section 4.1.2** and in accordance with the terms and conditions of the Regional Finished Goods Supply Agreement:

4.1.2.1. Unless **[***]**, the price shall be:

4.1.2.1.1. For calendar year 2017, **[***]**.

4.1.2.1.2. For calendar year 2018 and thereafter, **[***]**.

4.1.2.2. **[***]**, and to strengthen the competitiveness of the Coca-Cola finished goods production system.

4.2. Company authorizes Bottler to sell and supply Authorized Covered Beverages manufactured by Bottler to Company, and Bottler agrees to sell to Company Authorized Covered Beverages, at a price equivalent to **[***]**, in quantities sufficient to enable Company to satisfy demand of U.S. Coca-Cola Bottlers that are not Regional Producing Bottlers, Expanding Participating Bottlers or Participating Bottlers in accordance with sourcing plans developed by the NPSG from time to time.

4.3. Upon Company's request, Bottler agrees to advise Company, in accordance with written instructions issued by Company from time to time, of the amount of the Authorized Covered Beverages in Authorized Containers that are manufactured and sold by Bottler to Company, and, as applicable, to each Regional Producing Bottler, Expanding Participating Bottler and Participating Bottler; provided, however, that Bottler will not be required to provide Company with duplicate copies of any such information provided to the NPSG that expressly directs the NPSG to provide such information to Company.

5. COMPANY AND BOTTLER RIGHTS AND OBLIGATIONS REGARDING THE TRADEMARKS

5.1. Bottler acknowledges and agrees that Company is the sole and exclusive owner of all rights, title and interest in and to the Trademarks. Company has the unrestricted right, in its sole discretion, to use the Trademarks on the Authorized Covered Beverages and on all other products and merchandise, to determine which Trademarks will be used on which Authorized Covered Beverages, and to determine how the Trademarks will be displayed and used on and in connection with the Authorized Covered Beverages. Bottler agrees not to dispute the validity of the Trademarks or their exclusive ownership by Company either during the Term or thereafter, notwithstanding any applicable doctrines of licensee estoppel.

5.2. Company grants to Bottler only a nonexclusive, royalty-free license to use the Trademarks in connection with the manufacture of the Authorized Covered Beverages in Authorized

Containers at the Regional Manufacturing Facilities and in connection with the sale of such Authorized Covered Beverages to Recipient Bottlers and Company as provided in this Agreement, and in accordance with standards adopted and issued by Company from time to time, and made available to Bottler through written, electronic, on-line or other form or media, subject to the rights reserved to Company under this Agreement.

5.3. Nothing in this Agreement, nor any act or failure to act by Bottler or Company, will give Bottler any proprietary or ownership interest of any kind in the Trademarks or in the goodwill associated therewith.

5.4. Bottler acknowledges and agrees that, as between Company and Bottler, all use by Bottler of the Trademarks will inure to the benefit of Company.

5.5. Except as provided in Bottler's CBA or as otherwise authorized by Company in writing, Bottler must not adopt or use any name, corporate name, trading name, title of establishment or other commercial designation or logo that includes the words "Coca-Cola", "Coca", "Cola", "Coke", or any of them, or any word, name or designation that is confusingly similar to any of them, or any graphic or visual representation of the Trademarks or any other Trademark or intellectual property owned by Company, without the prior written consent of Company, which consent will not be unreasonably withheld and will be contingent on Bottler's compliance with Bottler's CBA and this Agreement.

5.6. Bottler recognizes that the uniform external appearance of the Trademarks on primary and secondary packaging and on equipment and materials used under this Agreement is important to the Trademarks, the successful marketing of the Covered Beverages, and the Coca-Cola system.

5.6.1. Bottler agrees, to the extent such Trademarks are utilized by Bottler in connection with the manufacture of Authorized Covered Beverages, to accept and, within a reasonable time, apply, any new or modified standards adopted and issued from time to time by Company that are generally applicable, and made available to Bottler for the design and decoration of trucks and other delivery vehicles, packaging materials, cases, cartons, and other materials and equipment that bear such Trademarks.

5.6.2. If Company changes such standards, the new standards will apply to all such assets acquired by Bottler following receipt of Notice of the change in standards to the extent Bottler uses the Trademarks on such assets, and will be applied to such existing assets in the normal course of Bottler's business (*e.g.,* trucks would be repainted consistent with normal maintenance cycles).

6. REFORMULATION AND DISCONTINUATION OF THE CONCENTRATES

6.1. Company has the sole and exclusive right and discretion to reformulate any of the Concentrates.

6.2. Company has the right to discontinue any Concentrates for any Authorized Covered Beverage that is discontinued or Transferred in accordance with the terms of Bottler's CBA.

7. TERRITORIAL LIMITATIONS AND TRANSSHIPPING

7.1. Company and Bottler hereby agree that, notwithstanding the provisions of *Section 10* of Bottler's CBA, Bottler may supply Authorized Covered Beverages in Authorized Containers to Recipient Bottlers in accordance with **Section 4** for distribution by such Recipient Bottlers in their respective territories in accordance with their respective Comprehensive Beverage Agreement(s) or other agreements with Company.

7.2. Bottler agrees not to sell, distribute or otherwise transfer any Authorized Covered Beverage except, (i) distribution and sale in Bottler's (or any one or more of its Affiliates') Territories in accordance with Bottler's CBA, and (ii) sales of Authorized Covered Beverages in Authorized Containers to Recipient Bottlers or Company in accordance with **Section 4**.

8. ACQUIRED MANUFACTURING RIGHTS

8.1. If, after the Effective Date, Bottler acquires from another U.S. Coca-Cola Bottler the right to manufacture any of the Authorized Covered Beverages, then, unless otherwise agreed in writing by Company and Bottler, such manufacturing rights will automatically be deemed covered under this Agreement for all purposes and **Exhibit A** will be deemed automatically amended to add any manufacturing facilities acquired in such acquisition to the list of Regional Manufacturing Facilities identified in **Exhibit A**, and any separate agreement that may exist concerning such manufacturing rights will be deemed amended, restated and superseded by this Agreement.

8.2. The parties agree to cooperate in taking such other actions as may reasonably be required to further document any amendments and modifications resulting from the application of **Section 8.1** to Bottler's acquisition of manufacturing rights from another U.S. Coca-Cola Bottler.

9. EFFECT OF NEW OR AMENDED MANUFACTURING AGREEMENTS WITH OTHER REGIONAL PRODUCING BOTTLERS

9.1. If Company or a Company Affiliate on or after **[Note to Draft: insert effective date of initial Regional Manufacturing Agreement]** (a) enters into a new authorization agreement to manufacture all or substantially all Authorized Covered Beverages in territories in the United States of America with another Regional Producing Bottler (other than a Company Owned Distributor) that is more favorable to such other Regional Producing Bottler than the terms and conditions of this Agreement in any material respect, or (b) agrees to an amendment of the terms of a regional manufacturing agreement or other similar agreement authorizing manufacture of all or substantially all Authorized Covered Beverages in territories in the United States with another Regional Producing Bottler (other than a Company Owned Distributor) that is more favorable to such other Regional Producing Bottler than the terms and conditions of this Agreement in any material respect, then Company will offer such other new agreement or amended agreement, as the case may be (a "**New Agreement**"), in its entirety, to Bottler. If the New Agreement relates to less than all of the Authorized Covered Beverages, then the New Agreement offered to Bottler under this **Section 9.1** will cover only those Authorized Covered Beverages covered by the New Agreement.

9.2. The foregoing obligation will not apply to any consent, waiver or approval provided under this Agreement or under any agreement held by another Regional Producing Bottler; provided, however, that Company will not waive or otherwise enter into any agreement with any other Regional Producing Bottler that limits (a) the requirement set forth in **Section 14.1** or any equivalent requirement under any Regional Manufacturing Agreement held by another Regional Producing Bottler or (b) the requirement set forth in **Section 14.3.1** or any equivalent requirement under any Regional Manufacturing Agreement held by another Regional Producing Bottler.

9.3. Nothing in this **Section 9** will affect (a) Company's obligation under **Section 15.2** or (b) Company's agreement that the list of Covered Beverages identified on **Exhibit B** will be the same for all Regional Producing Bottlers.

9.4. The parties agree to cooperate in taking such other actions as may reasonably be required to further document any amendments and modifications resulting from the provisions of this **Section 9**.

10. OBLIGATIONS OF BOTTLER AS TO MANUFACTURE OF OTHER BEVERAGE PRODUCTS

10.1. Bottler covenants and agrees (subject to any requirements imposed upon Bottler under applicable law) not to manufacture any Beverage, Beverage Component, or other beverage product except for:

10.1.1. Authorized Covered Beverages, subject to the terms and conditions of this Agreement and any Related Agreement;

10.1.2. Beverages (including Incubation Beverages), Beverage Components and other beverage products, if and to the extent (a) authorized under any separate written agreement with Company or any of Company's Affiliates, or (b) otherwise requested by Company or any of its Affiliates;

10.1.3. Permitted Beverage Products distributed by Bottler or its Affiliates for their own account, subject to the terms and conditions of Bottler's or Bottler Affiliate's CBA;

10.1.4. Beverages, Beverage Components and other beverage products manufactured by Bottler under license from a third party brand owner and supplied by Bottler to a Recipient Bottler, subject to the terms and conditions of the Recipient Bottler's CBA or other bottling and distribution agreements between Company and Recipient Bottler; provided that Bottler will not supply any such Beverage, Beverage Component or other beverage product to any Recipient Bottler if Company provides Bottler with Notice that such Beverage, Beverage Component or other beverage product is not a Permitted Beverage Product under such Recipient Bottler's CBA (or that is prohibited by other bottling and distribution agreements between Company and Recipient Bottler); provided, further, that Bottler's supply of any Beverage, Beverage Component or other beverage product to a Recipient Bottler that is not a Permitted Beverage Product under such Recipient Bottler's CBA (or that is prohibited by other bottling and distribution agreements between Company and Recipient Bottler) will not be a breach of this **Section 10.1.4** unless Company provides Bottler with such Notice and Bottler continues to supply such Beverage to such Recipient Bottler thereafter in violation of such Notice;

10.1.5. Beverages, Beverage Components and other beverage products manufactured by Bottler under license from a third party brand owner and supplied by Bottler to another U.S. Coca-Cola Bottler as of the Effective Date, as specified on **Schedule 10.1.5**; and **[Note to Draft: Bottler to provide Company with list of such Beverages produced for each recipient U.S. Coca-Cola Bottler; Company to confirm that any such U.S. Coca-Cola Bottle is permitted to distribute any such Beverage to under such bottler's agreements with Company.**

10.1.6. Beverages, Beverage Components and other beverage products, not otherwise permitted under **Sections 10.1.3, 10.1.4**, or **10.1.5**, manufactured by Bottler under license from a third party brand owner with Company's prior written consent, which consent will not be unreasonably withheld and will be specified on **Schedule 10.1.5**. **[Note to Draft: Bottler to provide Company with list of such Beverages produced for each recipient for Company's consideration in developing initial Schedule 10.1.5.]**

10.2. Notwithstanding anything in **Section 10.1** to the contrary, if the NPSG reasonably determines during product supply system sourcing plan development routines that Bottler should supply any Beverage manufactured by Bottler under license from a third party brand owner to certain Recipient Bottlers and/or certain other Regional Producing Bottlers in order to optimize the location for production of such Beverages, then Bottler may do so on a temporary basis as

reasonably determined by the NPSG (but in any event not to exceed one hundred eighty (180) days).

11. WARRANTIES OF COMPANY RELATING TO MANUFACTURE AND QUALITY OF THE CONCENTRATE

Company agrees and warrants that the Concentrates supplied to Bottler, as well as Company's package designs and design specifications of packages and labels authorized by Company for use on Authorized Covered Beverages, shall comply with all food, labeling, health, packaging and all other applicable laws, including the Federal Food, Drug and Cosmetic Act, as amended (the "**Act**"), and regulations, and when supplied to Bottler will not be adulterated, contaminated, or misbranded within the meaning of the Act or any other federal, state or local law, rule or regulation applicable thereto.

12. OBLIGATIONS AND WARRANTIES OF BOTTLER RELATING TO MANUFACTURE AND QUALITY OF THE AUTHORIZED BEVERAGES

12.1. Bottler agrees and warrants that Bottler's handling and storage of the Concentrates and Bottler's manufacture, handling, storage, transportation and delivery of the Authorized Covered Beverages, including any Authorized Covered Beverages supplied to Company or any Recipient Bottler, will at all times and in all events:

12.1.1. be accomplished in accordance with the product, package and equipment quality; food safety; workplace safety; and environmental sustainability standards, requirements and instructions reasonably established and routinely communicated in writing, including through electronic systems and media, by Company to Bottler from time to time (collectively "**Technical Requirements**"); and

12.1.2. comply with all food, labeling, health, packaging, environmental, safety, sanitation and all other applicable laws, rules, orders, regulations and requirements of any federal, state, city, county or other local government, including any law, statute, ordinance, rule regulation, order, determination, restrictive covenant or deed restriction that regulates the use, generation, disposal, release, storage or presence at the Regional Manufacturing Facilities of substances based upon corrosiveness, toxicity, carcinogenic properties, radioactivity, environmentally hazardous or similar characteristics.

12.2. The Technical Requirements as of the Effective Date are identified on **Schedule 12.2**, which schedule will be updated by Company from time to time following discussion with the NPSG and Notice to each Regional Producing Bottler (including any Company Owned Manufacturers).

12.2.1. Company agrees that all Regional Producing Bottlers will be required to comply with same Technical Requirements; provided, however, that (i) Company may make limited exceptions in application or enforcement where necessary to prevent undue hardship for a Regional Producing Bottler, which exceptions shall not in any way be deemed to modify the Technical Requirements and (ii) this **Section 12.2.1** shall not in any way effect, limit, or modify any of Bottler's or Company's respective rights and obligations under this Agreement, including Bottler's obligations under **Section 12.1**.

12.3. Bottler represents, warrants and covenants that Bottler possesses, or will possess, prior to the manufacture of the Authorized Covered Beverages, and will maintain during the Term, such plant or plants, machinery and equipment, qualified technical personnel and trained staff as are capable of manufacturing the Authorized Covered Beverages in Authorized Containers in accordance with this Agreement and in sufficient quantities to meet fully the demand for the Authorized Covered Beverages in Authorized Containers by Bottler in the Territory in accordance with sourcing plans developed by the NPSG from time to time.

12.4. Bottler agrees to use commercially reasonable efforts to meet fully the demand for the Authorized Covered Beverages in Authorized Containers from Recipient Bottlers in accordance with sourcing plans developed by the NPSG from time to time.

12.5. Bottler recognizes that increases in the demand for the Authorized Covered Beverages, as well as changes in the list of Authorized Containers, may, from time to time, require adaptation of its existing manufacturing or packaging equipment or the purchase of additional manufacturing or packaging equipment. Bottler agrees to use commercially reasonable efforts to make such modifications and adaptations as necessary and to purchase and install such equipment, in time to permit the introduction and manufacture of sufficient quantities of the Authorized Covered Beverages in Authorized Containers**,** to satisfy fully the demand for the Authorized Covered Beverages in Authorized Containers in the Territory and to fulfill Bottler's supply obligations, if any, to Recipient Bottlers, in each case in accordance with sourcing plans developed by the NPSG from time to time.

12.6. As of the date the Authorized Covered Beverages in Authorized Containers are shipped by Bottler, the Authorized Covered Beverages manufactured by Bottler will meet the Technical Requirements and will comply with all applicable laws; provided, however, that Bottler will not be responsible for any failure to comply with the Technical Requirements or applicable laws to the extent such failure results from the content or design of labels authorized by Company for use on Authorized Covered Beverages**.**

12.7. Bottler, in accordance with such instructions as may be given from time to time by Company, will submit to Company, at Bottler's expense, samples of the Authorized Covered Beverages and the raw materials used in the manufacture of the Authorized Covered Beverages. Bottler will permit representatives of Company to have access to the premises of Bottler during ordinary business hours to inspect the plant, equipment, and methods used by Bottler in order to ascertain whether Bottler is complying with the terms of this **Section 12**, including whether Bottler is complying strictly with the Technical Requirements with respect to the manufacturing, handling and storage of the Authorized Covered Beverages. Bottler will also provide Company with all the information regarding Bottler's compliance with the terms of this **Section 12**, as Company may reasonably request from time to time.

12.8. Bottler is authorized to use only Authorized Containers in the manufacture of the Authorized Covered Beverages, and will use only such Authorized Containers, closures, cases, cartons and other packages and labels as will be authorized from time to time by

Company for Bottler and will purchase such items only from manufacturers approved by Company, which approval will not be unreasonably withheld.

12.8.1. Company will approve three (3) or more manufacturers of such items, if in the reasonable opinion of Company, there are three (3) or more manufacturers who are capable of producing such items to be fully suitable for the purpose intended and in accordance with the high quality standards and image of excellence of the Trademarks and the Authorized Covered Beverages.

12.8.2. Such approval by Company does not relieve Bottler of Bottler's independent responsibility to assure that the Authorized Containers, closures, cases, cartons and other packages and labels purchased by Bottler are suitable for the purpose intended, and in accordance with the good reputation and image of excellence of the Trademarks and Covered Beverages (it being understood and agreed, however, that Bottler will not be responsible for the review or inspection of the content or design of labels authorized by Company for use on Authorized Covered Beverages).

12.9. Company reserves the right to withdraw from time to time its approval of any of the Authorized Containers upon six (6) months' prior Notice to Bottler, and, in such event, the repurchase provisions of **Section 24.1.2** will apply to such containers so disapproved that are owned by Bottler. Company will exercise its right to approve, and to withdraw its approval of, specific Authorized Containers in good faith and after consultation with Bottler so as to permit Bottler to continue to satisfy the demand in Bottler's Territory as a whole for Authorized Covered Beverages.

12.10. Bottler will use commercially reasonable efforts to maintain at all times a stock of, or have entered into other alternate supply arrangements to obtain, Authorized Containers, closures, labels, cases, cartons, and other essential related materials bearing the Trademarks, sufficient to satisfy fully the demand for Authorized Covered Beverages in Authorized Containers in Bottler's Territory and to fulfill Bottler's supply obligations, if any, to Recipient Bottlers, in each case in accordance with sourcing plans developed by the NPSG from time to time, and Bottler will not use or authorize any other Person to use Authorized Containers, or such closures, labels, cases, cartons and other materials, if they bear the Trademarks or contain any Beverages, for any purpose other than the packaging of the Authorized Covered Beverages.

12.11. Bottler agrees not to refill or otherwise reuse nonreturnable containers.

12.12. The parties acknowledge that Bottler makes the representations, warranties and agreements set forth in this **Section 12** in reliance on Company's warranty in **Section 11**.

13. OBLIGATIONS OF COMPANY AND BOTTLER RELATING TO RECALL OF AUTHORIZED COVERED BEVERAGES

13.1. If Company determines or becomes aware of the existence of any quality or technical problems relating to any Authorized Covered Beverages, or any package used for such Authorized Covered Beverage, in Bottler's Territory, Company will immediately notify Bottler by telephone, facsimile, e-mail or any other form of immediate communication. This notification will include, to the extent available to Company, (a) the identity and

quantities of Authorized Covered Beverages involved, including the specific packages, (b) coding data, and (c) all other relevant data that will assist in tracing such Authorized Covered Beverages.

13.1.1. Company may require Bottler to take all necessary action to recall all of such Authorized Covered Beverages, or any package used for such Authorized Covered, or withdraw immediately such Authorized Covered Beverages from the market or the trade, as the case may be.

13.1.2. Company will notify Bottler by telephone, facsimile, e-mail or any other form of immediate communication of the decision by Company to require Bottler to recall Authorized Covered Beverages or withdraw such Authorized Covered Beverages from the market or trade.

13.2. If Bottler determines or becomes aware of the existence of quality or technical problems relating to Authorized Covered Beverages, then Bottler must immediately notify Company by telephone, e-mail or any other form of immediate communication. This notification must include: (a) the identity and quantities of Authorized Covered Beverages involved, including the specific packages, (b) coding data, and (c) all other relevant data that will assist in tracing such Authorized Covered Beverages.

13.3. In the event of a withdrawal or recall of any Authorized Covered Beverage or any package used for such Authorized Covered Beverage, that was produced by Bottler and sold to a Recipient Bottler, Bottler will use its commercially reasonable efforts to respond promptly and fairly if a claim is made by a Recipient Bottler as a result of any such withdrawal or recall.

13.4. If any withdrawal or recall of any Authorized Covered Beverage or any of the packages used therefor is caused by (i) quality or technical defects in the Concentrates, or other materials prepared by Company from which the product involved was prepared by Bottler, or (ii) quality or technical defects in Company's designs and design specifications of packages and labels authorized by Company for use on Authorized Covered Beverages (and specifically excluding designs and specifications of other parties and the failure of other parties to manufacture packages in strict conformity with the designs and specifications of Company), Company will reimburse Bottler for Bottler's total reasonable expenses incident to such withdrawal or recall, including any payment made by Bottler to a Recipient Bottler in connection with the specific withdrawal or recall.

13.5. Conversely, if any withdrawal or recall is caused by Bottler's failure to comply with the Technical Requirements or any applicable laws, rules and regulations (it being understood and agreed that Bottler will not be responsible for any failure to comply with the Technical Requirements or applicable laws to the extent such failure results from the content or design of labels authorized by Company for use on Authorized Covered Beverages), Bottler will bear its total expenses of such withdrawal or recall and reimburse Company for Company's total reasonable expenses incident to such withdrawal or recall.

14. OBLIGATIONS OF BOTTLER RELATING TO MANUFACTURE OF AUTHORIZED COVERED BEVERAGES, SYSTEM GOVERN INVESTMENT, MANAGEMENT, REPORTING AND PLANNING ACTIVITIES

14.1. Bottler will participate fully in, and comply fully with, the requirements and programs established from time to time by the NPSG Board; provided, however, that Bottler will not be required to engage in conduct that would result in breach of this Agreement, Bottler's CBA, or any other agreements between Company and Bottler.

14.2. Bottler will provide competent and well-trained management and recruit, train, maintain and direct all personnel as required to perform all of Bottler's obligations under this Agreement, and, in accordance with any requirements imposed upon Bottler under applicable laws, consult with Company, as applicable, before hiring a new Chief Executive Officer, senior operating officer, senior financial officer, senior product supply or manufacturing officer, or senior commercial officer of Bottler; provided however, that Company's consent will not be required with respect to such hiring decisions made by Bottler.

14.3. Company and Bottler hereby agree that:

14.3.1. Notwithstanding any provision of Bottler's CBA to the contrary regarding minimum capital expenditures, Bottler shall make capital expenditures (as defined under generally accepted accounting principles in force in the United States of America or in any successor set of accounting principles that may then be in effect), in Bottler's business of marketing, promoting, distributing, selling and manufacturing Covered Beverages in Bottler's Territory, in sufficient amounts such that, when taken together with the capital expenditures required under *Section 14.5* of Bottler's CBA, Bottler's aggregate capital expenditures with respect to such business shall equal the greater of (a) two and one/half percent (2.5%) of Bottler's Annual Net Revenue related to the manufacture, distribution and sale of Covered Beverages over each rolling five-calendar year period during the Term, or (b) such other amount as reasonably required for Bottler to comply with its obligations under Bottler's CBA and this Agreement. Such capital expenditures will be for the organization, installation, operation, maintenance and replacement within Bottler's Territory of such manufacturing, warehousing, distribution, delivery, transportation, vending equipment, merchandising equipment, and other facilities, infrastructure, assets, and equipment. For the avoidance of doubt, any capital expenditures related to Strategic Infrastructure Planning projects approved by the NPSG Board are separate from, and in addition to, the capital expenditures described in this paragraph.

14.3.2. For this purpose, capital expenditures will be calculated on a cash (rather than accrual) basis (i.e., it will be assumed that all such capitalized expenditures are expensed in the year made rather than capitalized and amortized).

14.4. Bottler will maintain the consolidated financial capacity reasonably necessary to assure that Bottler and all Bottler Affiliates will be financially able to perform their respective duties and obligations under this Agreement.

14.5. Upon Company's request, Bottler will provide to Company each year and review with Company an annual and long range operating plan and budget for Bottler's business of manufacturing Authorized Covered Beverages, including financials and capital investment budgets, and, if requested by Company, discuss changes in general

management and senior management of Bottler's manufacturing business, except to the extent otherwise prohibited by applicable law.

14.6. Bottler will:

14.6.1. Maintain accurate books, accounts and records relating to the purchasing of Concentrate and the manufacture of Authorized Covered Beverages under this Agreement; and

14.6.2. Upon Company's request, provide to Company such operational, financial, accounting, forecasting, planning and other information, including audited and unaudited detail of cost of goods sold and sales volume for Authorized Covered Beverages to the extent, in the form and manner, as permitted by applicable law and at such times as reasonably required (a) by Company to determine whether Bottler is performing its obligations under this Agreement; (b) by Company to calculate finished goods pricing under the NPSG Finished Goods Supply Agreement or Regional Finished Goods Supply Agreement and (c) by the NPSG Board for the purpose of implementing, administering, and operating the NPSG, subject to appropriate regulatory firewalls ((a), (b), and (c) collectively, the "**Financial Information**"); provided, however, that Bottler will not be required to provide Company with duplicate copies of any compilation of Financial Information provided to the NPSG that expressly directs the NPSG to provide such compilation to Company.**]**

14.7. The parties recognize that the Financial Information is critical to the ability of Company and the NPSG to maintain, promote, and safeguard the overall performance, efficiency, integrity, and competitiveness of the product supply system for Authorized Covered Beverages.

14.8. Company will hold the Financial Information provided by Bottler in accordance with the confidentiality provisions of Section 39 and will not use such information for any purpose other than determining compliance with this Agreement, to calculate finished goods pricing under the NPSG Finished Goods Supply Agreement or Regional Finished Goods Supply Agreement or as necessary to provide to the NPSG, subject to appropriate regulatory firewalls, for the purpose of facilitating the NPSG's execution of operational responsibilities such as infrastructure optimization, national sourcing and strategic initiative decisions.

15. PRICING AND OTHER CONDITIONS OF PURCHASE AND SALE OF CONCENTRATES

15.1. Subject to Section 15.2, Company reserves the right to establish and to revise at any time, in its sole discretion, the price of any of the Concentrates, the terms of payment, and the other terms and conditions of supply, any such revision to be effective immediately upon Notice to Bottler. Bottler acknowledges that information related to pricing of Company's Concentrates is confidential and will be maintained as such in accordance with **Section 39**.

15.2. If Company exercises its discretion under Section 15.1, the "price" charged by Company or its Affiliate for any of the Concentrates will be the same as the "price" charged by Company or its Affiliate for such Concentrate, the terms of payment and other terms

and conditions of supply will be the same as those applied by Company for such Concentrates, to each other Regional Producing Bottler (other than a Company Owned Manufacturer) in the United States.

15.3. Bottler will purchase from Company only such quantities of the Concentrates as will be necessary and sufficient to carry out Bottler's obligations under this Agreement. Bottler will use the Concentrates exclusively for its manufacture of the Authorized Covered Beverages. Bottler will not sell or otherwise transfer any Concentrates or permit the same to get into the hands of third parties.

16. OWNERSHIP AND CONTROL OF BOTTLER

16.1. Bottler hereby acknowledges the personal nature of Bottler's obligations under this Agreement, including with respect to the performance standards applicable to Bottler, the dependence of the Trademarks on proper quality control, and the confidentiality required for protection of Company's trade secrets and confidential information.

16.2. Bottler represents and warrants to Company that, prior to execution of this Agreement, Bottler has made available to Company a complete and accurate list of Persons that own more than five percent (5%) of the outstanding securities of Bottler, and/or of any third parties having a right to, or effective power of, control or management of Bottler (whether through contract or otherwise).

16.3. Except as otherwise permitted under Bottler's CBA, Bottler covenants and agrees:

16.3.1. To inform Company without delay of any changes in the record ownership (or, if known to Bottler, any change in the Beneficial Ownership) of more than ten percent (10%) of the shares of Bottler's outstanding equity interests in a transaction or series of related transactions, provided, that if Bottler is subject to the disclosure and reporting requirements of the Securities Exchange Act of 1934, as amended, this **Section 16.3.1** shall not apply;

16.3.2. To inform Company without delay if a Change of Control occurs with respect to Bottler; and

16.3.3. Not to change its legal form of organization without first obtaining the written consent of Company, which consent will not be unreasonably withheld, conditioned or delayed. It is understood and agreed that Company will not withhold its consent unless the change in legal form could reasonably be expected to affect Bottler's obligations under this Agreement. For this purpose, (a) the making of an election to be taxed as a Subchapter S corporation for federal income tax purposes, or termination of such an election, and/or (b) reincorporation in another state within the United States of America, will not be considered a change in Bottler's legal form of organization and will not require Company's consent.

16.4. Bottler acknowledges that Company has a vested and legitimate interest in maintaining, promoting and safeguarding the overall performance, efficiency and integrity of Company's bottling, distribution and sales system. Bottler therefore covenants and agrees:

16.4.1. Except as otherwise permitted by Bottler's CBA, not to assign, transfer or pledge this Agreement or any interest herein, in whole or in part, whether voluntarily, involuntarily, or by operation of law (including by merger or liquidation), or sublicense its rights under this Agreement, in whole or in part, to any third party or parties, without the prior written consent of Company; and

16.4.2. Not to delegate any material element of Bottler's performance under this Agreement, in whole or in part, to any third party or parties without the prior written consent of Company.

16.5. Notwithstanding **Section 16.4**, the following shall be expressly permitted hereunder:

16.5.1. Bottler may, after Notice to Company, assign, transfer or pledge this Agreement or any interest herein, in whole or in part, or delegate any material element of Bottler's performance of this Agreement, in whole or in part, to any wholly-owned Affiliate of Bottler; provided that (a) any such Affiliate must agree in writing to be bound by and comply with the terms and conditions of this Agreement, and (b) any such assignment, transfer, pledge or delegation will not relieve Bottler of any of its obligations under this Agreement; and

16.5.2. Bottler may engage third party contractors and service providers for the purpose of receiving services relating to non-core functions (*e.g.*, back-office administrative services, human resources, payroll, information technology services and similar services); provided that (a) Bottler will retain full responsibility to Company for all of Bottler's obligations under this Agreement; and (b) Bottler may not subcontract core functions (*i.e.*, manufacturing, market and customer-facing functions) without the prior written consent of Company.

16.6. Any attempt to take any actions prohibited by **Sections 16.4** and **16.5** without Company's prior written consent shall be void and shall be deemed to be a material breach of this Agreement, unless such actions are otherwise permitted under Bottler's CBA.

16.7. Bottler may not describe Company or Bottler's relationship with Company in any prospectus, offering materials, or marketing materials used by or on behalf of Bottler in connection with the issue, offer, sale, transfer, or exchange of any ownership interest in Bottler or any bonds, debentures or other evidence of indebtedness of Bottler, unless Bottler provides Company with such description at least five (5) Business Days prior to filing or use. Company must provide any comments within three (3) Business Days following receipt of the materials from Bottler. Except as otherwise provided by this Agreement in connection with a Change of Control or sale of the Business, Company shall not require Bottler to disclose the identity of prospective investors, bondholders or lenders or the terms, rates or conditions of the underlying agreements with such Persons. Bottler will not be required to provide to Company any description that has been previously reviewed by Company.

17. TERM OF AGREEMENT

This Agreement will commence on the Effective Date and continue so long as Bottler's CBA is in effect (the "**Term**").

18. COMMERCIAL IMPRACTICABILITY AND FORCE MAJEURE

18.1. With respect to any one or more Concentrates (the "**Affected Products**"), as applicable:

18.1.1. The obligation of Company (including any of its Affiliates) to supply Affected Products to Bottler, and Bottler's obligation to purchase Affected Products from Company and to manufacture any Authorized Covered Beverages manufactured from such Affected Products, shall be suspended during any period when there occurs a change in applicable laws, regulations or administrative measures (including any government permission or authorization regarding customs, health or manufacturing, and further including the withdrawal of any government authorization required by any of the parties to carry out the terms of this Agreement), or issuance of any judicial decree or order binding on any of the parties hereto, in each case in such a manner as to render unlawful or commercially impracticable:

18.1.1.1. The importation or exportation of any essential ingredients of the Affected Products that cannot be produced in quantities sufficient to satisfy the demand therefor by existing Company (including any of its Affiliates) facilities in the United States;

18.1.1.2. The manufacture and distribution of Affected Products to Bottler; or

18.1.1.3. Bottler's manufacture of Authorized Covered Beverages using such Affected Products.

18.2. "**Force Majeure Event**" means any strike, blacklisting, boycott or sanctions imposed by a sovereign nation or supra-national organization of sovereign nations, however incurred, or any act of God, act of foreign enemies, embargo, quarantine, riot, insurrection, a declared or undeclared war, state of war or belligerency or hazard or danger incident thereto.

18.3. Neither Company (including any of its Affiliates) nor Bottler shall be liable for or be subject to any claim for breach or termination as the result of a failure to perform their respective obligations to purchase or supply Concentrate under this Agreement or to manufacture Authorized Covered Beverages made from such Concentrate in quantities to satisfy demand of Company and Recipient Bottlers, as applicable, if and to the extent that such failure is caused by or results from a Force Majeure Event; provided, however:

18.3.1. The party claiming the excuse afforded by this **Section 18.3** must use commercially reasonable efforts to comply with any excused obligations under this Agreement that are impaired by such Force Majeure Event; and

18.3.2. If Bottler is the party claiming the excuse afforded by this **Section 18.3**:

18.3.2.1. To the extent that Bottler is unable to remediate the effect on its ability to perform caused by such Force Majeure Event within three (3) months from the date of the occurrence of the Force Majeure Event, then,

18.3.2.1.1. Company shall have the right (but not the obligation) upon not less than one (1) month prior Notice to suspend this Agreement and Related Agreements during the period of time that such Force Majeure Event results in Bottler being unable to perform its obligations under this Agreement.

18.3.2.2. To the extent that Bottler is unable to remediate the effect on its ability to perform caused by such Force Majeure Event within two (2) years from the date of occurrence of the Force Majeure Event, Company shall have the right to terminate this Agreement.

19. TERMINATION FOR DEFINED EVENTS

19.1. Company may, at Company's option, terminate this Agreement, subject to the requirements of **Section 23**, if any of the following events occur:

19.1.1. An order for relief is entered with respect to Bottler under any Chapter of Title 11 of the United States Code, as amended;

19.1.2. Bottler voluntarily commences any bankruptcy, insolvency, receivership, or assignment for the benefit of creditors proceeding, case, or suit or consents to such a proceeding, case or suit under the laws of any state, commonwealth or territory of the United States or any country, kingdom or commonwealth or sub-division thereof not governed by the United States;

19.1.3. A petition, proceeding, case, complaint or suit for bankruptcy, insolvency, receivership, or assignment for the benefit of creditors, under the laws of any state, territory or commonwealth of the United States or any country, commonwealth or sub-division thereof or kingdom not governed by the United States, is filed against Bottler, and such a petition, proceeding, suit, complaint or case is not dismissed within sixty (60) days after the commencement or filing of such a petition, proceeding, complaint, case or suit or the order of dismissal is appealed and stayed;

19.1.4. Bottler makes an assignment for the benefit of creditors, deed of trust for the benefit of creditors or makes an arrangement or composition with creditors; a receiver or trustee for Bottler or for any interest in Bottler's business is appointed and such order or decree appointing the receiver or trustee is not vacated, dismissed or discharged within sixty (60) days after such appointment or such order or decree is appealed and stayed;

19.1.5. Any of Bottler's equipment or facilities is subject to attachment, levy or other final process for more than twenty (20) days or any of its equipment or facilities is noticed for judicial or non-judicial foreclosure sale and such attachment, levy, process or sale would materially and adversely affect Bottler's ability to fulfill its obligations under this Agreement; or

19.1.6. Bottler becomes insolvent or ceases to conduct its operations relating to the Business in the normal course of business.

20. DEFICIENCY TERMINATION

20.1. Company may also, at Company's option, terminate this Agreement, subject to the requirements of **Section 21** and **Section 23**, if any of the following events of default occur:

20.1.1. Bottler fails to make timely payment for Concentrate, or of any other material debt owing to Company;

20.1.2. The condition of the facilities or equipment used by Bottler in manufacturing the Authorized Covered Beverages, as reflected in any data collected by Company or generated by Bottler, or in any audit or inspection conducted by or on behalf of Company, fails to meet the Technical Requirements reasonably established by Company, and Bottler fails to complete corrective measures approved by Company within the timeframe therefor reasonably established by Company and specified in the applicable Technical Corrective Action Plan;

20.1.3. Bottler fails to handle the Concentrates or manufacture or handle the Authorized Covered Beverages in strict conformity with the Technical Requirements and applicable laws, rules and regulations and Bottler fails to complete corrective measures approved by Company within the timeframe therefor reasonably established by Company;

20.1.4. Bottler or any Affiliate of Bottler engages in any of the activities prohibited under **Section 10**;

20.1.5. A Change of Control occurs with respect to Bottler, except as permitted under Bottler's CBA;

20.1.6. Any Disposition of any voting securities representing more than fifty percent (50%) of the voting power of any Bottler Subsidiary (other than to a wholly-owned Affiliate in connection with an internal corporate reorganization) is made by Bottler or by any Bottler Subsidiary, except as permitted under Bottler's CBA. "**Bottler Subsidiary**" means any Person that is Controlled, directly or indirectly, by Bottler, and that is a party, or Controls directly or indirectly a party, to an agreement with Company or any of its Affiliates regarding the manufacturing of Authorized Covered Beverages;

20.1.7. Bottler breaches in any material respect any of Bottler's other material obligations under this Agreement;

20.1.8. Bottler breaches in any material respect any of Bottler's material obligations under the NPSG Governance Agreement and such breach is not timely cured; or

20.1.9. Any event of default occurs under *Section 22* of Bottler's CBA that is not timely cured in the manner provided in Bottler's CBA.

20.2. In any such event of default, Company may either exercise its right to terminate under this **Section 20** (subject to **Section 21** and **Section 23**), or pursue any rights and remedies (other than termination) against Bottler with respect to any such event of default; provided, that Company will not take any action pursuant to this **Section 20.2** or **Section 21.4** that would limit Bottler's right to cure under **Section 21** of this Agreement or *Section 23* of Bottler's CBA.

21. BOTTLER RIGHT TO CURE

21.1. Upon the occurrence of any of the events of default enumerated in **Section 20**, Company will give Bottler Notice of default.

21.2. In the case of an event of default due to a material breach by Bottler of its obligations under **Section 12** (other than **Sections 12.2** or **12.4**) or **Section 13**:

21.2.1. Bottler shall have a period of sixty (60) days from receipt of the Notice of default within which to cure such default, by:

21.2.1.1. at the instruction of Company and at Bottler's expense, promptly withdrawing from the market and destroying any Authorized Covered Beverage that fails to meet the Technical Requirements;

21.2.1.2. compliance with the "Corrective Action" provision of the Technical Requirements; and

21.2.1.3. implementing a corrective action plan (the **"Technical Corrective Action Plan**"), to be negotiated in good faith and agreed to by Company and Bottler, that reasonably meets the applicable requirements of the "Corrective Action" provision of the Technical Requirements (which Technical Corrective Action Plan may, by mutual agreement of the parties, provide for actions to be taken after expiration of the cure periods specified herein).

21.2.2. If such default has not been cured within such initial sixty (60) day period (or such extended period, if any, provided for under a Technical Corrective Action Plan), then Bottler must cure such default within a second period of sixty (60) days (or such extended period, if any, provided for under a Technical Corrective Action Plan) during which period Company may, by giving Bottler further Notice to such effect, suspend sales to Bottler of Concentrates and require Bottler to cease manufacture of Authorized Covered Beverages and the supply and sale of Authorized Covered Beverages by Bottler to Recipient Bottlers; provided, however, that if Bottler has throughout the first and second cure periods strictly complied with **Section 13** (Recall) and **Section 30** (Incident Management), then such suspension of Concentrate sales and cessation of manufacture and supply shall be limited to the manufacturing facilities in which the default occurred.

21.2.3. If such default has not been cured during such second period of sixty (60) days (or such extended period, if any, provided for under a Technical Corrective Action Plan), then Company may terminate this Agreement, by giving Bottler Notice to such effect, effective immediately; provided, however, that if Bottler has throughout the first and second cure periods strictly complied with **Section 13** (Recall) and **Section 30** (Incident

Management), then Bottler will have a third period of sixty (60) days (or such extended period, if any, provided for under a Technical Corrective Action Plan) within which to cure the default.

21.2.4. If such default has not been cured during any such third period of sixty (60) days (or such extended period, if any, provided for under a Technical Corrective Action Plan), then Company may terminate this Agreement, by giving Bottler notice to such effect, effective immediately.

21.3. In the case of an event of default other than those specified in **Section 21.2**:

21.3.1. Within sixty (60) days of receipt of such Notice, Bottler will provide Company with a corrective action plan (the "**Non-Technical Corrective Action Plan**"). The Non-Technical Corrective Action Plan must provide for correction of all issues identified in the Notice of default within one (1) year or less from the date on which the Non-Technical Corrective Action Plan is provided to Company.

21.3.2. Company will negotiate in good faith with Bottler the terms of the Non-Technical Corrective Action Plan.

21.3.3. If Company and Bottler fail to agree on a Non-Technical Corrective Action Plan within sixty (60) days of Bottler's tender of such plan, Bottler must cure the default described in the Notice of default within one (1) year of Bottler's receipt of the Notice of default. If Bottler fails to cure the default described in the Notice of default within one (1) year of Bottler's receipt of the Notice, the default will be deemed not to have been cured.

21.3.4. If Company and Bottler timely agree on a Non-Technical Corrective Action Plan, but Bottler fails to implement the agreed Non-Technical Corrective Action Plan to Company's reasonable satisfaction within the time period specified by the Non-Technical Corrective Action Plan, the default will be deemed not to have been cured.

21.3.5. In the event of an uncured default under this **Section 21.3**, Company may, by giving Bottler further Notice of termination, terminate this Agreement under **Section 20** and require Bottler to cease manufacturing Authorized Covered Beverages.

21.4. The provisions of this **Section 21** (including any cure) will not limit Company's right to pursue remedies under this Agreement on account of Bottler's default, other than (a) termination of this Agreement under **Section 20**, (b) cessation of Company's performance of its obligations under this Agreement, or (c) rescission.

21.5. In the case of a breach by Bottler or one of its Affiliates of its obligations under this Agreement (other than an event of default specified by **Section 21.2**), such breach will be deemed to be cured for purposes of this **Section 21** if Bottler (or its Affiliate) has terminated the acts or omissions described in such Notice of breach, and has taken reasonable steps under the circumstances to prevent the recurrence of such breach.

22. BOTTLER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO SALE OF ITS BUSINESS

For purposes of clarity, the parties hereby agree that any purchase or sale of the "Business", as that term is used in Bottler's CBA, will include Bottler's aggregate business directly and primarily related to the manufacture of Authorized Covered Beverages and other beverage products. **[Note to Draft: Bottler's CBA*Schedule 24.1* will include Bottler's manufacturing business as an "Included Business".]**

23. EFFECT OF THIS AGREEMENT ON BOTTLER'S CBA IN CERTAIN EVENTS

23.1. Unless otherwise agreed in writing by the parties, if Company terminates this Agreement in accordance with **Section 19** or **Section 20** hereof, Company will concurrently terminate Bottler's CBA in accordance with Section 21.1.7 thereof, and the compensation provisions set forth in Section 25 of Bottler's CBA will govern.

23.2. Upon any termination of Bottler's CBA by Company, Company will concurrently terminate this Agreement unless otherwise agreed in writing by the parties.

23.3. If Bottler's CBA is amended in accordance with *Section 24.4.3* thereof, then this Agreement will be deemed automatically amended to revise the text in **Section 10.1.3** by deleting it in its entirety and replacing it with the following: "Permitted Beverage Products distributed by Bottler or its Affiliates, subject to the terms and conditions of Bottler's or Bottler Affiliate's CBA;". Except as set forth in the preceding sentence, the amendment of Bottler's CBA in accordance with *Section 24.4.3* thereof will not affect any of the other rights or obligations of the parties under this Agreement.

24. POST-EXPIRATION AND POST-TERMINATION OBLIGATIONS

24.1. Upon the termination of this Agreement, except to the extent provided in any other agreement between Bottler and Company (or one of Company's Affiliates):

24.1.1. Bottler shall not thereafter continue to manufacture any of the Authorized Covered Beverages in Authorized Containers or to make any use of the Trademarks or Authorized Containers, or any closures, cases or labels bearing the Trademarks; and

24.1.2. Bottler shall forthwith deliver all materials used by Bottler exclusively for the manufacturing of the Authorized Covered Beverages in Authorized Containers, including Concentrates, usable returnable or any nonreturnable containers, cases, closures, and labels bearing the Trademarks, still in Bottler's possession or under Bottler's control, to Company or Company's nominee, as instructed, and, upon receipt, Company shall pay to Bottler a sum equal to the reasonable market value of such supplies or materials; provided, however, that no such payment shall be made in connection with a purchase by Company of Bottler's Business or production assets in accordance with **Section 22**. Company will accept and pay for only such articles as are, in the opinion of Company, in first-class and usable condition, and all other such articles shall be destroyed at Bottler's expense. Containers, closures and all other items bearing the name of Bottler, in addition to the Trademarks, that have not been purchased by Company shall be destroyed without cost to Company, or otherwise disposed of in accordance with instructions given by Company, unless Bottler can remove or obliterate the Trademarks therefrom to the satisfaction of Company. The provisions for repurchase contained this **Section 24.1.2** shall apply with regard to any Authorized Container approval of which

has been withdrawn by Company under **Section 12.10**, except under circumstances under which this Agreement is terminated by Company in accordance with **Section 20**.

25. COMPANY'S RIGHT OF ASSIGNMENT

Company may assign any of its rights and delegate all or any of its duties or obligations under this Agreement to one or more of its Affiliates; provided, however, that any such assignment or delegation will not relieve Company from any of its contractual obligations under this Agreement.

26. LITIGATION

26.1. Company reserves and has the sole and exclusive right and responsibility to institute any civil, administrative or criminal proceedings or actions, and generally to take or seek any available legal remedy it deems desirable, for the protection of its reputation, the Trademarks, and other intellectual property rights, as well as for the Concentrates, and to defend any action affecting these matters.

26.2. At the request of Company, Bottler will render reasonable assistance in any such action, including, if requested to do so in the sole discretion of Company, allowing Bottler to be named as a party to such action. However, no financial burden will be imposed on Bottler for rendering such assistance.

26.3. Bottler shall not have any claim against Company or its Affiliates as a result of such proceedings or action or for any failure to institute or defend such proceedings or action.

26.4. Bottler must promptly notify Company of any litigation or proceedings instituted or threatened against Bottler affecting these matters.

26.5. Bottler must not institute any legal or administrative proceedings against any third party that may affect the interests of Company in the Trademarks without the prior written consent of Company, which consent Company may grant or withhold in its sole discretion.

26.6. Bottler will consult with Company on all product liability claims, proceedings or actions brought against Bottler in connection with the Authorized Covered Beverages and will take such action with respect to the defense of any such claim or lawsuit as Company may reasonably request in order to protect the interests of Company in the Authorized Covered Beverages or the goodwill associated with the Trademarks.

27. INDEMNIFICATION

27.1. Company will indemnify, protect, defend and hold harmless each of Bottler and its Affiliates, and their respective directors, officers, employees, shareholders, owners and agents, from and against all claims, liabilities, losses, damages, injuries, demands, actions, causes of action, suits, proceedings, judgments and expenses, including reasonable attorneys' fees, court costs and other legal expenses (collectively, "**Losses**"), to the extent arising from, connected with or attributable to: (a) Company's

manufacture of the Concentrates (except to the extent arising from matters for which Bottler is responsible under **Section 13.5** or **Section 27.2**); (b) the breach by Company of any provision this Agreement; (c) Bottler's use, in accordance with this Agreement and Company guidelines respecting use of Company intellectual property, of the Trademarks or of package labels; or (d) the inaccuracy of any warranty or representation made by Company herein or in connection herewith. None of the above indemnities shall require Company to indemnify, protect, defend or hold harmless any indemnitee with respect to any claim to the extent such claim arises from, is connected with or is attributable to the negligence or willful misconduct of such indemnitee.

27.2. Bottler will indemnify, protect, defend and hold harmless each of Company and its Affiliates, and their respective directors, officers, employees, shareholders, owners and agents, from and against all Losses to the extent arising from, connected with or attributable to: (a) Bottler's manufacture of the Authorized Covered Beverages (except to the extent arising from matters for which Company is responsible under **Section 13.4** or **Section 27.1**); (b) the breach by Bottler of any provision of this Agreement; or (c) the inaccuracy of any warranty or representation made by Bottler herein or in connection herewith. None of the above indemnities shall require Bottler to indemnify, protect, defend or hold harmless any indemnitee with respect to any claim to the extent such claim arises from, is connected with or is attributable to the negligence or willful misconduct of such indemnitee.

27.3. Neither party will be obligated under this **Section 27** to indemnify the other party for Losses consisting of lost profits or revenues, loss of use, or similar economic loss, or for any indirect, special, incidental, consequential or similar damages ("**Consequential Damages**") arising out of or in connection with the performance or non-performance of this Agreement (except to the extent that an indemnified third party claim asserted against a party includes Consequential Damages).

28. BOTTLER'S INSURANCE

Bottler will obtain and maintain a policy of insurance with insurance carriers in such amounts and against such risks as would be maintained by a similarly situated company of a similar size and giving full and comprehensive coverage both as to amount and risks covered in respect of matters referred to in **Section 27** (including Bottler's indemnity of Company contained therein) and will on request produce evidence satisfactory to Company of the existence of such insurance. Compliance with this **Section 28** will not limit or relieve Bottler from its obligations under **Section 27**. In addition, Bottler will satisfy the insurance requirements specified on **Schedule 28**.

29. LIMITATION ON BOTTLER REPRESENTATIONS OR DISCLOSURES REGARDING AUTHORIZED COVERED BEVERAGES

Bottler covenants and agrees that, except as required by law, it will make no representations or disclosures to the public or any Governmental Authority or to any third party concerning the attributes of the Authorized Covered Beverages (other than statements consistent with representations or disclosures previously made or authorized by Company), without the prior written consent of Company. If Bottler is required to make any such representations or disclosures to a Governmental Authority, Bottler first will notify Company before making any such

representation or disclosure and will cooperate with Company in good faith to ensure the accuracy of all such information (except to the extent that such Notice and cooperation would otherwise be prohibited under applicable law). This **Section 29** will not apply to financial information disclosed in accordance with applicable securities laws.

30. INCIDENT MANAGEMENT

30.1. Company and Bottler recognize that incidents may arise that can threaten the reputation and business of Bottler and/or negatively affect the good name, reputation and image of Company and the Trademarks.

30.2. In order to address such incidents, including any questions of quality of the Authorized Covered Beverages that may occur, Bottler will designate and organize an incident management team and inform Company of the members of such team.

30.3. Bottler further agrees to cooperate fully with Company and such third parties as Company may designate and coordinate all efforts to address and resolve any such incident consistent with procedures for crisis management that may be issued to Bottler by Company from time to time.

31. SEVERABILITY

If any provision of this Agreement is or becomes legally ineffective or invalid, the validity or effect of the remaining provisions of this Agreement shall not be affected; provided that the invalidity or ineffectiveness of such provision shall not prevent or unduly hamper performance hereunder or prejudice the ownership or validity of the Trademarks.

32. REPLACEMENT OF CERTAIN PRIOR CONTRACTS, MERGER, AND REQUIREMENTS FOR MODIFICATION

32.1. As to all matters and things herein mentioned, the parties agree:

32.1.1. Subject to **Section 32.1.4**, upon the execution and delivery of this Agreement and Bottler's CBA, the existing bottle contracts under which Company (or its Affiliate) has previously authorized Bottler (or one or more of its Affiliates) to manufacture in certain authorized containers, and/or market, promote, distribute and sell, Coca-Cola and other beverages marketed under Company's trademarks, including those contracts identified on *Exhibit D* of Bottler's CBA (other those contracts set forth on **Schedule 32.1.4**), are amended, restated and superseded in their entirety by this Agreement and Bottler's CBA, and all rights, duties and obligations of Company and Bottler regarding the Trademarks and the manufacture of the Authorized Covered Beverages will be determined under this Agreement and Bottler's CBA, without regard to the terms of any prior agreement and without regard to any prior course of conduct between the parties (the parties acknowledge that any existing bottle contract authorizing Bottler to produce Coca-Cola and other beverages marketed under Company's trademarks between Company and Bottler that is not listed on *Exhibit D* of Bottler's CBA is nevertheless amended, restated and superseded hereby, except as otherwise provided in **Section 32.1.4**);

32.1.2. This Agreement, together with the National Product Supply System Governance Agreement and the documents implementing and governing the NPSG and the NPSG Board set forth the entire agreement between Company and Bottler with respect to the subject matter hereof, and all prior understandings, commitments or agreements relating to such matters between the parties or their predecessors-in-interest are of no force or effect and are cancelled hereby; provided, however, that any written representations made by either party upon which the other party relied in entering into this Agreement will remain binding to the extent identified on **Schedule 32.1.2**;

32.1.3. Any waiver, amendment or modification of this Agreement or any of its provisions, and any consents given under this Agreement will not be binding upon Bottler or Company unless made in writing, signed by an officer or other duly qualified and authorized representative of Company or by a duly qualified and authorized representative of Bottler; and

32.1.4. Except as expressly provided in this Agreement, this **Section 32.1** is not intended to affect in any way the rights and obligations of Bottler (or any of its Affiliates) or Company (or any of its Affiliates) under Bottler's CBA or the agreements listed in **Schedule 32.1.4**.

33. NO WAIVER

Failure of Company or Bottler (including any of their respective Affiliates) to exercise promptly any right herein granted, or to require strict performance of any obligation undertaken herein by the other party, will not be deemed to be a waiver of such right or of the right to demand subsequent performance of any and all obligations herein undertaken by Bottler or by Company.

34. NATURE OF AGREEMENT AND RELATIONSHIP OF THE PARTIES

34.1. Bottler is an independent contractor and is not an agent of, or a partner or joint venturer with, Company.

34.2. Each of Company and Bottler agree that it will neither represent, nor allow itself to be held out as an agent of, or partner or joint venturer with the other (including any of its Affiliates).

34.3. Bottler and Company do not intend to create, and this Agreement will not be construed to create, a partnership, joint venture, agency, or any form of fiduciary relationship. Each party covenants and agrees never to assert that a partnership, joint venture or fiduciary relationship exists or has been created under or in connection with this Agreement and the Related Agreements. There is no partnership, joint venture, agency, or any form of fiduciary relationship existing between Bottler and Company, but if it there is determined or found to be a partnership, joint venture, or agency, then Bottler and Company expressly disclaim all fiduciary duties that might otherwise exist under applicable law.

34.4. Nothing in this Agreement, express or implied, is intended or will be construed to give any Person, other than the parties to this Agreement and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of

any agreement or any provision contained in this Agreement. This Agreement does not, and is not intended to, confer any rights or remedies upon any Person other than Bottler and Company.

35. HEADINGS AND OTHER MATTERS

35.1. The headings herein are solely for the convenience of the parties and will not affect the interpretation of this Agreement.

35.2. As used in this Agreement, the phrase "including" means "including, without limitation" in each instance.

35.3. References in this Agreement to Sections are to the respective Sections of this Agreement, and references to Exhibits and Schedules are to the respective Exhibits and Schedules of this Agreement as they may be amended from time to time.

36. EXECUTION IN MULTIPLE COUNTERPARTS

The parties may execute this Agreement in counterparts, each of which is deemed an original and all of which only constitute one original.

37. NOTICE AND ACKNOWLEDGEMENT

37.1. Notices.

37.1.1. Requirement of a Writing and Permitted Methods of Delivery. Each party giving or making any notice, request, demand or other communication (each, a "**Notice**") pursuant to this Agreement must give the Notice in writing and use one of the following methods of delivery, each of which for purposes of this Agreement is a writing:

37.1.1.1. personal delivery;

37.1.1.2. Registered or Certified Mail, in each case, return receipt requested and postage prepaid;

37.1.1.3. nationally recognized overnight courier, with all fees prepaid;

37.1.1.4. facsimile; or

37.1.1.5. e-mail (followed by delivery of an original by another delivery method provided for in this Section).

37.1.2. Addressees and Addresses. Each party giving a Notice must address the Notice to the appropriate person at the receiving party (the "**Addressee**") at the address listed below or to another Addressee or at another address designated by a party in a Notice pursuant to this Section.

Company: _____

_____

_____

Attention:

Facsimile:

E-mail:

With a copy to: _____

_____

_____

Attention: General Counsel

Facsimile:

E-mail:

Bottler: _____

_____

_____

Attention:

Facsimile:

E-mail:

With a copy to: _____

_____

_____

Attention:

Facsimile:

E-mail:

37.1.3. Effectiveness of a Notice. Except as specifically provided elsewhere in this Agreement, a Notice is effective only if the party giving or making the Notice has complied with **Sections 37.1.1** and **37.1.2** and if the Addressee has received the Notice. A Notice is deemed to have been received as follows:

37.1.3.1. If a Notice is delivered in person, when delivered to the Addressee.

37.1.3.2. If delivered by Registered or Certified Mail, upon receipt by Addressee, as indicated by the date on the signed receipt.

37.1.3.3. If delivered by nationally recognized overnight courier service, one Business Day after deposit with such courier service.

37.1.3.4. If sent by e-mail, when sent (if followed promptly by delivery of an original by another delivery method provided for in this Section).

37.1.3.5. If the Addressee rejects or otherwise refuses to accept the Notice, or if the Notice cannot be delivered because of a change in address for which no Notice was given, then upon the rejection, refusal or inability to deliver.

37.1.3.6. Despite the other clauses of this **Section 37.1.3**, if any Notice is received after 5:00 p.m. on a Business Day where the Addressee is located, or on a day that is not a Business Day where the Addressee is located, then the Notice is deemed received at 9:00 a.m. on the next Business Day where the Addressee is located.

37.2. If Bottler's signature or acknowledgment is required or requested with respect to any document in connection with this Agreement and any employee or representative authorized by Bottler "clicks" in the appropriate space on the website designated by Company or takes such other action as may be indicated by Company, Bottler shall be deemed to have signed or acknowledged the document to the same extent and with the same effect as if Bottler had signed the document manually; provided, however, that no such signature or acknowledgment shall amend or vary the terms and conditions of this Agreement.

37.3. Bottler acknowledges and agrees that Bottler has the ability and knowledge to print information delivered to Bottler electronically, or otherwise knows how to store that information in a way that ensures that it remains accessible to Bottler in an unchanged form.

38. CHOICE OF LAW AND VENUE

38.1. This Agreement shall be interpreted, construed and governed by and in accordance with the laws of the State of Georgia, United States of America, without giving effect to any applicable principles of choice or conflict of laws, as to contract formation, construction

and interpretation issues, and the federal trademark laws of the United States of America as to trademark matters.

38.2. The parties agree that any lawsuit commenced in connection with, or in relation to, this Agreement must be brought in a United States District Court, if there is any basis for federal court jurisdiction. If the party bringing such action reasonably concludes that federal court jurisdiction does not exist, then the party may commence such action in any court of competent jurisdiction.

39. CONFIDENTIALITY

39.1. In the performance of this Agreement, each party may disclose to the other party certain Proprietary Information. The Proprietary Information of the Disclosing Party will remain the sole and exclusive property of the Disclosing Party or a third party providing such information to the Disclosing Party. The disclosure of the Proprietary Information to the Receiving Party does not confer upon the Receiving Party any license, interest, or right of any kind in or to the Proprietary Information, except as expressly provided under this Agreement.

39.2. At all times and notwithstanding any termination or expiration of this Agreement or any amendment hereto, the Receiving Party agrees that it will hold in strict confidence and not disclose to any third party the Proprietary Information of the Disclosing Party, except as approved in writing by the Disclosing Party. The Receiving Party will only permit access to the Proprietary Information of the Disclosing Party to those of its or its Affiliates' employees or authorized representatives having a need to know and who have signed confidentiality agreements or are otherwise bound by confidentiality obligations at least as restrictive as those contained in this Agreement (including external auditors, attorneys and consultants).

39.3. The Receiving Party will be responsible to the Disclosing Party for any third party's use and disclosure of the Proprietary Information that the Receiving Party provides to such third party in accordance with this Agreement. The Receiving Party will use at least the same degree of care it would use to protect its own Proprietary Information of like importance, but in any case with no less than a reasonable degree of care, including maintaining information security standards specific to such information as set forth in this Agreement.

39.4. If the Receiving Party is required by a Governmental Authority or applicable law to disclose any of the Proprietary Information of the Disclosing Party, the Receiving Party will (a) first give Notice of such required disclosure to the Disclosing Party (to the extent permitted by applicable law), (b) if requested by the Disclosing Party, use reasonable efforts to obtain a protective order requiring that the Proprietary Information to be disclosed be used only for the purposes for which disclosure is required, (c) if requested by the Disclosing Party, take reasonable steps to allow the Disclosing Party to seek to protect the confidentiality of the Proprietary Information required to be disclosed, and (d) disclose only that part of the Proprietary Information that, after consultation with its legal counsel, it determines that it is required to disclose.

39.5. Each party will immediately notify the other party in writing upon discovery of any loss or unauthorized use or disclosure of the Proprietary Information of the other party.

39.6. The Receiving Party will not reproduce the Disclosing Party's Proprietary Information in any form except as required to accomplish the intent of this Agreement. Any reproduction of any Proprietary Information by the Receiving Party will remain the property of the Disclosing Party and must contain any and all confidential or proprietary Notices or legends that appear on the original, unless otherwise authorized in writing by the Disclosing Party.

39.7. Neither party will communicate any information to the other party in violation of the proprietary rights of any third party.

39.8. Upon the earlier of termination of this Agreement, written request of the Disclosing Party, or when no longer needed by the Receiving Party for fulfillment of its obligations under this Agreement, the Receiving Party will, if requested by the Disclosing Party, either: (a) promptly return to the Disclosing Party all documents and other tangible materials representing the Disclosing Party's Proprietary Information, and all copies thereof in its possession or control, if any; or (b) destroy all tangible copies of the Disclosing Party's Proprietary Information in its possession or control, if any, in each case, except to the extent that such action would violate applicable regulatory or legal requirements. Each party's counsel may retain one copy of documents and communications between the Parties as necessary for archival purposes or regulatory purposes.

40. ACTIVE AND COMPLETE ARMS LENGTH NEGOTIATIONS

The parties acknowledge and agree that the terms and conditions of this Agreement have been the subject of active and complete negotiations, and that such terms and conditions must not be construed in favor of or against any party by reason of the extent to which a party or its professional advisors may have participated in the preparation of this Agreement.

41. RESERVATION OF RIGHTS

Company reserves all rights not expressly granted to Bottler under this Agreement or Bottler's CBA.

42. BOTTLER AFFILIATES

Bottler hereby absolutely, unconditionally and irrevocably guarantees that any actions taken by any of Bottler's Affiliates pursuant to this Agreement will be taken in accordance with all applicable requirements set forth herein to the same extent as if such actions had been taken by Bottler. Bottler acknowledges and agrees that any breach of this Agreement by any Affiliate of Bottler shall be considered a breach by Bottler for all purposes hereof.

[Signature page(s) follow]

IN WITNESS WHEREOF, COMPANY AT ATLANTA, GEORGIA, AND BOTTLER AT _____ HAVE CAUSED THESE PRESENTS EXECUTED IN TRIPLICATE BY THE DULY AUTHORIZED PERSON OR PERSONS ON THEIR BEHALF ON THE DATES INDICATED BELOW.

THE COCA-COLA COMPANY

By: _____

Authorized Representative

Date: _____

[BOTTLER]

By: _____

Authorized Representative

Date: _____

EXHIBIT A

Regional Manufacturing Facilities

EXHIBIT B

Authorized Covered Beverages

[Subject to further discussion. To be agreed by the parties prior to Closing]

The following Beverages and all SKUs, packages, flavor, calorie and other variations (e.g., Sprite Cranberry, Sprite Zero Cranberry) of each such Beverage offered by Company that are identified by the primary Trademark that also identifies such Beverage or any modification of such primary Trademark, such as, e.g., the primary Trademark used in conjunction with a prefix, a suffix or other modifier:

Coca-Cola

Caffeine Free Coca-Cola

Diet Coke

Diet Coke with Lime

Diet Coke with Splenda®

caffeine free Diet Coke

Coca-Cola Life

Coca-Cola Zero

caffeine free Coca-Cola Zero

Cherry Coke

Diet Cherry Coke

Cherry Coke Zero

Vanilla Coke

Diet Vanilla Coke

Vanilla Coke Zero

Barq's

Diet Barq's

DASANI

DASANI Plus

DASANI Sparkling

Fanta

Fanta Zero

Fresca

Mello Yello

Mello Yello Zero

PiBB Xtra

PiBB Zero

Seagram’s ginger ale

Seagram’s mixers

Seagram’s seltzer water

Sprite

Sprite Zero

TaB

VAULT

VAULT Zero

Delaware Punch

FUZE

FUZE Tea

FUZE Juices

FUZE Refreshments

FUZE slenderize

[EXHIBIT C]

[Finished Goods Supply Agreement]

[Subject to further discussion. To be agreed by the parties prior to Closing]

Schedule 2.16

Related Agreements

[To be completed prior to execution of this Agreement.]

Schedule 2.17

[***]

[***]

[***]

[***]

[***]

[***]

[***]

[***]

[***]

[***]

[***] – THIS CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

Schedule 10.1.5

Third Party Beverages

A. As of the Effective Date:

[To be completed prior to execution of this Agreement.]

B. Added After the Effective Date:

Schedule 12.2

Technical Requirements

All of Company's product, package and equipment quality; food safety; workplace safety; and environmental sustainability specifications, standards, instructions and requirements published by Company in the Beverage Products and Environmental Sustainability sections of the Coca-Cola Operating Requirements (KORE) website documents library, as updated by Company from time to time following discussion with the NPSG and Notice to each Regional Producing Bottler (including any Company Owned Manufacturers).

Schedule 28

Insurance Requirements

Schedule 32.1.2

Agreements not affected by this Agreement

Schedule 10.1.5

Third Party Beverages

A. As of the Effective Date:

None.

B. Added After the Effective Date:

Schedule 12.2

Technical Requirements

All of Company's product, package and equipment quality; food safety; workplace safety; and environmental sustainability specifications, standards, instructions and requirements published by Company in the Beverage Products and Environmental Sustainability sections of the Coca-Cola Operating Requirements (KORE) website documents library, as updated by Company from time to time following discussion with the NPSG and Notice to each Regional Producing Bottler (including any Company Owned Manufacturers).

Schedule 28

Insurance Requirements

Bottler will, at its own cost and expense, acquire and maintain during the Term, with carriers having an AM Best Rating of A-VII or better, sufficient insurance to adequately protect the respective interests of the parties. Specifically, Bottler must carry the following minimum types and amounts of insurance (the "**Required Policies**") on an occurrence basis or in the case of coverage that cannot be obtained on an occurrence basis, then, coverage can be obtained on a claims-made basis with a three (3) year tail following the termination or expiration of this Agreement:

a) **Commercial General Liability** including, but not limited to, premises-operations, broad form property damage, products /completed operations, contractual liability, independent contractors, personal injury and advertising injury and liability assumed under an insured contract with limits of at least **$25,000,000** per occurrence and **$25,000,000** general aggregate and **$25,000,000** Products / Completed Operations Aggregate;

b) **Statutory Workers' Compensation Insurance and Employer's Liability Insurance** in the minimum amount of **$1,000,000** each employee by accident, **$1,000,000** each employee by disease and **$1,000,000** aggregate by disease with benefits afforded under the laws of the state or country in which the services are to be performed. Policy will include an alternate employer endorsement providing coverage in the event any employee of Bottler sustains a compensable accidental injury while on work assignment with Company. Insurer for Bottler will be responsible for the Workers' Compensation benefits due such injured employee;

c) **Commercial Automobile Liability** for any owned, non-owned, hired, or borrowed automobile used in the performance of Bottler's obligations under this Agreement is required in the minimum amount of **$25,000,000** combined single limit. If the Bottler is driving a vehicle owned by Company in connection with the performance of its obligations under this Agreement, then the Bottler will be responsible for the cost of repairing any physical damage to the vehicle resulting from Bottler's use of the vehicle. If the vehicle cannot be repaired, then the Bottler will be responsible for replacing Company's vehicle;

Bottler will notify Company in writing within sixty (60) days of any cancellation, non-renewal, termination, material change or reduction in coverage.

Bottler's insurance as outlined above shall be primary and non-contributory coverage.

The coverage territory for the stipulated insurance shall be The United States of America.

Bottler will cause their insurance companies to waive their right of recovery against Company under the Required Policies.

Bottler will be solely responsible for any deductible or self-insured retention.

The above insurance limits may be achieved by a combination of primary and umbrella/excess policies.

The Coca-Cola Company, its subsidiaries, affiliates, authorized bottlers, directors, officers, employees, partners, customers and agents shall be included as an "Additional Insured" on the Bottler's Commercial General Liability and Commercial Auto Liability policies listed above and shall be evidenced on the certificate of insurance. Prior to the execution of this Agreement and annually upon the anniversary date(s) of the insurance policy's renewal date(s), the Bottler will furnish Company with a properly executed Certificate of Insurance clearly evidencing compliance with the insurance requirements set forth above. The certificate of insurance should be sent to: The Coca-Cola Company, attn.: General Counsel – Bottler Contracts, 1 Coca-Cola Plaza, Atlanta GA 30313.

The stipulated limits of coverage above shall not be construed as a limitation of any potential liability to Company, and failure to request evidence of this insurance shall not be construed as a waiver of Bottler's obligation to provide the insurance coverage specified.

Schedule 32.1.2

Agreements not affected by this Agreement

Exhibit D of Bottler's CBA is incorporated herein by reference.

Exhibit 12

RATIO OF EARNINGS TO FIXED CHARGES

Coca-Cola Bottling Co. Consolidated
Ratio of Earnings to Fixed Charges
(In Thousands, Except Ratios)

	First Quarter	
	2016	2015
Computation of Earnings:		
Income before income taxes	$ (14,111)	$ 4,466
Add:		
Interest expense	8,787	6,843
Amortization of debt premium/discount and expenses	575	504
Interest portion of rent expense	838	659
Earnings as adjusted	$ (3,911)	$ 12,472
Computation of Fixed Charges:		
Interest expense	$ 8,787	$ 6,843
Capitalized interest	230	66
Amortization of debt premium/discount and expenses	575	504
Interest portion of rent expense	838	659
Fixed charges	$ 10,430	$ 8,072
Ratio of Earnings to Fixed Charges	(A)	1.55

(A) The ratio of earnings to fixes charges was less than 1.0x for the first quarter of 2016. The deficiency in the ratio of earnings to fixed charges was $14.3 million.

Exhibit 31.1

MANAGEMENT CERTIFICATION

I, J. Frank Harrison, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coca-Cola Bottling Co. Consolidated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. Frank Harrison, III

Date: May 13, 2016 J. Frank Harrison, III

Chairman of the Board of Directors
and Chief Executive Officer

Exhibit 31.2

MANAGEMENT CERTIFICATION

I, Clifford M. Deal, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coca-Cola Bottling Co. Consolidated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Clifford M. Deal, III

Date: May 13, 2016 Clifford M. Deal, III

Senior Vice President, Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Coca-Cola Bottling Co. Consolidated (the "Company") on Form 10-Q for the quarter ended April 3, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and Clifford M Deal, III, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. Frank Harrison, III
J. Frank Harrison, III
Chairman of the Board of Directors and
Chief Executive Officer
May 13, 2016

/s/ Clifford M. Deal, III
Clifford M. Deal, III
Senior Vice President,
Chief Financial Officer
May 13, 2016