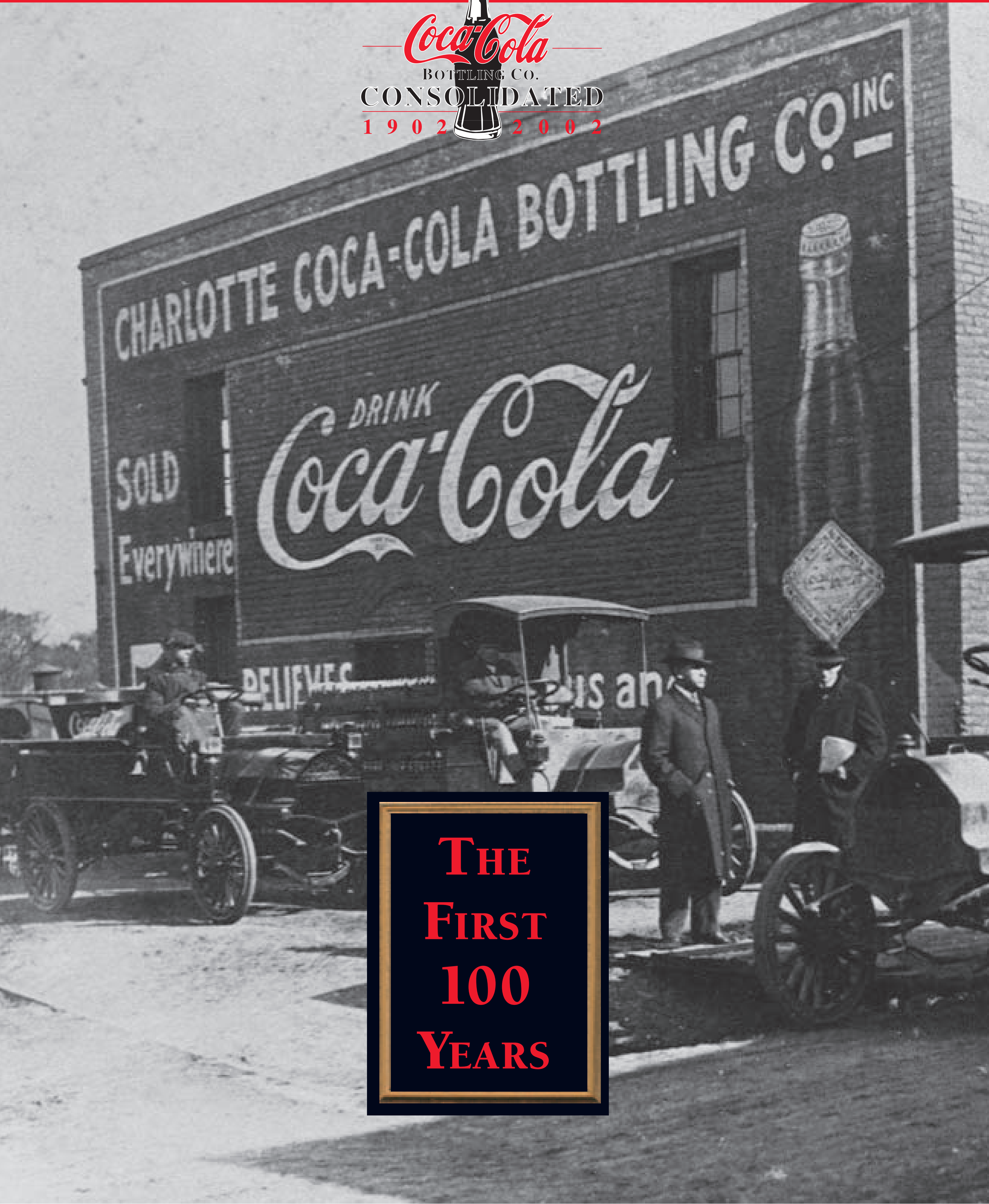
2002 Annual Report

Coca-Cola Bottling Co. Consolidated
1902 2002



The First 100 Years

Coca-Cola Bottling Co. Consolidated (CCBCC) is the second largest Coca-Cola bottler in the United States. The Company is a leader in the manufacturing, marketing and distribution of soft drinks. With corporate offices in Charlotte, N.C., the Company does business in 11 states, primarily in the Southeast. The Company has one of the highest per capita soft drink consumption rates in the world and manages bottling territories with a consumer base of close to 18 million people. Coca-Cola Bottling Co. Consolidated is listed on the NASDAQ National Market System under the symbol COKE.

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FINANCIAL SUMMARY

In Thousands (Except Per Share Data)

	*Fiscal Year**		
	2002	**2001**	**2000**
Net sales	$1,246,591	$989,188	$969,937
Gross margin	579,331	444,660	449,337
Income before income taxes	38,070	11,696	9,835
Net income	22,823	9,470	6,294
Average Common and Class B Common shares outstanding	8,861	8,753	8,733
Basic net income per share	$2.58	$1.08	$.72

*** On January 2, 2002, the Company purchased an additional interest in Piedmont Coca-Cola Bottling Partnership ("Piedmont") from The Coca-Cola Company, increasing the Company's ownership in Piedmont to more than 50 percent. Due to the increase in ownership, the results of operations, financial position and cash flows of Piedmont have been consolidated with those of the Company beginning in the first quarter of 2002. The Company's investment in Piedmont had been accounted for using the equity method for 2001 and prior years.**

Coca-Cola BOTTLING CO. CONSOLIDATED 1902 2002

Letter To Shareholders

Last year was a significant one for Coca-Cola Bottling Co. Consolidated as we celebrated our centennial anniversary as a Company, generated record sales and produced solid earnings. Sadly, we also lost our former chairman.

Founded by Coca-Cola pioneer J.B. Harrison in 1902, our Company has grown from a small local bottler in North Carolina to its position today as the second largest Coca-Cola bottler in the United States. For the last 30 years, one of the principal architects of the Company's growth and success was J. Frank Harrison, Jr., our former chairman of the board. Mr. Harrison passed away in November, and his wisdom and insight are missed by all of us.

One of the many lessons we learned from Mr. Harrison was to focus on growing long-term shareholder value over time and managing the Company accordingly. In 2002, we delivered against that objective.

Record sales and strong growth in earnings per share — which increased by 139 percent on a reported basis to $2.58 per share — helped make 2002 a successful year. Net income for 2002 reflects a $12.6 million pre-tax reduction in amortization expense associated with the adoption of a new accounting pronouncement, while net income in 2001 benefited from a favorable income tax settlement. On a comparable basis, earnings per share increased by 60 percent in 2002.

We experienced very strong volume growth through our first three quarters of the year. However, volume and net pricing were down slightly in the fourth quarter due to unusually cool and wet weather in October and November and an ice storm in December that left more than 1 million homes and businesses in our territory without power for several days. The Company continued to generate strong cash flow in 2002. Over the past three years, the Company has generated almost $200 million of cash flow that has been used to reduce capital debt and lease obligations, thereby strengthening the Company's

100 Years … of Delivering Great Product

From painstakingly delivering product with a horse and buggy to the new and innovative "side-loader" delivery truck, we've come a long way. But, our dedication to getting product into consumers' hands hasn't wavered.

financial position. Our success during 2002 was achieved in a difficult, competitive environment that included continued consolidation among retailers, changing strategies of our customers and slower growth in the overall U.S. economy.

Continued innovation in packaging and the introduction of new products helped fuel strong volume growth during much of the year, particularly in our important immediate consumption channel. We're grateful for our partnership with The Coca-Cola Company, as working closely with them is central to our success. In 2002, they provided us with strong brand innovation, including Vanilla Coke, diet Vanilla Coke, Fanta flavors and Minute Maid Pink Lemonade. And, in addition to these innovative new brands, Coca-Cola Bottling Co. Consolidated started producing and selling diet Cherry Coke, which has created strong consumer interest. The Fridge Pack™, the innovative 12-can package we introduced in 2001, continued to be popular with retailers and consumers. During the second quarter, the Company became the first bottler to introduce a Fridge Pack for 12-ounce Dasani recyclable plastic bottles. The addition of the Dasani Fridge Pack contributed to our volume growth in the water category of more than 40 percent during the year.

The Company has effectively responded to ongoing changes in our markets and in our consumers' tastes. Increased demand and product offerings in the noncarbonated category of our business have resulted in this category comprising 10 percent of our total business, up from about 8 percent in 2001. Our line-up of noncarbonated beverages includes bottled water, isotonics, lemonade and fruit drinks. While this category is growing faster than the carbonated soft drink (CSD) category, we remain committed to long-term profitable growth of our CSD products. To underline this point, for the period of time last year following its introduction, Vanilla Coke contributed more to our growth in 2002 than isotonics, lemonade and fruit drinks combined.

100 Years … of High-Quality Brands

By the 1970s, our family of products (represented in part on the left) included a wide variety of brands. Today, the Coca-Cola system is still innovating great new brands — like Vanilla Coke — to satisfy consumers' changing tastes.

Letter To Shareholders

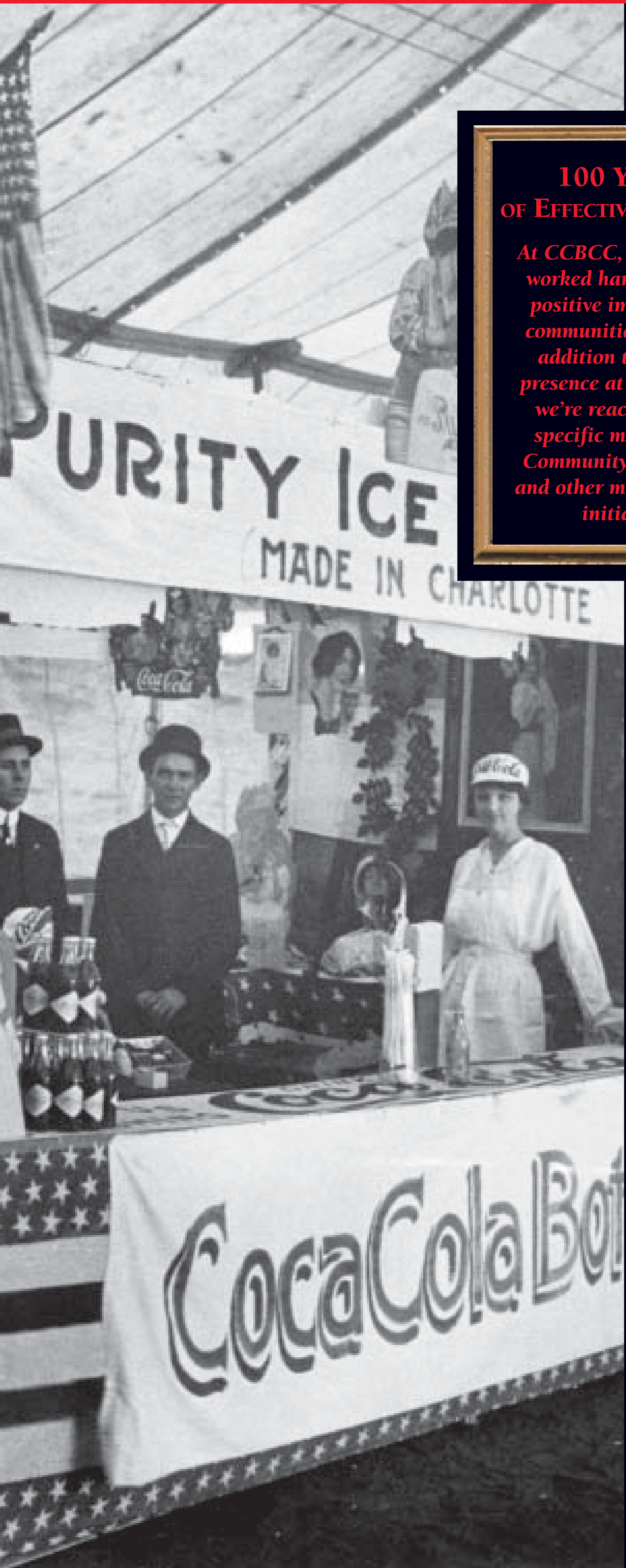
The Company's ongoing commitment to quality was rewarded by The Coca-Cola Company with the 2002 President's Award for Quality Excellence. This award is given in recognition of outstanding performance in manufacturing and in the management of our products in retail locations. This is the second straight year the Company has won this award, which reflects our commitment to providing the highest quality products to our consumers.

We remain committed to becoming more efficient and to increasing productivity. We are working with other Coca-Cola bottlers to coordinate manufacturing and purchasing, thereby reducing our operating costs. Coca-Cola bottlers across the country recently formed Coca-Cola Bottlers Sales and Service Company, designed to coordinate and leverage the procurement of key raw materials and cold drink equipment. We believe this organization will significantly reduce our costs over time.

Our 100th year was a very successful one for Coca-Cola Bottling Co. Consolidated. The year ahead will present a number of challenges for the Company, including rising insurance and employee benefit costs, plastic bottle cost increases well above inflation, a highly competitive sales environment and an uncertain economy. We believe that our commitment over the past few years to enhancing our financial strength, through solid operating performance and the reduction of our debt, will help us mitigate these challenges. We are optimistic about the future of our business and the Company. With the combination of great people, great products, the right strategy and excellent execution, your Company is poised for continued success in the next 100 years — and beyond.

J. Frank Harrison, III
Chairman of the Board and
Chief Executive Officer

William B. Elmore
President and
Chief Operating Officer



100 Years … of Effective Marketing

At CCBCC, we've always worked hard to make a positive impact in our communities. Today, in addition to having a presence at local events, we're reaching out to specific markets with Community Connection and other minority-based initiatives.

Our Business

Last year was a very good year for the Company, as we had solid growth in sales, earnings, volume and free cash flow. Our performance was driven by new brands and packages, increased productivity and outstanding execution by our more than 5,500 employees. A discussion of our strategic priorities follows.

▪ ▪ ▪ Profitable Growth Driven by Innovation

Our industry has historically been presented with the challenge of trying to grow volume and profits simultaneously. At different points in time, the industry has pursued one goal at the expense of the other. Your Company has taken a balanced and disciplined approach to the price/volume equation with the goal of sustainable growth in both over time. Our volume grew by 3.4 percent during 2002, while net income on a comparable basis grew by 63 percent. Continued packaging innovation and new products helped our growth. During 2002, we introduced numerous new products or packages in our markets, constantly working to provide our consumers with a wide variety of refreshment products. Our bottled water, Dasani, grew by more than 40 percent in 2002 following growth of more than 50 percent in 2001. New products, including Vanilla Coke, diet Vanilla Coke and Minute Maid Lemonades, also drove growth in 2002. While the Company's volume increase was driven by new products and noncarbonated beverages during 2002, we are committed to our core brands, especially Coca-Cola, diet Coke and Sprite. Working with The Coca-Cola Company, these brands will receive renewed emphasis during 2003.

▪ ▪ ▪ Productivity and Efficiency Driven by Supply Chain and Distribution Changes

As we begin 2003, we now sell more than 50 percent more SKUs than just three years ago. The addition of these new products would not have been possible without continued improvements in our operations. Over the past several years, the Company has worked extensively on its supply chain. We are now enjoying the benefits of our hard work, evidenced by dramatic productivity increases and significantly lower costs. All of this was

100 Years ...
of Innovation

In the 1940s, we introduced the 12-bottle carton. Today, we have the sleek Dasani Fridge Pack™. We're proud of our efforts to continually develop new and better packaging to meet consumers' needs.

accomplished at the same time our quality scores were at their highest levels ever. Our supply chain process improvements have allowed us to reduce inventory levels from their peak by almost 30 percent, despite the significant growth in the number of items we sell. The Company is also focused on driving greater efficiency in our distribution system. We are transitioning to a pre-sell distribution system that will allow for continued growth and management of new products and packages within the current operating framework. The changes we are making will allow our delivery personnel to be more efficient and ensure they have what they need on their trucks to better serve our customers. In addition, the Company has reduced its distribution locations by more than 20 percent over the past several years, thereby increasing efficiency and reducing fixed costs.

▪ ▪ ▪ Company Financial Strength

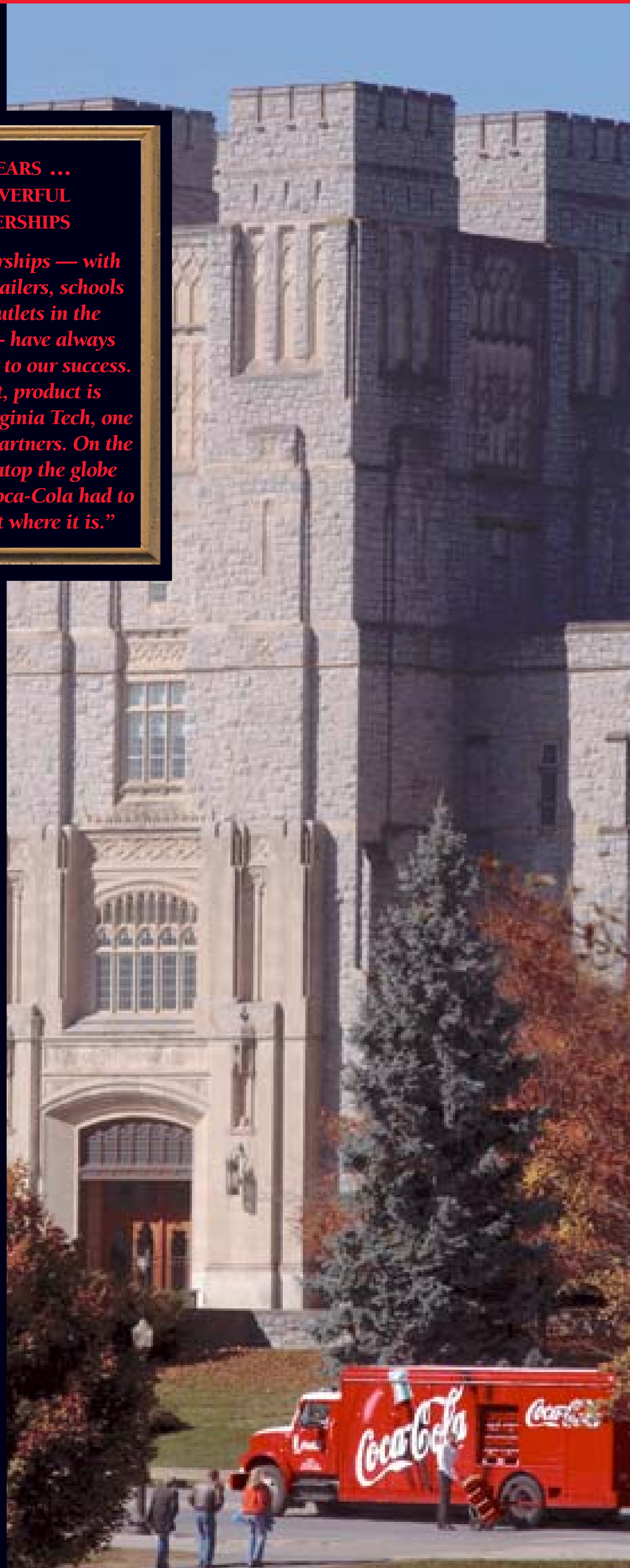
Three years ago, the Company committed to improving its financial strength. From 2000 to 2002, the Company generated cash flow of almost $200 million that was used to reduce long-term debt and lease liabilities. Interest expense for the Company, including Piedmont Coca-Cola Bottling Partnership, has declined from $67 million in 2000 to $49 million in 2002. We anticipate the Company will continue to benefit from further reductions in interest expense in the coming year.

▪ ▪ ▪ Information Systems

In 2003, the Company is beginning a multi-year effort to revamp and improve information systems. As demonstrated by the changes in our supply chain and distribution systems, our business has changed significantly over the past few years. Spurred by the competitive realities of the marketplace, we have innovated and improved quality and service while lowering costs. Our information systems in the future will be more integrated across functions and will provide more real-time information. These improvements in our systems should allow us to respond more quickly and easily to changes in the workplace and improve our overall decision-making capabilities.

100 Years … of Powerful Partnerships

Strong partnerships — with businesses, retailers, schools and other outlets in the community — have always been important to our success. On the right, product is delivered to Virginia Tech, one of our college partners. On the left, the sign atop the globe aptly reads, "Coca-Cola had to be good to get where it is."



A Tribute

J. Frank Harrison, Jr. 1930-2002

Coca-Cola Bottling Co. Consolidated would not be the thriving Company it is today had it not been for the vision and guiding hand of J. Frank Harrison, Jr. for the last 30 years. The grandson of Coca-Cola pioneer and Company founder, J.B. Harrison, Mr. Harrison led the growth of Coca-Cola Consolidated from a small, local bottler to the second largest Coca-Cola bottler in the nation.

Mr. Harrison served the Company as its chairman of the board from 1977 to 1996. After passing the chairmanship to his son, J. Frank Harrison, III, Mr. Harrison continued to provide his leadership and wisdom as chairman emeritus, a position he held until his death in November.

Mr. Harrison was born in Chattanooga, Tenn. He served his country in the U.S. Marine Corps and then began a very successful career which included leadership in such companies as Chattanooga Glass Company, Dorsey Corporation, Sewell Plastics and, of course, Coca-Cola Consolidated.

In addition to his many business successes, Mr. Harrison was committed to his faith, his family and his community. He contributed generously to Christian organizations and to a wide variety of worthwhile charitable organizations.

Mr. Harrison's strong belief in God was a centerpiece of his life. He would often say that Coca-Cola Consolidated was God's Company.

Mr. Harrison was an inspiration to all of us at Coca-Cola Consolidated. His knowledge of the soft drink industry, his business acumen and common sense judgment are sorely missed. We are thankful that he shared so much of himself in making Coca-Cola Consolidated into the Company it is today.

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INTRODUCTION

The Company

Coca-Cola Bottling Co. Consolidated (the "Company") produces, markets and distributes carbonated and noncarbonated beverages, primarily products of The Coca-Cola Company, which include some of the most recognized and popular beverage brands in the world. The Company is currently the second largest bottler of products of The Coca-Cola Company in the United States, operating in eleven states, primarily in the Southeast. The Company also distributes several other beverage brands. The Company's product offerings include carbonated soft drinks, bottled water, teas, juices, isotonics and energy drinks. Over the past several years, the Company has expanded its bottling territory primarily throughout the southeastern region of the United States via acquisitions and, combined with internally generated growth, had net sales of over $1.2 billion in 2002.

Acquisitions and Divestitures

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

As of December 29, 2002, The Coca-Cola Company owned 27.5% of the Company's Common Stock and Class B Common Stock on a combined basis and had a 45.349% interest in Piedmont. On March 5, 2003, the Company's Board of Directors authorized the purchase of 50% of The Coca-Cola Company's remaining interest in Piedmont for approximately $53.5 million, subject to the completion of a definitive purchase agreement and regulatory approval. This transaction, which is anticipated to close on March 31, 2003, would increase the Company's ownership interest in Piedmont from 54.651% to slightly more than 77%.

During 2000, the Company sold most of its bottling territory in Kentucky and Ohio to Coca-Cola Enterprises Inc., another Coca-Cola bottler. The territory sold represented approximately 3% of the Company's 2000 annual sales volume.

New Accounting Pronouncements

Emerging Issues Task Force No. 01-09 "Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products" was effective for the Company beginning January 1, 2002, requiring

Management's Discussion and Analysis

certain expenses previously classified as selling, general and administrative ("S,G&A") expenses to be reclassified as deductions from net sales. Prior years' results have been adjusted to reclassify these expenses as a deduction to net sales for comparability with current year presentation. These expenses relate primarily to payments to customers for certain marketing programs. The Company reclassified $22.5 million and $15.6 million for 2001 and 2000, respectively, related to these expenses.

In November 2002, the Financial Accounting Standards Board ("FASB") issued Financial Interpretation No. 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," ("FIN 45"). This interpretation requires additional disclosure for current guarantees and requires that certain guarantees entered into or modified subsequent to December 31, 2002 be reflected in the guarantor's balance sheet. The Company adopted the provisions of FIN 45 for its fiscal year ended December 29, 2002.

In January 2003, the FASB issued Financial Interpretation No. 46 "Consolidation of Variable Interest Entities," ("FIN 46"). This interpretation addresses consolidation by business enterprises of variable interest entities with certain defined characteristics. This interpretation applies to the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The Company has not yet determined what effect, if any, the adoption of FIN 46 will have on the results of operations and financial position of the Company.

Basis of Presentation

The statement of operations and statement of cash flows for the year ended December 29, 2002 and the consolidated balance sheet as of December 29, 2002 include the combined operations of the Company and Piedmont, reflecting the acquisition of an additional interest in Piedmont as previously discussed. Generally accepted accounting principles require that results for the other years presented, including results of operations and cash flows for the fiscal years ended December 30, 2001 and December 31, 2000 and the consolidated balance sheet as of December 30, 2001 be presented on a historical basis with the Company's investment in Piedmont accounted for under the equity method of accounting. The following management's discussion and analysis for 2002 compared to 2001 is based on the results for 2002 compared to the comparable consolidated results for the Company and Piedmont for 2001. The 2001 comparable consolidated results for the Company and Piedmont are included in Note 3 to the consolidated financial statements. Comparisons of 2001 to 2000 operating results and financial position are on a historical basis with the Company's investment in Piedmont accounted for as an equity investment for both years.

The Year in Review

The Company had a very successful year in 2002 with an increase in physical case volume of 3.4%, the introduction of several new products and packages, growth in operating cash flow of approximately 5% and another year of strong cash flow that resulted in debt repayment of approximately $66 million.

Management's Discussion and Analysis

Income from operations is reconciled to operating cash flow as follows:

In Thousands	2002	Unaudited 2001
Income from operations	$ 96,266	$ 71,474
Amortization of goodwill and intangibles	2,796	23,810
Depreciation expense	76,075	71,542
Operating cash flow	$175,137	$166,826

The Company believes that operating cash flow is a useful measurement tool that is commonly used in evaluating the financial performance and in business valuation of soft drink bottlers by investors.

Volume growth of 3.4% during 2002 was driven by continued sales growth of Dasani bottled water, the success of our Fridge Pack™ twelve-pack, the introduction of Vanilla Coke, diet Vanilla Coke, diet Cherry Coke, Minute Maid Pink Lemonade and the rollout of Fanta flavors across our territory. This increase in volume for 2002 comes on top of volume growth of 4% in 2001. Net selling price per case increased by slightly less than 1% for the year. The Company's results in the fourth quarter were not as strong as experienced during the first three quarters of 2002. Unseasonably cold and wet weather throughout much of October and November, a winter ice storm in December that left over a million homes and businesses in our North Carolina and South Carolina territory without power for several days and decreased promotion of our products by two of our largest retail customers negatively impacted fourth quarter volume and operating results.

The Company reported basic net income of $22.8 million or $2.58 per share for 2002 compared with basic net income of $9.0 million or $1.03 per share for 2001. Net income for 2002 was impacted favorably by a $21.0 million pre-tax reduction in amortization expense associated with the adoption of the Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," ("SFAS No. 142") and the elimination of an accrual of $2.3 million, net of tax, related to a retirement benefit payable to J. Frank Harrison, Jr., the former Chairman of the Company, who passed away in November 2002. Net income for 2002 was reduced during the fourth quarter by a $1.3 million expense, net of tax, related to the termination of two interest rate hedging agreements. Net income for 2001 was favorably impacted by an income tax benefit of $2.9 million, which resulted from the settlement of certain income tax matters with the Internal Revenue Service.

The Company continued to benefit from declining interest rates and lower debt levels over the course of 2002. The combination of lower interest rates and reduced long-term debt balances contributed to a decline in interest expense of $8.7 million from 2001. Over the past three years, the Company has reduced its debt and capital lease obligations by almost $200 million. The Company recorded a capital lease of $41.6 million at the end of the first quarter of 2002 related to its production/distribution center located in Charlotte, North Carolina. The lease obligation was capitalized as the Company received a renewal option to extend the term of the lease, which it expects to exercise. Excluding the impact of the capitalization of this lease, the Company reduced its total debt and capital lease obligations by approximately $66 million during 2002.

Significant Events of Prior Years

On June 1, 1994, the Company executed a management agreement with South Atlantic Canners, Inc. ("SAC"), a manufacturing cooperative located in Bishopville, South Carolina. The cooperative consists solely of Coca-Cola bottlers. SAC produces bottle and can product for its members. The Company is a member of the cooperative and receives a fee for managing the day-to-day operations of SAC pursuant to a ten-year management agreement.

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont to distribute and market soft drink products of The Coca-Cola Company and other third party licensors, primarily in certain portions of North Carolina and South Carolina. The Company provides a portion of the soft drink products to Piedmont and receives a fee for managing the business of Piedmont pursuant to a management agreement. The Company and The Coca-Cola Company, through their respective subsidiaries, each beneficially owned a 50% interest in Piedmont at December 30, 2001. As previously noted, on January 2, 2002, the Company increased its ownership interest in Piedmont to 54.651% and The Coca-Cola Company's ownership in Piedmont was reduced to 45.349%. The results of operations, financial position and cash flows of Piedmont have been consolidated with those of the Company beginning in the first quarter of 2002.

DISCUSSION OF 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 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 believes that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Allowance for Doubtful Accounts

The Company evaluates the collectibility of its trade accounts receivable based on a number of factors. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, a specific reserve for bad debts is estimated and recorded which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on the Company's recent past loss history and an overall assessment of past due trade accounts receivable amounts outstanding.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost and is depreciated on a straight-line basis over the estimated useful lives of such assets. Changes in circumstances such as technological advances, changes to the Company's business model or changes in the Company's capital strategy could result in the actual useful lives differing from the Company's current estimates. In those cases where the Company determines that the useful life of property, plant and equipment should be shortened, the Company would depreciate the net book value in excess of the estimated salvage value over its revised remaining useful life. Factors such as changes in the planned use of manufacturing equipment, vending equipment, transportation equipment, warehouse facilities or software could also result in shortened useful lives.

The Company evaluates long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When undiscounted future cash flows will not be sufficient to recover an asset's carrying amount, the asset is written down to its fair value. Long-lived assets to be disposed of other than by sale are classified as held and used until they are disposed of. Long-lived assets to be disposed of by sale are classified as held for sale and are reported at the lower of carrying amount or fair value less cost to sell, and depreciation is ceased.

Goodwill and Other Intangible Assets

During 2002, the Company adopted the provisions of Statement of Financial Accounting Standards No. 141, "Business Combinations," and SFAS No. 142. Adoption of SFAS No. 142 resulted in a reduction of amortization expense in 2002 by approximately $21.0 million on a pre-tax basis for the Company and Piedmont on a comparable basis. As of the beginning of fiscal year 2002, the Company performed an impairment test of its goodwill and intangible assets with indefinite useful lives and concluded that current fair values for recorded goodwill and intangible assets with indefinite lives exceed their respective carrying values. In the future the Company will perform an annual impairment test in the third quarter of each year or earlier if significant impairment indicators arise.

Deferred Tax Assets

The Company records a valuation allowance to reduce the carrying value of its deferred tax assets to an amount that is more likely than not to be realized. While the Company has considered future taxable income and prudent and feasible tax planning strategies in assessing the need for the valuation allowance, should the Company determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the valuation allowance would be charged to income in the period in which such determination was made. A reduction in the valuation allowance and corresponding credit to income may be required if the likelihood of realizing existing deferred tax assets were to increase.

Pension and Postretirement Benefits Obligations

The Company sponsors pension plans covering substantially all full-time nonunion employees who meet eligibility requirements. Several statistical and other factors, which attempt to anticipate future events, are used in calculating the expense and liability related to the plans. These factors include assumptions about the discount rate, expected return on plan assets, employee turnover, age at retirement and rate of future compensation increases as determined by the Company, within certain guidelines. In addition, the Company's actuarial consultants also use subjective factors such as withdrawal and mortality rates to estimate the projected benefit obligation. The actuarial assumptions used by the Company may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of pension expense recorded by the Company in future periods. In 2002, the discount rate used in determining the actuarial present value of the projected benefit obligation for the Company's nonunion pension plans decreased to 7.00% from 7.25% in 2001 due to declining interest rates for long-term bonds.

The Company sponsors a postretirement health care plan for employees meeting specified qualifying criteria. Several statistical and other factors, which attempt to anticipate future events, are used in calculating the expense and liability for this plan. These factors include assumptions about the discount rate and the expected growth rate for the cost of health care benefits. In addition, the Company's actuarial consultants also use subjective factors such as withdrawal and mortality rates to estimate the projected liability under this plan. The actuarial assumptions used by the Company may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of expense recorded by the Company in future periods. In 2002, the discount rate used in the actuarial estimates for the Company's postretirement health care plan decreased to 6.75% from 7.25% in 2001 due to declining interest rates for long-term bonds.

RESULTS OF OPERATIONS

2002 COMPARED TO 2001

Net Income

The Company reported basic net income of $22.8 million or $2.58 per share for the fiscal year 2002 compared with basic net income of $9.0 million or $1.03 per share for the fiscal year 2001. Net income for 2002 was impacted favorably by a $21.0 million pre-tax reduction in amortization expense associated with the adoption of SFAS No. 142 and the elimination of an accrual of $2.3 million, net of tax, related to a retirement benefit payable to J. Frank Harrison, Jr., the former Chairman of the Company, who passed away in November 2002. Net income for 2002 was reduced during the fourth quarter by a $1.3 million expense, net of tax, related to the termination of two interest rate hedging agreements. Net income for 2001 was favorably impacted by an income tax benefit of approximately $2.9 million, which resulted from the settlement of certain income tax matters with the Internal Revenue Service.

Net Sales and Gross Margin

The Company's net sales for 2002 were $1.25 billion, an increase of 4.8% compared to 2001. The increase in net sales was due to an increase in physical case volume of 3.4%, higher sales to other Coca-Cola bottlers and an increase of slightly less than 1% in net selling price per unit compared to 2001. Sales volume of carbonated beverages increased by 2.1% for 2002 over 2001. In addition, the Company continued to experience strong volume growth for its bottled water, Dasani. New packaging, including the Dasani Fridge Pack™, and increased availability in retail outlets contributed to an increase in volume of more than 40% for Dasani during 2002. The Company introduced Vanilla Coke during the second quarter of 2002 and sales results have been very positive. The Company introduced diet Vanilla Coke and diet Cherry Coke during the fourth quarter of 2002. The introduction of these additional options in the cola category led to an increase in total cola volume of approximately 1% in 2002 compared to approximately 3% in 2001. Fanta flavors and Minute Maid Lemonade, introduced in 2002, continued to favorably impact volume growth. The Company introduced Minute Maid Pink Lemonade during the third quarter. POWERade continues to show solid growth with volume increasing by approximately 22% over 2001. Noncarbonated beverages, which include bottled water, juices and isotonics, comprised approximately 10% of the Company's total sales volume in 2002 compared to approximately 8% in 2001.

The Company's products are sold and distributed directly by its employees to retail stores and other outlets. During 2002, approximately 79% of the Company's physical case volume was sold for future consumption through supermarkets, convenience stores, drug stores and mass merchandisers. The remaining 21% of the Company's volume was sold for immediate consumption through various cold drink channels. The Company's largest customer accounted for approximately 10% of the Company's total sales volume in 2002.

Gross margin increased by 5.7% for 2002. Gross margin as a percentage of net sales increased from 46.1% in 2001 to 46.5% in 2002. The improvement in gross margin as a percentage of net sales reflects modest increases in selling prices in future consumption packages offset by planned decreases in selling prices in immediate consumption packages in certain channels. These changes in selling prices have resulted in growth in revenue per case of slightly less than 1% for the year and have led to favorable shifts in channel mix, which combined with lower cost of sales on a per unit basis, have driven the increase in gross margin.

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. Although The Coca-Cola Company has advised the Company that it intends to provide marketing funding support in 2003, it is not obligated to do so under the Company's master bottle contract. Significant decreases in marketing support from The Coca-Cola Company or other beverage companies could adversely impact operating results of the Company. Marketing funding support includes direct payments to the Company from The Coca-Cola Company and other beverage companies, as well as payments to customers for marketing programs. Total direct payments to the Company combined with payments to customers for marketing programs were $64.1 million in 2002 versus $65.3 million in 2001. In 2002, The Coca-Cola Company offered through its Strategic Growth Initiative an opportunity for the Company to receive additional marketing funding subject to meeting certain volume performance requirements. Under this program, the Company could have received $6.3 million in incremental funding in 2002 as a result of its volume performance. Instead, the Company requested The Coca-Cola Company reinvest $4.0 million of this funding in additional local media and the balance of the funding, or $2.3 million, was received by the Company in cash.

Cost of Sales and Operating Expenses

Cost of sales on a per unit basis decreased by less than 1% in 2002 compared to 2001. Packaging costs decreased slightly compared to the prior year. Increases in other raw material costs have been offset largely by productivity improvements. The Company anticipates that the cost of plastic bottle containers will increase at a rate well above inflation in 2003.

S,G&A expenses for 2002 increased 6.0% from 2001. The increase in S,G&A expenses was primarily attributable to increases in employee compensation and employee benefit plans (including costs related to the Company's pension plans), increases in insurance costs, increases in marketing expenses and certain expenses related to the closing of sales distribution facilities. Nonhealth related insurance costs increased by $4.0 million or 37% during 2002. The Company anticipates that due to current market conditions, its costs associated with nonhealth related insurance will increase by approximately 12% in 2003. Costs related to the stock grant award for the Company's Chairman increased from $1.4 million in 2001 to $2.3 million in 2002, due to the increased price of the Company's stock during 2002.

Based on the performance of the overall equity markets in 2001 and lower interest rates, pension expense increased from $2.0 million in 2001 to $6.2 million in 2002. Due to continuing weakness in the equity markets in 2002 and a reduction in the anticipated future return on pension plan investments, pension expense will further increase in 2003 to approximately $9.5 million. Claim costs related to the Company's health care insurance program increased by $3.1 million or 14.1% during

2002. The Company closed eight sales distribution centers during 2002. The Company believes that these distribution center closings will reduce overall costs and improve asset productivity in the future. The Company will continue to evaluate its distribution system in an effort to optimize the process of distributing products to customers.

Depreciation expense in 2002 increased $4.5 million or 6.3% from 2001. The increase was due to amortization of a capital lease for the Company's Charlotte, North Carolina production/distribution center and the purchase during the second quarter of 2001 of approximately $49 million of cold drink equipment that had previously been leased. The production/distribution center lease obligation was capitalized at the end of the first quarter of 2002 as the Company received a renewal option to extend the term of the lease, which it expects to exercise. The production/distribution lease was previously accounted for as an operating lease. Lease expense in 2002 related to the production/distribution center was $2.9 million. Capital expenditures during 2002 amounted to $57.3 million compared to $101.6 million in 2001. Capital expenditures during 2001 included the purchase of approximately $49 million of leased equipment as previously discussed.

Interest Expense

Interest expense for 2002 of $49.1 million decreased by $8.7 million or 15.0% from 2001. The decrease in interest expense was primarily attributable to lower average interest rates on the Company's outstanding debt and lower debt balances. Interest expense during the fourth quarter of 2002 included $2.2 million due to the termination of interest rate hedging agreements related to the Company's long-term debt that was retired early. The Company's overall weighted average interest rate decreased from an average of 6.5% during 2001 to an average of 5.6% during 2002. Debt and capital lease obligations decreased from $878.4 million at December 30, 2001 to $853.8 million at December 29, 2002. Debt and capital lease obligations at December 29, 2002 include $41.3 million attributable to a lease that was capitalized during the first quarter of 2002.

Excluding the impact of the capitalization of this lease, strong cash flow enabled the Company to repay approximately $66 million in debt and capital lease obligations during 2002.

Other Income (Expense)

Other expense for 2002 was $3.1 million compared to $2.3 million in 2001. The change in other expense from 2001 is primarily due to increased losses on the sale of property, plant and equipment in 2002. The Company recorded a provision for impairment of certain real estate of $.9 million in the fourth quarter of 2001. The impairment charge reflected an adjustment to estimated net realizable value of real estate which was no longer required for the Company's ongoing operations. Also in 2001, the Company recorded a gain of $1.1 million on the sale of certain corporate transportation equipment and a loan loss provision of $1.6 million related to an outstanding loan of its equity investee, Data Ventures, LLC.

Minority Interest

The Company recorded minority interest of $6.0 million in 2002 compared to $.4 million in 2001 related to the portion of Piedmont owned by The Coca-Cola Company. The increased amount in 2002 was due to improved operating results at Piedmont. Piedmont's operating results were favorably impacted by the reduction in amortization expense associated with the adoption of SFAS No. 142. Amortization expense decreased at Piedmont by $8.4 million in 2002 compared to 2001.

Income Taxes

The effective tax rate for federal and state income taxes was approximately 40% in 2002 versus approximately 19% in 2001. The Company's income tax rate for 2001 was favorably impacted by the $2.9 million settlement of certain income tax issues with the Internal Revenue Service. The Company anticipates that in future years, its income tax payments will increase significantly.

2001 COMPARED TO 2000

Net Income

The Company reported basic net income of $9.5 million or $1.08 per share for fiscal year 2001 compared with basic net income of $6.3 million or $.72 per share for fiscal year 2000. Diluted net income per share for 2001 was $1.07 compared to $.71 in 2000. Net income for 2001 was favorably impacted by an income tax benefit of $2.9 million, which resulted from the settlement of certain income tax issues with the Internal Revenue Service during the year. Operating results for 2000 included nonrecurring items that increased net income for the year by $3.6 million. The nonrecurring income items in 2000 included a $5.6 million gain, net of tax, on the sale of bottling territory in Kentucky and Ohio offset partially by a provision for impairment of certain fixed assets of $2.0 million, net of tax.

Net Sales and Gross Margin

The Company's net sales for 2001 were $1.0 billion, an increase of 2.0% compared to 2000. On a constant territory basis, net sales increased by approximately 4% in 2001 due to an increase in physical case volume of 4% with net selling price relatively unchanged compared to 2000. The growth in the Company's constant territory physical case volume was attributable to several different items. Sales of carbonated soft drinks were positively impacted by the introduction of new packaging for twelve-pack cans called Fridge Pack™ and line extensions for Mello Yello and diet Coke. On a constant territory basis, volume for the Company's three largest selling brands, Coca-Cola classic, Sprite and diet Coke, increased during 2001 after volume declines during 2000.

Sales of the Company's noncarbonated beverages comprised approximately 8% of the Company's total sales volume in 2001 compared to approximately 6% in 2000. The Company experienced strong volume growth in its bottled water, Dasani. New packaging, including twelve-ounce bottles and multi-packs, contributed to an increase in volume of 52% for Dasani on a constant territory basis over 2000. New packages for POWERade, including twelve-ounce bottles, helped increase volume by 30% over prior year volume.

While the Company's gross margin as a percentage of net sales declined in 2001 compared to 2000, it was 1.5% higher in 2001 than in 1999. Gross margin as a percentage of net sales increased from 43.5% in 1999 to 46.3% in 2000 and declined to 45.0% in 2001. The decline in the gross margin percentage in 2001 as compared to 2000 was attributable to an increase in cost of sales as a result of higher raw material costs and brand mix.

Marketing funding support, which includes direct payments to the Company from The Coca-Cola Company and other beverage companies as well as payments to customers for marketing programs, was $49.4 million in 2001 as compared to $49.1 million in 2000.

Cost of Sales and Operating Expenses

Cost of sales on a per unit basis increased .9% for the year 2001 compared to 2000. Increases in raw material costs were partially offset by a package mix shift from bottles to cans and improvements in productivity.

S,G&A expenses for 2001 increased by 1.4% over the prior year on a constant territory basis. The increase in S,G&A expenses for 2001 was due primarily to higher employee compensation costs and an increase in sales development costs, offset by a reduction in lease expense resulting from the Company's purchase of certain assets that were previously leased and increased productivity. S,G&A expenses included an increase in the Company's allowance for doubtful accounts due to the bankruptcy filing of a large retail customer shortly after the end of fiscal year 2001. The

Company produced, sold and delivered 4% more physical cases with 4% fewer employees in 2001.

Depreciation expense in 2001 increased $1.4 million or 2.1% on a reported basis and $1.8 million or 2.7% on a constant territory basis from 2000. The increase was due primarily to the purchase during the second quarter of 2001 of approximately $49 million of cold drink equipment that had previously been leased. This purchase was financed with the Company's lines of credit. Capital expenditures in 2001 totaled $96.7 million, which included the purchase of approximately $49 million of previously leased equipment as discussed above.

Investment in Piedmont

The Company's share of Piedmont's net income in 2001 was $.4 million compared to $2.5 million in 2000. The decrease in income from Piedmont of $2.1 million resulted primarily from an increase in operating expenses. Piedmont's operating expenses increased by $10.4 million in 2001 due to higher employee compensation costs, an increase in sales development costs and an increase in management fees paid to the Company.

Interest Expense

Interest expense for 2001 of $44.3 million decreased by $9.0 million or approximately 17% from 2000. The decrease in interest expense was attributable to lower average interest rates on the Company's outstanding debt and lower debt balances. The Company's overall weighted average interest rate decreased from an average of 7.3% during 2000 to an average of 6.5% during 2001. Debt and capital lease obligations decreased from $697.2 million at December 31, 2000 to $679.3 million at December 30, 2001. Strong cash flow from operations enabled the Company to repay approximately $18 million in debt and purchase approximately $49 million of equipment previously leased.

Other Income (Expense)

Other expense for 2001 was $2.6 million compared to other income of $3.5 million in 2000. The change in other income (expense) from 2000 was primarily due to nonrecurring items in 2000 that included a gain on the sale of bottling territory of $8.8 million, offset partially by a provision for impairment of certain fixed assets of $3.1 million.

Income Taxes

The effective tax rate for federal and state income taxes was approximately 19% in 2001 versus approximately 36% in 2000. The Company's income tax rate for 2001 was favorably impacted by the $2.9 million settlement of certain income tax issues with the Internal Revenue Service.

FINANCIAL CONDITION

Total assets increased slightly from $1.347 billion at December 30, 2001 to $1.354 billion at December 29, 2002.

Net working capital, defined as current assets less current liabilities, increased by $138.5 million to $15.1 million at December 29, 2002 from a deficit of $123.4 million at December 30, 2001. The change in working capital was primarily due to a decrease in the current portion of long-term debt of $154.2 million. The Company refinanced its current debt maturities during 2002 with the issuance of senior notes and with borrowings from its revolving credit facility. Other changes in working capital included a decrease in accounts receivable, trade of $4.8 million and a decrease in inventory of $7.2 million, offset by an increase in accounts receivable from The Coca-Cola Company of $8.0 million and an increase in other accounts receivable of $9.4 million. The decrease in accounts receivable, trade resulted from an improvement in the Company's accounts receivable collections performance combined with lower net sales in the month of December. The increase in accounts receivable from The Coca-Cola Company resulted from a difference in the timing of marketing program settlements. The reduction in inventory levels is primarily due to the focused work on our supply chain. Inventory balances declined in 2002 despite the introduction of several new products and packages. Significant changes in current liabilities included an increase of $4.1 million in accounts payable, trade and an increase in other accrued liabilities of $15.6 million. The increase in other accrued liabilities relates primarily to the timing of customer marketing payments and an increase in the current portion of the Company's pension liability.

The Company recorded a capital lease of $41.6 million at the end of the first quarter of 2002 related to its production/distribution center located in Charlotte, North Carolina. As disclosed in Note 16 to the consolidated financial statements, this facility is leased from a related party. The lease obligation was capitalized as the Company received a renewal option to extend the term of the lease, which it expects to exercise.

Debt and capital lease obligations decreased from $878.4 million at December 30, 2001 to $853.8 million at December 29, 2002. Excluding the impact of the capitalization of the lease in the first quarter of 2002, cash flow enabled the Company to repay approximately $66 million in debt and capital lease obligations. The Company has reduced its debt and capital lease obligations by approximately $200 million over the past three years.

The Company recorded a minimum pension liability adjustment of $11.0 million, net of tax, in the fourth quarter of 2001 to reflect the difference between the fair market value of the Company's nonunion pension plan assets and the accumulated benefit obligation of the plan. The Company recorded an additional adjustment of $9.6 million, net of tax, during 2002 resulting in a cumulative charge to equity of $20.6 million as of December 29, 2002. Contributions to the Company's pension plans increased from $.3 million in 2001 to $13.5 million in 2002. The Company anticipates contributing approximately $8 million to $10 million to its nonunion pension plans during 2003.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

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

If the Company completes the purchase of half of The Coca-Cola Company's remaining interest in Piedmont for approximately $53.5 million, available sources of financing for this transaction may include the Company's available lines of credit, its revolving credit facility or public debt.

Management's Discussion and Analysis

The following table summarizes the Company's contractual obligations and commercial commitments as of December 29, 2002:

		Payments Due by Period			
In Thousands	Total	Next 12 Months	Years 2 and 3	Years 4 and 5	After 5 Years
Contractual obligations					
Long-term debt	$807,756	$ 31	$207,645	$100,080	$500,000
Capital lease obligations (1)	46,026	1,120	1,847	1,633	41,426
Operating leases (1)	38,044	6,944	12,125	10,198	8,777
Total contractual obligations	$891,826	$ 8,095	$221,617	$111,911	$550,203
Other commercial commitments					
Guarantees (1)	$ 34,946	$34,946	$ —	$ —	$ —
Standby letters of credit (1)	8,910	8,910	—	—	—
Sponsorship commitments (1)	20,914	3,090	5,805	5,020	6,999
Total commercial commitments	$ 64,770	$46,946	$ 5,805	$ 5,020	$ 6,999

(1) See Note 12 to the consolidated financial statements for additional information.

Investing Activities

Additions to property, plant and equipment during 2002 were $57.3 million. Capital expenditures during 2002 were funded with cash flow from operations and from borrowings under the Company's available lines of credit. Leasing is used for certain capital additions when considered cost effective relative to other sources of capital. The Company currently leases two production facilities and several distribution and administrative facilities.

At the end of 2002, the Company had no material commitments for the purchase of capital assets other than those related to normal replacement of equipment. The Company considers the acquisition of bottling territories on an ongoing basis. The Company anticipates that additions to property, plant and equipment in 2003 will be in the range of $70 million to $75 million and plans to fund such additions through cash flows from operations and its available lines of credit. The Company is in the process of initiating an upgrade of its Enterprise Resource Planning (ERP) computer software systems, which is anticipated will take four to five years to complete.

Financing Activities

In November 2002, the Company issued $150 million of ten-year senior notes at a coupon rate of 5.00%. The proceeds from this issuance were used to repay borrowings under the Company's revolving credit facility and lines of credit, and to repay a $97.5 million term loan for Piedmont. The Company filed an $800 million shelf registration for debt and equity securities in January 1999. The Company has used this shelf registration to issue $250 million of long-term debentures in 1999 and $150 million of senior notes in 2002 as discussed above. The Company currently has $400 million available for use under this shelf registration.

In December 2002, the Company entered into a new three-year, $125 million revolving credit facility. This facility includes an option to extend the term for an additional year at the participating banks' discretion. The revolving credit facility bears interest at a floating rate of LIBOR plus an interest rate spread of .60%. In addition, there is a facility fee of .15% required for this revolving credit facility. Both the interest rate spread and the facility fee are determined from a commonly used pricing grid based on the Company's long-term senior unsecured noncredit-enhanced debt rating. This new revolving credit facility replaced the Company's $170 million facility that expired in December 2002. The new facility contains covenants which establish ratio requirements related to debt, interest expense and cash flow. On December 29, 2002, there were no amounts outstanding under this new facility.

The Company also borrows periodically under its available lines of credit. These lines of credit, in the aggregate amount of $65 million at December 29, 2002, are made available at the discretion of the two participating banks and may be withdrawn at any time by such banks. The Company can utilize its $125 million revolving credit facility in the event the lines of credit are not available. The Company had borrowed $37.6 million under its lines of credit as of December 29, 2002. The lines of credit as of December 29, 2002 bore an interest rate of 1.85%.

During 2002, Piedmont refinanced a $195 million term loan using the proceeds from a loan from the Company. The Company's source of funds for this loan to Piedmont included the issuance of $150 million of senior notes, its lines of credit, its revolving credit facility and available cash flow. Piedmont pays the Company interest on the loan at the Company's average cost of funds plus .50%. The Company plans to provide for Piedmont's future financing requirements under these terms.

On May 13, 2002, the Company announced that two of its directors, J. Frank Harrison, Jr., Chairman Emeritus, and J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer, had entered into plans providing for sales of up to an aggregate total of 250,000 shares of the Company's Common Stock in accordance with Securities and Exchange Commission Rule 10b5-1. Shares sold under the plans were issuable to Mr. Harrison, Jr. and Mr. Harrison, III under stock option agreements that were granted in 1989 as long-term incentives. All 250,000 shares of Common Stock exercisable under the options were sold under the plans and the Company received proceeds of $7.2 million.

The Company's income from operations for 2002 was almost two times interest expense. This interest coverage coupled with the stability of the Company's operating cash flows are two of the key reasons the Company has been rated investment grade by both Moody's and Standard & Poor's. It is the Company's intent to operate in a manner that will allow it to maintain its investment grade ratings.

At December 29, 2002, the Company's debt ratings were as follows:

	Long-Term Debt
Standard and Poor's	BBB
Moody's	Baa

There were no changes in these debt ratings from the prior year.

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

Off-Balance Sheet Arrangements

See Note 12 to the consolidated financial statements for details of the Company's off-balance sheet arrangements.

Interest Rate Hedging

The Company periodically uses interest rate hedging products to modify risk from interest rate fluctuations. The Company has historically altered its fixed/floating rate mix based upon anticipated cash flows from operations relative to the Company's debt level and the potential impact of changes in interest rates on the Company's overall financial condition. Sensitivity analyses are performed to review the impact on the Company's financial position and coverage of various interest rate movements. The Company does not use derivative financial instruments for trading purposes nor does it use leveraged financial instruments.

During the fourth quarter of 2002, the Company terminated two interest rate swap agreements related to long- term debt that was retired early. These swap agreements were accounted for as cash flow hedges. The Company recorded interest expense in the fourth quarter of $2.2 million related to the amounts paid upon termination of these interest rate hedging agreements.

During November 2002, the Company entered into three interest rate swap agreements in conjunction with the issuance of $150 million of senior notes and the refinancing of other Company debt as previously discussed. The new interest rate swap agreements effectively convert $150 million of the Company's debt from a fixed rate to a floating rate in conjunction with its stated strategy. During December 2002, the Company entered into four forward rate agreements, which fix short-term rates on certain components of the Company's floating rate debt for periods ranging from three to twelve months. One of these forward rate agreements was accounted for as a cash flow hedge. Three of these forward rate agreements do not meet the criteria set forth in Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, for hedge accounting and have been accounted for on a mark-to-market basis. The mark-to-market adjustment for these forward rate agreements is included as an adjustment to interest expense and was not material in 2002. The Company entered into an additional $50 million, one-year forward rate agreement subsequent to fiscal year end.

In October 2001, the Company terminated two interest rate swaps with a total notional amount of $100 million. The gain of $6.7 million from the termination of these swaps is being amortized as an adjustment to interest expense over the remaining term of the related debt instrument that was being hedged.

During 2002, interest expense was $1.9 million lower due to amortization of the deferred gains on previously terminated interest rate swap agreements. Interest expense will be reduced by the amortization of these deferred gains in 2003 through 2009 as follows: $1.9 million, $1.7 million, $1.5 million, $1.5 million, $1.5 million, $1.5 million and $.6 million, respectively.

The weighted average interest rate of the Company's debt and capital lease obligations as of December 29, 2002 was 5.0% compared to 5.7% at the end of 2001. The Company's overall weighted average interest rate on its debt and capital lease obligations in 2002 decreased to 5.6% from 6.5% in 2001. Before giving effect to forward rate agreements, approximately 47% of the Company's debt and capital lease obligations of $853.8 million as of December 29, 2002 was maintained on a floating rate basis and was subject to changes in short-term interest rates. As a result of the aforementioned forward rate agreements, the Company's exposure to interest rate movements has been significantly reduced for 2003 and the Company estimates that interest expense for 2003 will approximate $43 million, a reduction of over $6 million from 2002.

An increase in interest rates of 1% in 2002 would have resulted in an increase in interest expense of approximately $2 million on a pre-tax basis.

FORWARD-LOOKING STATEMENTS

This Annual Report to Stockholders, as well as information included in future filings by the Company with the Securities and Exchange Commission and information contained in written material, press releases and oral statements issued by or on behalf of the Company, contains, or may contain, several forward-looking management comments and other statements that reflect management's current outlook for future periods. These statements include, among others, statements relating to: the consolidation of results of operations, financial position and cash flows of Piedmont with those of the Company; the Company's anticipated purchase of half of The Coca-Cola Company's remaining interest in Piedmont and financing thereof; increases in pension expense; anticipated return on pension plan investments; the Company's estimate of interest expense for 2003; anticipated costs associated with nonhealth and health related insurance; the Company's ability to utilize net operating loss carryforwards; the Company's belief that other parties to certain contractual arrangements will perform their obligations; potential marketing funding support from The Coca-Cola Company; the Company's belief that the risk of loss with respect to funds deposited with banks is minimal; sufficiency of financial resources; anticipated additions to property, plant and equipment; expectations regarding future income tax payments; estimated annual purchases under the Company's aluminum can agreement; the Company's belief that disposition of certain litigation and claims will not have a material adverse effect; the Company's expectation of exercising its option to extend certain lease obligations; effects of closing of distribution centers; the Company's intention to continue to evaluate its distribution system in an effort to optimize the process of distributing products; the effects of the upgrade of ERP systems; management's belief that the Company has sufficient financial resources to maintain current operations and provide for its current capital expenditures and working capital requirements, scheduled debt payments, interest and income tax payments and dividends for stockholders; the Company's intention to operate in a manner to maintain its investment grade ratings; the Company's belief that neither SAC or Southeastern Container will fail to fulfill their commitments under their respective debt and lease agreements; providing for Piedmont's future financing requirements and management's belief that a trigger event will not occur under the Company's $170 million term loan agreement. These statements and expectations are based on the current available competitive, financial and economic data along with the Company's operating plans, and are subject to future events and uncertainties. Among the events or uncertainties which could adversely affect future periods are: lower than expected net pricing resulting from increased marketplace competition; changes in how significant customers market our products; an inability to meet performance requirements for expected levels of marketing funding support payments from The Coca-Cola Company or other beverage companies; reduced marketing and advertising spending by The Coca-Cola Company or other beverage companies; an inability to meet requirements under bottling contracts; the inability of our aluminum can or PET bottle suppliers to meet our demand; material changes from expectations in the cost of raw materials; higher than expected insurance premiums; lower than anticipated return on pension plan assets; higher than anticipated health care costs; higher than expected fuel prices; unfavorable interest rate fluctuations; terrorist attacks, war or other civil disturbances; changes in financial markets and an inability to meet projections in acquired bottling territories.

Report of Management

The management of Coca-Cola Bottling Co. Consolidated (the "Company") is responsible for the preparation and integrity of the consolidated financial statements of the Company. The financial statements and notes have been prepared by the Company in accordance with generally accepted accounting principles and, in the judgment of management, present fairly the Company's financial position and results of operations. The financial information contained elsewhere in this annual report is consistent with that in the financial statements. The financial statements and other financial information in this annual report include amounts that are based on management's best estimates and judgments and give due consideration to materiality.

The Company maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

The Internal Audit Department of the Company reviews, evaluates, monitors and makes recommendations on both administrative and accounting controls, and acts as an integral, but independent, part of the system of internal controls.

The Company's independent accountants were engaged to perform an audit of the consolidated financial statements. This audit provides an objective outside review of management's responsibility to report operating results and financial condition. Working with the Company's internal auditors, the independent accountants perform tests, as appropriate, of the data included in the financial statements.

The Board of Directors discharges its responsibility for the Company's financial statements primarily through its Audit Committee. The Audit Committee meets periodically with the independent accountants, internal auditors and management. Both the independent accountants and internal auditors have direct access to the Audit Committee to discuss the scope and results of their work, the adequacy of internal accounting controls and the quality of financial reporting.

William B. Elmore
President and Chief Operating Officer

David V. Singer
Executive Vice President and Chief Financial Officer

Report of Independent Accountants

To the Board of Directors and Stockholders of Coca-Cola Bottling Co. Consolidated:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of cash flows and of changes in stockholders' equity present fairly, in all material respects, the financial position of Coca-Cola Bottling Co. Consolidated and its subsidiaries (the "Company") at December 29, 2002 and December 30, 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 29, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 7 to these consolidated financial statements, the Company changed its accounting for goodwill and other intangible assets in 2002.

PricewaterhouseCoopers LLP

Charlotte, North Carolina
February 13, 2003

Consolidated Statements of Operations

In Thousands (Except Per Share Data)	Fiscal Year 2002	2001	2000
Net sales (includes sales to Piedmont of $71,170 and $69,539 in 2001 and 2000)	**$1,246,591**	$989,188	$969,937
Cost of sales, excluding depreciation shown below (includes $53,033 and $53,463 in 2001 and 2000 related to sales to Piedmont)	**667,260**	544,528	520,600
Gross margin	**579,331**	444,660	449,337
Selling, general and administrative expenses, excluding depreciation shown below	**404,194**	304,565	310,215
Depreciation expense	**76,075**	66,134	64,751
Amortization of goodwill and intangibles	**2,796**	15,296	14,712
Income from operations	**96,266**	58,665	59,659
Interest expense	**49,120**	44,322	53,346
Other income (expense), net	**(3,084)**	(2,647)	3,522
Minority interest	**5,992**		
Income before income taxes	**38,070**	11,696	9,835
Income taxes	**15,247**	2,226	3,541
Net income	**$ 22,823**	$ 9,470	$ 6,294
Basic net income per share	**$ 2.58**	$ 1.08	$ .72
Diluted net income per share	**$ 2.56**	$ 1.07	$ .71
Weighted average number of common shares outstanding	**8,861**	8,753	8,733
Weighted average number of common shares outstanding—assuming dilution	**8,921**	8,821	8,822

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

In Thousands (Except Share Data) ASSETS	Dec. 29, 2002	Dec. 30, 2001
Current assets:		
Cash	$ **18,193**	$ 16,912
Accounts receivable, trade, less allowance for doubtful accounts of $1,676 and $1,863	**79,548**	63,974
Accounts receivable from The Coca-Cola Company	**12,992**	3,935
Accounts receivable, other	**17,001**	5,253
Inventories	**38,648**	39,916
Prepaid expenses and other current assets	**4,588**	3,068
Total current assets	**170,970**	133,058
Property, plant and equipment, net	**466,840**	457,306
Leased property under capital leases, net	**44,623**	5,383
Investment in Piedmont Coca-Cola Bottling Partnership		60,203
Other assets	**58,167**	62,451
Franchise rights, net	**504,374**	261,969
Goodwill, net	**101,754**	75,376
Other identifiable intangible assets, net	**6,797**	8,713
Total	**$1,353,525**	$1,064,459

See Accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	Dec. 29, 2002	Dec. 30, 2001
Current liabilities:		
Portion of long-term debt payable within one year	$ 31	$ 56,708
Current portion of obligations under capital leases	3,960	1,489
Accounts payable, trade	38,303	28,370
Accounts payable to The Coca-Cola Company	9,823	7,925
Other accrued liabilities	72,647	49,169
Due to Piedmont Coca-Cola Bottling Partnership		24,682
Accrued compensation	20,462	17,350
Accrued interest payable	10,649	11,878
Total current liabilities	155,875	197,571
Deferred income taxes	155,964	133,743
Pension and postretirement benefit obligations	37,227	37,203
Other liabilities	58,261	57,770
Obligations under capital leases	42,066	935
Long-term debt	807,725	620,156
Total liabilities	1,257,118	1,047,378
Commitments and Contingencies (Note 12)		
Minority interest	63,540	
Stockholders' Equity:		
Convertible Preferred Stock, $100.00 par value:		
Authorized-50,000 shares; Issued-None		
Nonconvertible Preferred Stock, $100.00 par value:		
Authorized-50,000 shares; Issued-None		
Preferred Stock, $.01 par value:		
Authorized-20,000,000 shares; Issued-None		
Common Stock, $1.00 par value:		
Authorized-30,000,000 shares; Issued-9,704,851 and 9,454,651 shares	9,704	9,454
Class B Common Stock, $1.00 par value:		
Authorized-10,000,000 shares; Issued-3,008,966 and 2,989,166 shares	3,009	2,989
Class C Common Stock, $1.00 par value:		
Authorized-20,000,000 shares; Issued-None		
Capital in excess of par value	95,986	91,004
Retained earnings (accumulated deficit)	6,043	(12,307)
Accumulated other comprehensive loss	(20,621)	(12,805)
	94,121	78,335
Less-Treasury stock, at cost:		
Common-3,062,374 shares	60,845	60,845
Class B Common-628,114 shares	409	409
Total stockholders' equity	32,867	17,081
Total	$1,353,525	$1,064,459

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

In Thousands	Fiscal Year 2002	2001	2000
Cash Flows from Operating Activities			
Net income	$ 22,823	$ 9,470	$ 6,294
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	76,075	66,134	64,751
Amortization of goodwill and intangibles	2,796	15,296	14,712
Deferred income taxes	14,953	888	1,319
Gain on sale of bottling territory			(8,829)
Provision for impairment of property, plant and equipment		947	3,066
Losses on sale of property, plant and equipment	3,381	1,297	2,284
Amortization of debt costs	809	830	938
Amortization of deferred gain related to terminated interest rate swaps	(1,927)	(1,183)	(819)
Undistributed earnings of Piedmont		(417)	(2,514)
Minority interest	5,992		
(Increase) decrease in current assets less current liabilities	(5,832)	44,418	(10,002)
(Increase) decrease in other noncurrent assets	12,700	(9,809)	9,164
Increase (decrease) in other noncurrent liabilities	545	(6,010)	3,868
Other	(357)	82	58
Total adjustments	109,135	112,473	77,996
Net cash provided by operating activities	131,958	121,943	84,290
Cash Flows from Financing Activities			
Proceeds from the issuance of long-term debt	150,000		
Repayment of current portion of long-term debt	(251,708)	(2,385)	(26,750)
Proceeds from (repayment of) lines of credit, net	37,600	(12,900)	(33,700)
Cash dividends paid	(8,861)	(8,753)	(8,733)
Principal payments on capital lease obligations	(1,748)	(2,868)	(4,528)
Termination of interest rate swap agreements	(2,229)	6,704	(292)
Debt issuance costs paid	(3,617)		
Proceeds from exercise of stock options	7,162		
Other	1,214	(230)	(387)
Net cash used in financing activities	(72,187)	(20,432)	(74,390)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	(57,317)	(96,684)	(49,168)
Proceeds from the sale of property, plant and equipment	7,506	3,660	16,366
Acquisitions of companies, net of cash acquired	(8,679)		(723)
Proceeds from sale of bottling territory			23,000
Net cash used in investing activities	(58,490)	(93,024)	(10,525)
Net increase (decrease) in cash	1,281	8,487	(625)
Cash at beginning of year	16,912	8,425	9,050
Cash at end of year	$ 18,193	$ 16,912	$ 8,425
Significant non-cash investing and financing activities			
Capital lease obligations incurred	$ 42,180	$ 456	$ 1,313
Issuance of Class B Common Stock in connection with stock award	768	757	

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Stockholders' Equity

In Thousands	Common Stock	Class B Common Stock	Capital in Excess of Par Value	Retained Earnings (Accum. Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance on January 2, 2000	$9,454	$2,969	$107,753	$(28,071)	$ —	$(61,254)	$30,851
Net income				6,294			6,294
Cash dividends paid			(8,733)				(8,733)
Balance on December 31, 2000	$9,454	$2,969	$ 99,020	$(21,777)	$ —	$(61,254)	$28,412
Comprehensive income (loss):							
Net income				9,470			9,470
Change in fair market value of cash flow hedges, net of tax					4		4
Proportionate share of Piedmont's accum. other comprehensive loss at adoption of SFAS 133, net of tax					(947)		(947)
Change in proportionate share of Piedmont's accum. other comprehensive loss, net of tax					(878)		(878)
Minimum pension liability adjustment, net of tax					(10,984)		(10,984)
Total comprehensive income (loss)							(3,335)
Cash dividend paid			(8,753)				(8,753)
Issuance of Class B Common Stock		20	737				757
Balance on December 30, 2001	$9,454	$2,989	$ 91,004	$(12,307)	$(12,805)	$(61,254)	$17,081
Comprehensive income (loss):							
Net income				22,823			22,823
Change in fair market value of cash flow hedges, net of tax					(4)		(4)
Change in proportionate share of Piedmont's accum. other comprehensive loss, net of tax					1,825		1,825
Minimum pension liability adjustment, net of tax					(9,637)		(9,637)
Total comprehensive income (loss)							15,007
Cash dividends paid			(4,388)	(4,473)			(8,861)
Issuance of Class B Common Stock		20	748				768
Exercise of stock options	250		6,912				7,162
Tax adjustment related to stock options			1,710				1,710
Balance on December 29, 2002	**$9,704**	**$3,009**	**$ 95,986**	**$ 6,043**	**$(20,621)**	**$(61,254)**	**$32,867**

See Accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Coca-Cola Bottling Co. Consolidated (the "Company") is engaged in the production, marketing and distribution of carbonated and noncarbonated beverages, primarily products of The Coca-Cola Company. The Company operates in portions of 11 states, principally in the southeastern region of the United States.

The consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Acquisitions recorded as purchases are included in the statement of operations from the date of acquisition.

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

The fiscal years presented are the 52-week periods ended December 29, 2002, December 30, 2001 and December 31, 2000. The Company's fiscal year ends on the Sunday closest to December 31.

On January 2, 2002, the Company purchased an additional interest in Piedmont Coca-Cola Bottling Partnership ("Piedmont") from The Coca-Cola Company, increasing the Company's ownership in Piedmont to more than 50%. Due to the increase in ownership, the results of operations, financial position and cash flows of Piedmont have been consolidated with those of the Company beginning in the first quarter of 2002. The Company's investment in Piedmont had been accounted for using the equity method for 2001 and prior years.

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

The Company's significant accounting policies are as follows:

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and cash equivalents, which are highly liquid debt instruments with maturities of less than 90 days. The Company maintains cash deposits with major banks which from time to time may exceed federally insured limits. The Company periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

Credit Risk of Trade Accounts Receivable

The Company sells its products to large retail chain stores and other customers and extends credit, generally without requiring collateral, based on an ongoing evaluation of the customer's business prospects and financial condition. The Company monitors its exposure to losses on trade accounts receivable and maintains an allowance for potential losses or adjustments. The Company's trade accounts receivable are typically collected within approximately 30 days from the date of sale.

Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out method or market.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Additions and major replacements or betterments are added to the assets at cost. Maintenance and repair costs and minor replacements are charged to expense when incurred. When assets are replaced or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and the gains or losses, if any, are reflected in income.

Notes To Consolidated Financial Statements

Software

Certain costs incurred in the development of internal-use software are capitalized. Software is amortized using the straight-line method over its estimated useful life.

Investment in Piedmont Coca-Cola Bottling Partnership

Prior to January 2, 2002, the Company beneficially owned a 50% interest in Piedmont. The Company accounted for its interest in Piedmont using the equity method of accounting. With respect to Piedmont, sales of soft drink products at cost, management fee revenue and the Company's share of Piedmont's results from operations were included in "Net sales" for 2001 and 2000. See Note 3 and Note 16 to the consolidated financial statements for additional information.

On January 2, 2002, the Company purchased an additional 4.651% interest in Piedmont from The Coca-Cola Company, increasing the Company's ownership to 54.651%. As a result of the increase in ownership, the results of operations, financial position and cash flows of Piedmont are consolidated with those of the Company beginning in the first quarter of 2002. See Note 3 to the consolidated financial statements for additional information.

Revenue Recognition

Revenues are recognized when finished products are delivered to customers and both title and the risks and rewards of ownership are transferred. Appropriate provision is made for uncollectible accounts.

Income Taxes

The Company provides deferred income taxes for the tax effects of temporary differences between the financial reporting and income tax bases of the Company's assets and liabilities. The Company records a valuation allowance to reduce the carrying value of its deferred tax assets to an amount that is more likely than not to be realized.

Pension and Postretirement Benefit Plans

The Company has a noncontributory pension plan covering substantially all nonunion employees and one noncontributory pension plan covering certain union employees. Costs of the plans are charged to current operations and consist of several components of net periodic pension cost based on various actuarial assumptions regarding future experience of the plans. In addition, certain other union employees are covered by plans provided by their respective union organizations. The Company expenses amounts as paid in accordance with union agreements. The Company recognizes the cost of postretirement benefits, which consist principally of medical benefits, during employees' periods of active service.

Amounts recorded for benefit plans reflect estimates related to future interest rates, investment returns, employee turnover, wage increases and health care costs. The Company reviews all assumptions and estimates on an ongoing basis.

The Company records an additional minimum pension liability, when necessary, for the amount of underfunded pension obligations in excess of accrued pension costs.

Franchise Rights and Goodwill

The Company adopted the provisions of Statement of Financial Accounting Standards No. 141, "Business Combinations," and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," ("SFAS No. 142") at the beginning of 2002. These standards require that all business combinations be accounted for using the purchase method and that goodwill and intangible assets with indefinite useful lives not be amortized but instead be tested for impairment annually.

Other Identifiable Intangible Assets

Other identifiable intangible assets include customer lists and are amortized on a straight-line basis over their estimated useful lives.

Notes To Consolidated Financial Statements

Impairment of Long-lived Assets

The Company evaluates long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When undiscounted future cash flows will not be sufficient to recover an asset's carrying amount, the asset is written down to its fair value. Long-lived assets to be disposed of other than by sale are classified as held and used until they are disposed of. Long-lived assets to be disposed of by sale are classified as held for sale and are reported at the lower of carrying amount or fair value less cost to sell, and depreciation is ceased.

Net Income Per Share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income available for common stockholders by the weighted average number of Common and Class B Common shares outstanding. Diluted EPS gives effect to all securities representing potential common shares that were dilutive and outstanding during the period.

Derivative Financial Instruments

On January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended ("SFAS No. 133"), which requires that all derivative instruments be recognized in the financial statements at fair value. The adoption of SFAS No. 133 did not have a significant impact on the results of operations, financial position or cash flows during 2001.

The Company uses derivative financial instruments to manage its exposure to movements in interest rates. The use of these financial instruments modifies the exposure of these risks with the intent to reduce the risk to the Company. The Company does not use financial instruments for trading purposes, nor does it use leveraged financial instruments. Credit risk related to the derivative financial instruments is considered minimal and is managed by requiring high credit standards for its counterparties and periodic settlements.

Changes in fair value of derivative financial instruments are recorded as adjustments to the assets or liabilities being hedged in the statement of operations or in accumulated other comprehensive income (loss), depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction represented and the effectiveness of the hedge.

The Company discontinues hedge accounting prospectively when (1) it determines that the derivative instrument is no longer effective in offsetting changes in the fair value or cash flows of the underlying exposure being hedged; (2) the derivative instrument expires or is sold, terminated or exercised; or (3) the Company determines that designating the derivative instrument as a hedge is no longer appropriate.

Insurance Programs

In general, the Company is self-insured for costs of casualty claims and medical claims. The Company uses commercial insurance for casualty claims and medical claims as a risk reduction strategy to minimize catastrophic losses. Casualty losses are provided for using actuarial assumptions and procedures followed in the insurance industry, adjusted for company-specific history and expectations.

Marketing Funding Support

The Company directs various marketing programs supported by The Coca-Cola Company or other franchisers. Under these programs, certain costs incurred by the Company are reimbursed by the applicable franchiser. Franchiser funding received by the Company is recognized when performance measures are met or as funded costs are incurred.

Notes To Consolidated Financial Statements

2. ACQUISITIONS AND DIVESTITURES

On September 29, 2000, the Company sold substantially all of its bottling territory in the states of Kentucky and Ohio to Coca-Cola Enterprises Inc. ("CCE"). The Company received cash proceeds of $23.0 million related to the sale of this territory and certain other operating assets. The Company recorded a pre-tax gain of $8.8 million as a result of this sale. The bottling territory sold represented approximately 3% of the Company's 2000 annual sales volume.

3. INVESTMENT IN PIEDMONT COCA-COLA BOTTLING PARTNERSHIP

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

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

Summarized financial information for Piedmont was as follows:

In Thousands	**Dec. 29, 2002**	Dec. 30, 2001
Current assets	**$ 31,571**	$ 31,116
Noncurrent assets	**310,128**	309,664
Total assets	**$341,699**	$340,780
Current liabilities	**$ 23,757**	$114,132
Noncurrent liabilities	**178,434**	106,242
Total liabilities	**202,191**	220,374
Partners' equity	**139,508**	126,294
Accumulated other comprehensive loss		(5,888)
Total liabilities and partners' equity	**$341,699**	$340,780
Company's equity investment		$ 60,203

Notes To Consolidated Financial Statements

3. INVESTMENT IN PIEDMONT COCA-COLA BOTTLING PARTNERSHIP (Continued)

	Fiscal Year		
In Thousands	**2002**	2001	2000
Net sales	**$301,333**	$282,957	$277,217
Cost of sales	**156,244**	149,999	144,170
Gross margin	**145,089**	132,958	133,047
Amortization of goodwill and intangibles		8,410	8,410
Income from operations	**24,359**	13,330	18,948
Net income	**$ 13,214**	$ 834	$ 5,028
Company's equity in net income		$ 417	$ 2,514

Notes To Consolidated Financial Statements

The following financial information includes the 2002 consolidated financial position and results of operations of the Company and includes the comparable 2001 consolidated financial position and results of operations. The 2001 comparable financial information reflects the consolidation of Piedmont's financial position and results of operations with those of the Company as if the purchase of the additional interest in Piedmont for $10 million had occurred at the beginning of 2001.

Consolidated Statements of Operations

In Thousands (Except Per Share Data)	Fiscal Year 2002	Fiscal Year Unaudited 2001*
Net sales	$1,246,591	$1,189,577
Cost of sales, excluding depreciation shown below	667,260	641,494
Gross margin	579,331	548,083
Selling, general and administrative expenses, excluding depreciation shown below	404,194	381,257
Depreciation expense	76,075	71,542
Amortization of goodwill and intangibles	2,796	23,810
Income from operations	96,266	71,474
Interest expense	49,120	57,802
Other income (expense), net	(3,084)	(2,313)
Minority interest	5,992	378
Income before income taxes	38,070	10,981
Federal and state income taxes	15,247	1,947
Net income	$ 22,823	$ 9,034
Basic net income per share	$ 2.58	$ 1.03
Diluted net income per share	$ 2.56	$ 1.02
Weighted average number of common shares outstanding	8,861	8,753
Weighted average number of common shares outstanding—assuming dilution	8,921	8,821

* Certain prior year amounts have been reclassified to conform to current year classifications and include the results of operations of Piedmont as if it were consolidated with that of the Company beginning January 1, 2001.

Notes To Consolidated Financial Statements

3. INVESTMENT IN PIEDMONT COCA-COLA BOTTLING PARTNERSHIP (Continued)

Consolidated Balance Sheets

Assets

In Thousands	Dec. 29, 2002	Unaudited Dec. 30, 2001*
Current Assets:		
Cash	$ 18,193	$ 18,210
Accounts receivable, trade, net	79,548	84,384
Accounts receivable from The Coca-Cola Company	12,992	5,004
Accounts receivable, other	17,001	7,603
Inventories	38,648	45,812
Prepaid expenses and other current assets	4,588	3,211
Total current assets	170,970	164,224
Property, plant and equipment	842,994	822,096
Less-Accumulated depreciation and amortization	376,154	332,942
Property, plant and equipment, net	466,840	489,154
Leased property under capital leases	47,618	20,424
Less-Accumulated amortization	2,995	10,109
Leased property under capital leases, net	44,623	10,315
Other assets	58,167	68,067
Franchise rights, less accumulated amortization of $156,097 and $156,097	505,374	505,938
Goodwill, less accumulated amortization of $54,438 and $54,438	100,754	100,395
Other identifiable intangible assets, less accumulated amortization of $48,946 and $46,151	6,797	8,713
Total	$1,353,525	$1,346,806

* Certain prior year amounts have been reclassified to conform to current year classifications and include the financial position of Piedmont as if it were consolidated with that of the Company beginning January 1, 2001.

Notes To Consolidated Financial Statements

Liabilities and Stockholders' Equity In Thousands	Dec. 29, 2002	Unaudited Dec. 30, 2001*
Current Liabilities:		
Portion of long-term debt payable within one year	$ 31	$ 154,208
Current portion of obligations under capital leases	3,960	2,466
Accounts payable, trade	38,303	34,214
Accounts payable to The Coca-Cola Company	9,823	8,193
Other accrued liabilities	72,647	56,998
Accrued compensation	20,462	17,946
Accrued interest payable	10,649	13,646
Total current liabilities	155,875	287,671
Deferred income taxes	155,964	157,739
Pension and postretirement benefit obligations	37,227	34,862
Other liabilities	58,261	63,767
Obligations under capital leases	42,066	4,033
Long-term debt	807,725	727,656
Total liabilities	1,257,118	1,275,728
Minority interest	63,540	54,603
Stockholders' Equity:		
Common Stock	9,704	9,454
Class B Common Stock	3,009	2,989
Capital in excess of par value	95,986	91,004
Retained earnings (accumulated deficit)	6,043	(12,743)
Accumulated other comprehensive loss	(20,621)	(12,975)
	94,121	77,729
Less-Treasury stock, at cost:		
Common	60,845	60,845
Class B Common	409	409
Total stockholders' equity	32,867	16,475
Total	$1,353,525	$1,346,806

4. INVENTORIES

Inventories were summarized as follows:

In Thousands	Dec. 29, 2002	Dec. 30, 2001
Finished products	$23,207	$23,637
Manufacturing materials	10,609	11,893
Plastic pallets and other	4,832	4,386
Total inventories	$38,648	$39,916

5. PROPERTY, PLANT AND EQUIPMENT

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

In Thousands	Dec. 29, 2002	Dec. 30, 2001	Estimated Useful Lives
Land	$ 12,670	$ 11,158	
Buildings	113,234	95,338	10-50 years
Machinery and equipment	96,080	93,658	5-20 years
Transportation equipment	143,932	130,016	4-13 years
Furniture and fixtures	39,222	36,350	4-10 years
Vending equipment	362,689	334,975	6-13 years
Leasehold and land improvements	47,312	40,969	5-20 years
Software for internal use	24,439	21,850	3-7 years
Construction in progress	3,416	1,908	
Total property, plant and equipment, at cost	842,994	766,222	
Less: Accumulated depreciation and amortization	376,154	308,916	
Property, plant and equipment, net	$466,840	$457,306	

In the fourth quarter of 2001, the Company recorded a provision for impairment of certain real estate for $.9 million, which was classified in "Other income (expense), net." The impairment charge reflects an adjustment to estimated net realizable value of certain real estate, which was no longer required for the Company's ongoing operations.

6. LEASED PROPERTY UNDER CAPITAL LEASES

In Thousands	Dec 29, 2002	Dec 30, 2001	Estimated Useful Lives
Leased property under capital leases	**$47,618**	$12,265	1-29 years
Less: Accumulated amortization	**2,995**	6,882	
Leased property under capital leases, net	**$44,623**	$ 5,383	

The Company recorded a capital lease of $41.6 million at the end of the first quarter of 2002 related to its production/distribution center located in Charlotte, North Carolina. As disclosed in Note 16 to the consolidated financial statements, this facility is leased from a related party. The lease obligation was capitalized as the Company received a renewal option to extend the term of the lease, which it expects to exercise.

7. FRANCHISE RIGHTS AND GOODWILL

In Thousands	Dec. 29, 2002	Dec. 30, 2001
Franchise rights	**$661,471**	$353,388
Goodwill	**155,192**	123,094
Franchise rights and goodwill	**816,663**	476,482
Less: Accumulated amortization	**210,535**	139,137
Franchise rights and goodwill, net	**$606,128**	$337,345

The Company adopted the provisions of SFAS No. 142 at the beginning of 2002, which resulted in goodwill and intangible assets with indefinite useful lives no longer being amortized. As a result of this adoption, amortization expense in 2002 decreased by $12.6 million. If SFAS No. 142 had been in effect at the beginning of 2000, amortization expense would have decreased by $12.6 million and $12.0 million in 2001 and 2000, respectively.

The significant increase in franchise rights and goodwill in 2002 relates primarily to the consolidation of Piedmont's financial position with that of the Company beginning in the first quarter of 2002.

8. OTHER IDENTIFIABLE INTANGIBLE ASSETS

In Thousands	Dec. 29, 2002	Dec. 30, 2001	Estimated Useful Lives
Customer lists	**$55,743**	$54,864	3-20 years
Less: Accumulated amortization	**48,946**	46,151	
Other identifiable intangible assets, net	**$ 6,797**	$ 8,713	

Amortization expense related to customer lists was $2.8 million, $3.0 million and $2.7 million for 2002, 2001 and 2000, respectively. Amortization expense of customer lists in future years based upon recorded values as of December 29, 2002 will be $2.8 million, $2.7 million, $.5 million, $.2 million and $.1 million for 2003 through 2007, respectively.

9. LONG-TERM DEBT

Long-term debt was summarized as follows:

In Thousands	Maturity	Interest Rate	Interest Paid	**Dec. 29, 2002**	Dec. 30, 2001
Lines of Credit	2005	1.85%	Varies	**$ 37,600**	$
Term Loan Agreement	2004	1.95%	Varies	**85,000**	85,000
Term Loan Agreement	2005	1.95%	Varies	**85,000**	85,000
Medium-Term Notes	2002				47,000
Debentures	2007	6.85%	Semi-annually	**100,000**	100,000
Debentures	2009	7.20%	Semi-annually	**100,000**	100,000
Debentures	2009	6.38%	Semi-annually	**250,000**	250,000
Senior Notes	2012	5.00%	Semi-annually	**150,000**	
Other notes payable	2003-2006	5.75%	Quarterly	**156**	9,864
				807,756	676,864
Less: Portion of long-term debt payable within one year				**31**	56,708
Long-term debt				**$807,725**	$620,156

The principal maturities of long-term debt outstanding on December 29, 2002 were as follows:

In Thousands	
2003	$ 31
2004	85,025
2005	122,620
2006	80
2007	100,000
Thereafter	500,000
Total long-term debt	$807,756

The Company borrows periodically under its available lines of credit. These lines of credit, in the aggregate amount of $65 million at December 29, 2002, are made available at the discretion of the two participating banks at rates negotiated at the time of borrowing and may be withdrawn at any time by such banks. The Company intends to renew such borrowings as they mature. To the extent these borrowings and borrowings under the revolving credit facility do not exceed the amount available under the Company's $125 million revolving credit facility, they are classified as noncurrent liabilities.

On December 29, 2002, $37.6 million was outstanding under these lines of credit. The Company intends to refinance short-term debt maturities with currently available lines of credit.

In December 2002, the Company entered into a new three-year $125 million revolving credit facility. This facility includes an option to extend the term for an additional year at the participating banks' discretion. The revolving credit facility bears interest at a floating rate of LIBOR plus an interest rate spread of .60%. In addition, there is a facility fee of .15% required for this revolving credit facility. Both the interest rate spread and the facility fee are determined from a commonly used pricing grid based on the Company's long-term senior unsecured noncredit-enhanced debt rating. This new revolving credit facility replaced the Company's $170 million facility that expired in December 2002. The new agreement contains covenants which establish ratio requirements related to debt, interest expense and cash flow. On December 29, 2002, there were no amounts outstanding under this new facility.

On November 21, 2002, the Company issued $150 million of senior notes maturing November 15, 2012 bearing interest at a rate of 5.00% per annum. The Company used the proceeds from this issuance to repay borrowings outstanding under its lines of credit and the Company's $170 million revolving credit facility, as well as to repay a term loan on behalf of Piedmont.

During 2002, Piedmont refinanced a $195 million term loan using the proceeds from a loan from the Company. The Company's source of funds for this loan to Piedmont included the issuance of $150 million of senior notes, its lines of credit, the revolving credit facility and available cash flow. Piedmont pays the Company interest on the loan at the Company's average cost of funds plus 0.50%. The Company plans to provide for Piedmont's future financing requirements under these terms.

The Company filed an $800 million shelf registration for debt and equity securities in January 1999. The Company used this shelf registration to issue $250 million of long-term debentures in 1999 and $150 million of senior notes in 2002 as previously discussed. The Company currently has $400 million available for use under this shelf registration.

After taking into account all of the interest rate hedging activities, the Company had a weighted average interest rate of 5.0% for its debt and capital lease obligations as of December 29, 2002 compared to 5.7% at December 30, 2001. The Company's overall weighted average interest rate on its debt and capital lease obligations was 5.6%, 6.5% and 7.3% for 2002, 2001 and 2000, respectively.

As of December 29, 2002, before giving effect to forward rate agreements, approximately 47% of its debt and capital lease obligations was subject to changes in short-term interest rates. As a result of the forward rate agreements discussed in Note 10 to the consolidated financial statements, the Company's exposure to interest rate movements has been significantly reduced for 2003. The Company considers all floating rate debt and fixed rate debt with a maturity of less than one year to be subject to changes in short-term interest rates.

If average interest rates for the floating rate component of the Company's debt and capital lease obligations increased by 1%, annual interest expense for the year ended December 29, 2002 would have increased by approximately $2 million and net income would have been reduced by approximately $1.2 million.

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

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Company periodically uses interest rate hedging products to modify risk from interest rate fluctuations. The Company has historically altered its fixed/floating rate mix based upon anticipated cash flows from operations relative to the Company's debt level and the potential impact of changes in interest rates on the Company's overall financial condition. Sensitivity analyses are performed to review the impact on the Company's financial position and coverage of various interest rate movements. The Company does not use derivative financial instruments for trading purposes nor does it use leveraged financial instruments. All of the Company's outstanding interest rate swap agreements and forward rate agreements are LIBOR-based.

Notes To Consolidated Financial Statements

Derivative financial instruments were summarized as follows:

	December 29, 2002		December 30, 2001	
In Thousands	Notional Amount	Remaining Term	Notional Amount	Remaining Term
Interest rate swaps-fixed			$27,000	.95 years
Interest rate swaps-fixed			19,000	.95 years
Interest rate swaps-floating	$50,000	4.92 years		
Interest rate swaps-floating	50,000	6.58 years		
Interest rate swaps-floating	50,000	9.92 years		

	December 29, 2002		
In Thousands	Notional Amount	Start Date	Length of Term
Forward rate agreement-fixed	$50,000	1/02/03	1 year
Forward rate agreement-fixed	50,000	5/01/03	1 year
Forward rate agreement-fixed	50,000	5/15/03	1 year
Forward rate agreement-fixed	50,000	5/30/03	.25 years

During November 2002, the Company entered into three interest rate swap agreements in conjunction with the issuance of $150 million of senior notes and the refinancing of other Company debt as previously discussed. The new interest rate swap agreements effectively convert $150 million of the Company's debt from a fixed rate to a floating rate in conjunction with its ongoing debt management strategy. These swap agreements were accounted for as fair value hedges.

During December 2002, the Company entered into a $50 million, three-month forward rate agreement that fixed short-term rates on a portion of the Company's $170 million term loan. This forward rate agreement was accounted for as a cash flow hedge.

During December 2002, the Company entered into three one-year forward rate agreements which fix short-term rates on certain components of the Company's floating rate debt for periods of twelve months. The three forward rate agreements as of December 29, 2002 do not meet the criteria set forth in SFAS No. 133 for hedge accounting and have been accounted for on a mark-to-market basis. The mark-to-market adjustment for the forward rate agreements is included as an adjustment to interest expense and was not material for 2002.

The Company entered into an additional $50 million, one-year forward rate agreement subsequent to the end of 2002.

In October 2001, the Company terminated two interest rate swaps with a total notional amount of $100 million. These swap agreements were accounted for as fair value hedges. The gain of $6.7 million from the termination of these swaps is being amortized as an adjustment to interest expense over the remaining term of the related debt instrument that was being hedged.

In December 2001, two interest rate swap agreements were entered into with the total notional amount of $46 million. These swap agreements were accounted for as cash flow hedges and expired in December 2002.

In 2002 the Company amortized deferred gains related to previously terminated interest rate swap agreements which reduced interest expense by $1.9 million. Interest expense will be reduced by the amortization of these deferred gains in 2003 through 2009 as follows: $1.9 million, $1.7 million, $1.5 million, $1.5 million, $1.5 million, $1.5 million and $.6 million, respectively.

During the fourth quarter of 2002, the Company terminated two interest rate swap agreements related to certain long-term debt that was retired early. These swap agreements were accounted for as cash flow hedges. As a result of this termination, the Company recorded additional interest expense of $2.2 million.

The counterparties to these contractual arrangements are major financial institutions with which the Company also has other financial relationships. The Company is exposed to credit loss in the event of nonperformance by these counterparties. However, the Company does not anticipate nonperformance by the other parties.

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Cash, Accounts Receivable and Accounts Payable

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

Public Debt

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

Non-Public Variable Rate Long-Term Debt

The carrying amounts of the Company's variable rate borrowings approximate their fair values.

Non-Public Fixed Rate Long-Term Debt

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

Derivative Financial Instruments

Fair values for the Company's interest rate swaps and forward rate agreements are based on current settlement values.

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

	December 29, 2002		December 30, 2001	
In Thousands	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Public debt	**$600,000**	**$634,150**	$497,000	$493,993
Non-public variable rate long-term debt	**207,600**	**207,600**	170,000	170,000
Non-public fixed rate long-term debt	**156**	**156**	9,864	9,868
Interest rate swaps and forward rate agreement	**(2,023)**	**(2,023)**	(7)	(7)

The fair values of the interest rate swaps and forward rate agreement at December 29, 2002 and December 30, 2001 represent the estimated amounts the Company would have received upon termination of these agreements.

12. COMMITMENTS AND CONTINGENCIES

Operating lease payments are charged to expense as incurred. Such rental expenses included in the consolidated statements of operations were $7.4 million, $12.4 million and $15.7 million for 2002, 2001 and 2000, respectively. Amortization of assets recorded under capital leases was included in depreciation expense.

The following is a summary of future minimum lease payments for all capital and operating leases as of December 29, 2002.

In Thousands	Capital Leases	Operating Leases	Total
2003	$ 5,327	$ 6,944	$ 12,271
2004	5,275	6,243	11,518
2005	5,069	5,882	10,951
2006	5,178	5,118	10,296
2007	5,132	5,080	10,212
Thereafter	149,724	8,777	158,501
Total minimum lease payments	$175,705	$38,044	$213,749
Less: Amounts representing interest	129,679		
Present value of minimum lease payments	46,026		
Less: Current portion of obligations under capital leases	3,960		
Long-term portion of obligations under capital leases	$ 42,066		

The Company is a member of South Atlantic Canners, Inc. ("SAC"), a manufacturing cooperative, from which it is obligated to purchase a specified number of cases of finished product on an annual basis. The contractual minimum annual purchases required from SAC are approximately $40 million. See Note 16 to the consolidated financial statements for additional information concerning SAC.

The Company is also a member of Southeastern Container ("SEC"), 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. See Note 16 to the consolidated financial statements for additional information concerning SEC.

The Company guarantees a portion of SAC's and SEC's debt and lease obligations. On December 29, 2002, these debt and lease guarantees were $34.8 million. The guarantees relate to debt and lease obligations, which resulted primarily from the purchase of production equipment and facilities. Both cooperatives consist solely of Coca-Cola bottlers. In the event either of these cooperatives fail to fulfill their commitments under the related debt and lease obligations, 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 maximum borrowing capacity, the Company's maximum potential amount of payments under these guarantees on December 29, 2002 would have been $60.1 million. The Company does not anticipate that either of these cooperatives will fail to fulfill their commitments under these agreements. The Company believes that each of these cooperatives has sufficient assets, including production equipment, facilities and working capital, to adequately mitigate the risk of material loss.

The Company has standby letters of credit, primarily related to its casualty insurance program. On December 29, 2002, these letters of credit totaled $8.9 million.

Notes To Consolidated Financial Statements

The Company also has sponsorship commitments for certain prestige properties. The future payments related to these sponsorship commitments as of December 29, 2002 amount to $20.9 million and expire in 2012.

The Company previously entered into a multi-year purchase agreement for its requirements of aluminum cans that expires at the end of 2003. The estimated annual purchases under this agreement are approximately $100 million for 2003.

On August 3, 1999, North American Container, Inc. filed a complaint in the United States District Court for the Northern District of Texas against the Company and 44 other defendants. By its First Amended Complaint filed in April 2000, the plaintiff seeks to enforce United States Reissue Patent No. RIE 36,639 and alleges that the plastic containers used by the Company in connection with the distribution of soft drinks and other products infringe the patent. The Company has notified its suppliers of the lawsuit and has asserted indemnification claims against them. The Company's suppliers have assumed the defense of the claim pursuant to a written agreement providing for indemnification. The Company's suppliers are vigorously defending the claim and the Company believes it has meritorious defenses against the imposition of any liability in this action.

The Company is involved in other various claims and legal proceedings which have arisen in the ordinary course of its business. The Company believes that the ultimate disposition of the above noted litigation and its other claims and legal proceedings will not have a material adverse effect on the financial condition, cash flows or results of operations of the Company.

13. INCOME TAXES

The provision for income taxes consisted of the following:

	Fiscal Year		
In Thousands	**2002**	2001	2000
Current:			
Federal	**$ 294**	$1,338	$ 2,222
State			
Total current provision	**294**	1,338	2,222
Deferred:			
Federal	**13,829**	(447)	(1,357)
State	**1,124**	1,335	2,676
Total deferred provision	**14,953**	888	1,319
Income tax expense	**$15,247**	$2,226	$ 3,541

Notes To Consolidated Financial Statements

Current tax expense represents alternative minimum tax ("AMT"). Deferred income taxes are recorded based upon differences between the financial statement and tax bases of assets and liabilities and available net operating loss and tax credit carryforwards. Temporary differences and carryforwards that comprised deferred income tax assets and liabilities were as follows:

In Thousands	Dec. 29, 2002	Dec. 30, 2001
Intangible assets	$ 103,877	$ 80,506
Depreciation	100,030	94,955
Investment in Piedmont	25,006	25,202
Other	4,453	18,543
Gross deferred income tax liabilities	233,366	219,206
Net operating loss carryforwards	(53,190)	(60,334)
AMT credits	(15,844)	(17,562)
Deferred compensation	(18,550)	(17,393)
Postretirement benefits	(12,171)	(12,101)
Interest rate swap terminations	(3,884)	(4,748)
Gross deferred income tax assets	(103,639)	(112,138)
Valuation allowance for deferred tax assets	39,945	34,526
Net deferred income tax liabilities	169,672	141,594
Tax benefit of minimum pension liability adjustment	(13,708)	(6,732)
Tax benefit related to Piedmont's accumulated other comprehensive loss		(1,119)
Deferred income tax liability	$ 155,964	$ 133,743

Except for amounts for which a valuation allowance has been provided, the Company believes the other deferred tax assets will be realized primarily through the reversal of existing temporary differences. The valuation allowance of $39.9 million and $34.5 million as of December 29, 2002 and December 30, 2001, respectively, relates to state net operating loss carryforwards.

Reported income tax expense is reconciled to the amount computed on the basis of income before income taxes at the statutory rate as follows:

	Fiscal Year		
In Thousands	2002	2001	2000
Statutory expense	$13,300	$ 4,094	$3,442
Amortization of franchise and goodwill assets		486	418
State income taxes, net of federal benefit	735	307	548
Valuation allowance change	3,308	(522)	(539)
Favorable tax settlement		(2,850)	
Other	(2,096)	711	(328)
Income tax expense	$15,247	$ 2,226	$3,541

On December 29, 2002, the Company had $12.5 million of federal net operating losses and $15.8 million of AMT credit carryforwards available to reduce future income taxes. The net operating loss carryforwards expire in varying amounts through 2022 while the AMT credit carryforwards have no expiration date.

14. CAPITAL TRANSACTIONS

On May 13, 2002, the Company announced that two of its directors, J. Frank Harrison, Jr., Chairman Emeritus, and J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer, had entered into plans providing for sales of up to an aggregate total of 250,000 shares of the Company's Common Stock in accordance with Securities and Exchange Commission Rule 10b5-1. Shares sold under the plans were issuable to Mr. Harrison, Jr. and Mr. Harrison, III under stock option agreements that were granted in 1989 as long-term incentives. During 2002, all 250,000 shares of Common Stock exercisable under the options were sold under the plans. Total proceeds to the Company from the exercise of the stock options under the plans were $7.2 million.

Pursuant to a Stock Rights and Restriction Agreement dated January 27, 1989, between the Company and The Coca-Cola Company, in the event that the Company issues new shares of Class B Common Stock upon the exchange or exercise of any security, warrant or option of the Company which results in The Coca-Cola Company owning less than 20% of the outstanding shares of Class B Common Stock and less than 20% of the total votes of all outstanding shares of all classes of the Company, The Coca-Cola Company has the right to exchange shares of Common Stock for shares of Class B Common Stock in order to maintain its ownership of 20% of the outstanding shares of Class B Common Stock and 20% of the total votes of all outstanding shares of all classes of the Company. Under the Stock Rights and Restrictions Agreement, The Coca-Cola Company also has a preemptive right to purchase a percentage of any newly issued shares of any class as necessary to allow it to maintain ownership of both 29.67% of the outstanding shares of Common Stock of all classes and 22.59% of the total votes of all outstanding shares of all classes.

On May 12, 1999, the stockholders of the Company approved a restricted stock award for J. Frank Harrison, III, the Company's Chairman of the Board of Directors and Chief Executive Officer, consisting of 200,000 shares of the Company's Class B Common Stock. The award provides that the shares of restricted stock vest at the rate of 20,000 shares per year over a ten-year period. The vesting of each annual installment is contingent upon the Company achieving at least 80% of the Overall Goal Achievement Factor for the six selected performance indicators used in determining bonuses for all officers under the Company's Annual Bonus Plan. The Company achieved more than 80% of the Overall Goal Achievement factor in 2002, 2001 and 2000, resulting in compensation expense of $2.3 million, $1.4 million and $1.4 million, respectively.

Shares of Class B Common Stock are convertible on a share-for-share basis into shares of Common Stock. There is no trading market for the Company's Class B Common Stock.

15. BENEFIT PLANS

Retirement benefits under the Company's principal pension plan are based on the employee's length of service, average compensation over the five consecutive years which gives the highest average compensation and the average of the Social Security taxable wage base during the 35-year period before a participant reaches Social Security retirement age. Contributions to the plan are based on the projected unit credit actuarial funding method and are limited to the amounts that are currently deductible for income tax purposes.

The following tables set forth a reconciliation of the beginning and ending balances of the projected benefit obligation, a reconciliation of beginning and ending balances of the fair value of plan assets and funded status of the two Company-sponsored pension plans:

	Fiscal Year	
In Thousands	**2002**	2001
Projected benefit obligation at beginning of year	**$102,327**	$ 86,353
Service cost	**4,006**	3,290
Interest cost	**7,305**	6,578
Actuarial loss	**7,485**	8,894
Benefits paid	**(3,282)**	(2,999)
Other		211
Projected benefit obligation at end of year	**$117,841**	$102,327
Fair value of plan assets at beginning of year	**$ 80,572**	$ 87,723
Actual return on plan assets	**(6,697)**	(4,461)
Employer contributions	**13,493**	309
Benefits paid	**(3,282)**	(2,999)
Fair value of plan assets at end of year	**$ 84,086**	$ 80,572

In Thousands	**Dec. 29, 2002**	Dec. 30, 2001
Funded status of the plans	**$ (33,755)**	$ (21,755)
Unrecognized prior service cost	**109**	21
Unrecognized net loss	**48,339**	29,116
Net amount recognized	**$ 14,693**	$ 7,382
Accrued benefit liability	**$ (19,745)**	$ (10,334)
Prepaid pension cost	**109**	
Accumulated other comprehensive income	**34,329**	17,716
Net amount recognized in the balance sheet	**$ 14,693**	$ 7,382

Net periodic pension cost for the Company-sponsored pension plans included the following:

	Fiscal Year		
In Thousands	**2002**	2001	2000
Service cost	**$ 4,006**	$ 3,290	$ 3,606
Interest cost	**7,305**	6,578	6,180
Expected return on plan assets	**(7,139)**	(7,763)	(7,963)
Amortization of prior service cost	**(88)**	(135)	(133)
Recognized net actuarial loss	**2,098**	15	
Net periodic pension cost	**$ 6,182**	$ 1,985	$ 1,690

The following table presents significant assumptions used:

	2002	2001
Weighted average discount rate used in determining net periodic pension cost	**7.25%**	7.75%
Weighted average discount rate used in determining the actuarial present value of the projected benefit obligation	**7.00%**	7.25%
Weighted average expected long-term rate of return on plan assets	**8.00%**	9.00%
Weighted average rate of compensation increase	**4.00%**	4.00%
Measurement date	**Nov. 2002**	Nov. 2001

The Company also participates in various multi-employer pension plans covering certain employees who are part of collective bargaining agreements. Total pension expense for multi-employer plans was $1.3 million, $1.2 million and $1.1 million in 2002, 2001 and 2000, respectively.

The Company provides a 401(k) Savings Plan for substantially all of its employees who are not part of collective bargaining agreements. Under provisions of the Savings Plan, an employee is vested with respect to Company contributions upon the completion of two years of service with the Company. The total cost for this benefit in 2002, 2001 and 2000 was $3.8 million, $2.8 million and $3.1 million, respectively.

Notes To Consolidated Financial Statements

The Company currently provides employee leasing and management services to SAC. SAC employees participate in the Company's employee benefit plans.

The Company provides postretirement benefits for substantially all 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 Company amended certain provisions of this postretirement benefit plan in 2001 and 2002. Under the amended plan, qualifying active employees will be eligible for coverage upon retirement until they become eligible for Medicare (normally age 65), at which time coverage under the plan will cease.

The following tables set forth a reconciliation of the beginning and ending balances of the benefit obligation, a reconciliation of the beginning and ending balances of the fair value of plan assets and funded status of the Company's postretirement plan:

	Fiscal Year	
In Thousands	**2002**	2001
Benefit obligation at beginning of year	**$ 46,060**	$ 47,960
Service cost	**403**	331
Interest cost	**3,238**	3,253
Plan participants' contributions	**575**	675
Actuarial loss	**779**	252
Benefits paid	**(2,784)**	(3,423)
Change in plan provisions		(2,988)
Benefit obligation at end of year	**$ 48,271**	$ 46,060
Fair value of plan assets at beginning of year	**$ —**	$ —
Employer contributions	**2,209**	2,748
Plan participants' contributions	**575**	675
Benefits paid	**(2,784)**	(3,423)
Fair value of plan assets at end of year	**$ —**	$ —

In Thousands	**Dec. 29, 2002**	Dec. 30, 2001
Funded status of the plan	**$(48,271)**	$(46,060)
Unrecognized net loss	**20,183**	20,559
Unrecognized prior service cost	**(2,666)**	(2,962)
Contributions between measurement date and fiscal year-end	**663**	738
Accrued liability	**$(30,091)**	$(27,725)

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

	Fiscal Year		
In Thousands	2002	2001	2000
Service cost	**$ 403**	$ 331	$ 852
Interest cost	**3,238**	3,253	2,816
Amortization of unrecognized transitional assets	**(25)**	(25)	(25)
Recognized net actuarial loss	**1,155**	1,106	493
Amortization of prior service cost	**(271)**	(271)	
Net periodic postretirement benefit cost	**$4,500**	$4,394	$4,136

The weighted average discount rate used to estimate the postretirement benefit obligation was 6.75% and 7.25% as of December 29, 2002 and December 30, 2001, respectively. The measurement dates were September 30, 2002 and September 30, 2001, respectively.

The weighted average health care cost trend used in measuring the postretirement benefit expense in 2002 was 11% graded down 1% per year to an ultimate rate of 5%. The weighted average health care cost trend used in measuring the postretirement benefit expense in 2001 was 12% graded down 1% per year to an ultimate rate of 5%.

A 1% increase or decrease in this annual cost trend would have impacted the postretirement benefit obligation and net periodic postretirement benefit cost as follows:

In Thousands Impact on	1% Increase	1% Decrease
Postretirement benefit obligation at December 29, 2002	$7,377	$(7,843)
Net periodic postretirement benefit cost in 2002	659	(671)

16. RELATED PARTY TRANSACTIONS

The Company's business consists primarily of the production, marketing and distribution of soft drink products 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 December 29, 2002, The Coca-Cola Company had a 27.5% interest in the Company's total outstanding Common Stock and Class B Common Stock on a combined basis.

The following table summarizes the significant transactions between the Company and The Coca-Cola Company:

In Millions	2002	2001	2000
Payments by the Company for concentrate, syrup, sweetener and other miscellaneous purchases	**$292.0**	$241.1	$237.3
Payments by the Company for customer marketing programs	**50.2**	22.8	21.5
Marketing funding support payments to the Company	**56.0**	22.3	23.3
Payments by the Company for local media	**—**	4.4	4.8
Local media and presence marketing support provided by The Coca-Cola Company on the Company's behalf	**17.7**	6.9	7.4

The significant changes in payments to and from The Coca-Cola Company relate primarily to the consolidation of Piedmont in 2002 and changes in the administration of customer marketing programs, local media and marketing funding support by The Coca-Cola Company.

The Company has a production arrangement with CCE to buy and sell finished products at cost. Sales to CCE under this agreement were $23.6 million, $21.0 million and $20.0 million in 2002, 2001 and 2000, respectively. Purchases from CCE under this arrangement were $20.3 million, $21.0 million and $15.0 million in 2002, 2001 and 2000, respectively. The Coca-Cola Company has significant equity interests in the Company and CCE. As of December 29, 2002, CCE held 10.5% of the Company's outstanding Common Stock but held no shares of the Company's Class B Common Stock, giving CCE a 7.7% equity interest in the Company's total outstanding Common Stock and Class B Common Stock on a combined basis.

Along with a number of other Coca-Cola bottlers, the Company has become a member in Coca-Cola Bottlers' Sales & Services Company LLC, (the "Sales and Services Company"), which was recently formed 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. CCE is also a member in the Sales and Services Company.

The Company entered into an agreement for consulting services with J. Frank Harrison, Jr., the former Chairman of the Board of Directors of the Company, beginning in 1997. Payments related to the consulting services agreement totaled $183,333, $200,000 and $200,000 in 2002, 2001 and 2000, respectively. J. Frank Harrison, Jr. passed away in November 2002. An accrual of $3.8 million related to a retirement benefit payable to Mr. Harrison, Jr. was eliminated in the fourth quarter of 2002.

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont. Prior to January 2, 2002, the Company and The Coca-Cola Company, through their respective subsidiaries, each beneficially owned a 50% interest in Piedmont. On January 2, 2002, the Company purchased an additional 4.651% interest in

Piedmont from The Coca-Cola Company, increasing the Company's ownership in Piedmont to 54.651%. The Company provides a portion of the soft drink products for Piedmont at cost and receives a fee for managing the operations of Piedmont pursuant to a management agreement. The Company sold product at cost to Piedmont during 2002, 2001 and 2000 totaling $55.4 million, $53.0 million and $53.5 million, respectively. The Company received $17.9 million, $17.8 million and $13.6 million for management services pursuant to its management agreement with Piedmont for 2002, 2001 and 2000, respectively.

During 2002, Piedmont refinanced a $195 million term loan using the proceeds from a loan from the Company. The Company's source of funds for this loan to Piedmont included the issuance of $150 million of senior notes, its lines of credit, the revolving credit facility and available cash flow. Piedmont pays the Company interest on the loan at the Company's average cost of funds plus 0.50%. As of December 29, 2002, the Company had loaned $151.8 million to Piedmont. The Company plans to provide for Piedmont's future financing requirements under these terms.

The Company also subleases various fleet and vending equipment to Piedmont at cost. These sublease rentals amounted to $8.7 million, $11.2 million and $11.0 million in 2002, 2001 and 2000, respectively. In addition, Piedmont subleases various fleet and vending equipment to the Company at cost. These sublease rentals amounted to $.2 million each year for all periods presented.

On November 30, 1992, the Company and the previous owner of the Company's Snyder Production Center in Charlotte, North Carolina, who was unaffiliated with the Company, agreed to the early termination of the Company's lease. Harrison Limited Partnership One ("HLP") purchased the property contemporaneously with the termination of the lease, and the Company leased its Snyder Production Center from HLP pursuant to a ten-year lease that was to expire on November 30, 2002. HLP's sole general partner is a corporation of which the estate of J. Frank Harrison, Jr. is the sole shareholder. HLP's sole limited partner is a trust of which J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and Reid M. Henson, Director of the Company, are co-trustees. On August 9, 2000, a Special Committee of the Board of Directors approved the sale by the Company of property and improvements adjacent to the Snyder Production Center to HLP and a new lease of both the conveyed property and the Snyder Production Center from HLP, which expires on December 31, 2010. The sale closed on December 15, 2000 at a price of $10.5 million. The annual base rent the Company was obligated to pay for its lease of this property is subject to adjustment for an inflation factor and for increases or decreases in interest rates, using LIBOR as the measurement device. Rental payments for these properties totaled $2.9 million, $3.3 million and $2.9 million in 2002, 2001 and 2000, respectively.

In May 2000, the Company entered into a five-year consulting agreement with Reid M. Henson. Mr. Henson served as a Vice Chairman of the Board of Directors from 1983 to May 2000. Payments in 2002, 2001 and 2000 related to the consulting agreement totaled $350,000, $350,000 and $204,000, respectively.

On June 1, 1993, the Company entered into a lease agreement with Beacon Investment Corporation related to the Company's headquarters office building. Beacon Investment Corporation's sole shareholder is J. Frank Harrison, III. On January 5, 1999, the Company entered into a new ten-year lease agreement with Beacon Investment Corporation which includes the Company's headquarters office building and an adjacent office facility. The annual base rent the Company is obligated to pay under this lease is subject to adjustment for increases in the Consumer Price Index and for increases or decreases in interest rates using the Adjusted Eurodollar Rate as the measurement device. Rental payments under this

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

lease totaled $2.8 million, $3.3 million and $3.6 million in 2002, 2001 and 2000, respectively.

The Company is a shareholder in two cooperatives from which it purchases substantially all its requirements for plastic bottles. Net purchases from these entities were approximately $45 million, $50 million and $49 million in 2002, 2001 and 2000, respectively. In connection with its participation in one of these cooperatives, the Company has guaranteed a portion of the cooperative's debt. Such guarantee amounted to $14.7 million as of December 29, 2002.

The Company is a member of SAC, a manufacturing cooperative. SAC sells finished products to the Company and Piedmont at cost. Purchases from SAC by the Company and Piedmont for finished products were $110 million each year in 2002, 2001 and 2000, respectively. The Company also manages the operations of SAC pursuant to a management agreement. Management fees from SAC were $1.3 million, $1.2 million and $1.0 million in 2002, 2001 and 2000, respectively. Also, the Company has guaranteed a portion of debt for SAC. Such guarantee was $20.1 million as of December 29, 2002.

The Company purchases certain computerized data management products and services related to inventory control and marketing program support from Data Ventures LLC ("Data Ventures"), a Delaware limited liability company. In December 2002, J. Frank Harrison, III contributed his interest in Data Ventures to the Company for no consideration. As a result of this transaction, the Company now holds a 63.75% equity interest in Data Ventures as of December 29, 2002. On September 30, 1997, Data Ventures obtained a $1.9 million unsecured line of credit from the Company. In December 1999, this line of credit was increased to $3.0 million. In July 2001, this line of credit was increased to $4.5 million.

Data Ventures was indebted to the Company for $4.0 million and $3.9 million as of December 29, 2002 and December 30, 2001, respectively. The Company recorded a loan loss provision of $.5 million, $1.6 million and $.2 million in 2002, 2001 and 2000, respectively, related to its outstanding loan to Data Ventures. The total loan loss provision was $2.9 million and $2.4 million as of December 29, 2002 and December 30, 2001, respectively. The Company purchased products and services from Data Ventures for $523,000, $435,000 and $414,000 in 2002, 2001 and 2000, respectively. The results of operations and financial position of Data Ventures were not material to the Company's consolidated financial statements.

17. EARNINGS PER SHARE

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

	Fiscal Year		
In Thousands (Except Per Share Data)	2002	2001	2000
Numerator:			
Numerator for basic net income and diluted net income per share	**$22,823**	$9,470	$6,294
Denominator:			
Denominator for basic net income per share—weighted average common shares	**8,861**	8,753	8,733
Effect of dilutive securities	**60**	68	89
Denominator for diluted net income per share—adjusted weighted average common shares	**8,921**	8,821	8,822
Basic net income per share	**$ 2.58**	$ 1.08	$ .72
Diluted net income per share	**$ 2.56**	$ 1.07	$ .71

18. RISKS AND UNCERTAINTIES

Approximately 91% of the Company's sales are products of The Coca-Cola Company, which is the sole supplier of the concentrates or syrups required to manufacture these products. The remaining 9% of the Company's sales are products of other beverage companies. The Company has bottling contracts under which it has various requirements to meet. Failure to meet the requirements of these bottling contracts could result in the loss of distribution rights for the respective product.

The Company currently obtains all of its aluminum cans from one domestic supplier. The Company currently obtains all of its PET bottles from two domestic cooperatives. The inability of either of these aluminum can or PET bottle suppliers to meet the Company's requirement for containers could result in short-term shortages until alternative sources of supply could be located. The Company attempts to mitigate these risks by working closely with key suppliers and by purchasing business interruption insurance where appropriate. In addition, the cost of aluminum cans and PET bottle containers are subject to change. Material increases in the cost of these containers may result in a reduction in earnings to the extent the Company is not able to increase its selling prices to offset an increase in container costs.

The Company's products are sold and distributed directly by its employees to retail stores and other outlets. During 2002, approximately 79% of the Company's physical case volume was sold for future consumption through supermarkets, convenience stores, drug stores and mass merchandisers. The remaining 21% of the Company's volume was sold for immediate consumption through various cold drink channels. The Company's largest customer accounted for approximately 10% of the Company's total sales volume during 2002.

The Company makes significant expenditures each year on fuel for product delivery. Material increases in the cost of fuel may result in a reduction in earnings to the extent the Company is not able to increase its selling prices to offset an increase in fuel costs.

Certain liabilities of the Company are subject to risk of changes in both long-term and short-term interest rates. These liabilities include floating rate debt, leases with payments determined on floating interest rates, postretirement benefit obligations and the Company's nonunion pension liability.

Less than 10% of the Company's labor force is currently covered by collective bargaining agreements. One collective bargaining contract covering less than 1% of the Company's employees expires during 2003.

Material changes in the performance requirements or decreases in levels of marketing funding historically provided under marketing programs with The Coca-Cola Company and other franchisers, or the Company's inability to meet the performance requirements for the anticipated levels of such marketing funding support payments, would adversely affect future earnings. The Coca-Cola Company is under no obligation to continue marketing funding at past levels.

Changes in the market value of assets in the Company's pension plan as well as material changes in interest rates may result in significant changes in net periodic pension cost and the Company contributions to the plan.

Changes in the health care cost trend as well as material changes in interest rates may result in significant changes in postretirement benefit cost.

Changes in the insurance markets may significantly impact insurance premiums, or in certain situations, may impact the Company's ability to secure insurance coverages.

Notes To Consolidated Financial Statements

19. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Changes in current assets and current liabilities affecting cash, net of effects of acquisitions and divestitures, were as follows:

	Fiscal Year		
In Thousands	2002	2001	2000
Accounts receivable, trade, net	**$ 4,836**	$ (1,313)	$ (2,294)
Accounts receivable from The Coca-Cola Company	**(7,988)**	1,445	638
Accounts receivable, other	**(9,398)**	2,994	5,691
Inventories	**7,164**	586	712
Prepaid expenses and other assets	**(1,377)**	10,958	(10,427)
Accounts payable, trade	**4,089**	6,893	(249)
Accounts payable to The Coca-Cola Company	**1,630**	4,123	1,456
Other accrued liabilities	**(6,321)**	5,185	(19,923)
Accrued compensation	**3,880**	3,906	7,041
Accrued interest payable	**(2,347)**	1,395	(6,347)
Due to Piedmont		8,246	13,700
(Increase) decrease in current assets less current liabilities	**$ (5,832)**	$44,418	$(10,002)

Cash payments for interest and income taxes were as follows:

	Fiscal Year		
In Thousands	2002	2001	2000
Interest	**$52,572**	$42,084	$ 58,736
Income taxes (net of refunds)	**3,138**	2,673	2,830

20. NEW ACCOUNTING PRONOUNCEMENTS

Emerging Issues Task Force No. 01-09 "Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products" was effective for the Company beginning January 1, 2002, requiring certain expenses previously classified as selling, general and administrative expenses to be reclassified as deductions from net sales. Prior years' results have been adjusted to reclassify these expenses as a deduction to net sales for comparability with current year presentation. These expenses relate primarily to payments to customers for certain marketing programs. The Company reclassified $22.5 million and $15.6 million for 2001 and 2000, respectively, related to these expenses.

In November 2002, the Financial Accounting Standards Board (FASB) issued Financial Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," ("FIN 45"). This interpretation requires additional disclosure for current guarantees and requires that certain guarantees entered into or modified subsequent to December 31, 2002 be reflected in the guarantor's balance sheet. The Company adopted the provisions of FIN 45 for its fiscal year ended December 29, 2002.

In January 2003, the FASB issued Financial Interpretation No. 46, "Consolidation of Variable Interest Entities," ("FIN 46"). This interpretation addresses consolidation by business enterprises of variable interest entities with certain defined characteristics. This interpretation applies to the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The Company has not yet determined what effect, if any, the adoption of FIN 46 will have on the results of operations and financial position of the Company.

21. SUBSEQUENT EVENT

On March 5, 2003, the Board of Directors of the Company authorized the purchase of half of The Coca-Cola Company's remaining interest in Piedmont for approximately $53.5 million, subject to the completion of a definitive purchase agreement and regulatory approval. This transaction, which is anticipated to close on March 31, 2003, would increase the Company's ownership interest in Piedmont from 54.651% to slightly more than 77%. Available sources of financing this transaction may include the Company's lines of credit, its revolving credit facility or public debt.

22. QUARTERLY FINANCIAL DATA (UNAUDITED)

Set forth below are unaudited quarterly financial data for the fiscal years ended December 29, 2002 and December 30, 2001.

In Thousands (Except Per Share Data)	Quarter			
Year Ended December 29, 2002	**1**	**2**	**3**	**4**
Net sales	**$283,198**	**$341,119**	**$333,047**	**$289,227**
Gross margin	**134,582**	**159,671**	**153,918**	**131,160**
Net income (loss)	**3,378**	**10,783**	**9,539**	**(877)**
Basic net income (loss) per share	**.39**	**1.23**	**1.08**	**(.10)**
Diluted net income (loss) per share	**.38**	**1.21**	**1.07**	**(.10)**

In Thousands (Except Per Share Data)	Quarter			
Year Ended December 30, 2001	1	2	3	4
Net sales	$ 223,700	$ 262,338	$ 258,600	$ 244,550
Gross margin	102,899	117,931	115,955	107,875
Net income (loss)	(1,782)	5,009	7,915	(1,672)
Basic net income (loss) per share	(.20)	.57	.90	(.19)
Diluted net income (loss) per share	(.20)	.57	.90	(.19)

SELECTED FINANCIAL DATA*

In Thousands (Except Per Share Data)	Fiscal Year **				
Summary of Operations	2002***	2001	2000 ****	1999	1998
Net sales	**$1,246,591**	$ 989,188	$ 969,937	$ 945,607	$907,575
Cost of sales	**667,260**	544,528	520,600	534,459	527,565
Selling, general and administrative expenses	**404,194**	304,565	310,215	275,620	264,177
Depreciation expense	**76,075**	66,134	64,751	60,567	37,076
Amortization of goodwill and intangibles	**2,796**	15,296	14,712	13,734	12,972
Restructuring expense				2,232	
Total costs and expenses	**1,150,325**	930,523	910,278	886,612	841,790
Income from operations	**96,266**	58,665	59,659	58,995	65,785
Interest expense	**49,120**	44,322	53,346	50,581	39,947
Other income (expense), net	**(3,084)**	(2,647)	3,522	(3,428)	(2,593)
Minority interest	**5,992**				
Income before income taxes	**38,070**	11,696	9,835	4,986	23,245
Income taxes	**15,247**	2,226	3,541	1,745	8,367
Net income	**$ 22,823**	$ 9,470	$ 6,294	$ 3,241	$ 14,878
Basic net income per share	**$ 2.58**	$ 1.08	$ .72	$ .38	$ 1.78
Diluted net income per share	**$ 2.56**	$ 1.07	$ .71	$ .37	$ 1.75
Cash dividends per share:					
Common	**$ 1.00**	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Class B Common	**$ 1.00**	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Other Information					
Weighted average number of common shares outstanding	**8,861**	8,753	8,733	8,588	8,365
Weighted average number of common shares outstanding—assuming dilution	**8,921**	8,821	8,822	8,708	8,495
Year-End Financial Position					
Total assets	**$1,353,525**	$1,064,459	$1,062,097	$1,108,392	$822,702
Portion of long-term debt payable within one year	**31**	56,708	9,904	28,635	30,115
Current portion of obligations under capital leases	**3,960**	1,489	3,325	4,483	
Long-term debt	**807,725**	620,156	682,246	723,964	491,234
Obligations under capital leases	**42,066**	935	1,774	4,468	
Stockholders' equity	**32,867**	17,081	28,412	30,851	14,198

* See Management's Discussion and Analysis and accompanying notes to consolidated financial statements for additional information.

** All years presented are 52-week years except 1998 which is a 53-week year.

*** On January 2, 2002, the Company purchased an additional interest in Piedmont Coca-Cola Bottling Partnership ("Piedmont") from The Coca-Cola Company, increasing the Company's ownership in Piedmont to more than 50%. Due to the increase in ownership, the results of operations, financial position and cash flows of Piedmont have been consolidated with those of the Company beginning in the first quarter of 2002. The Company's investment in Piedmont had been accounted for using the equity method for 2001 and prior years.

**** In September 2000, the Company sold a bottling territory which represented approximately 3% of the Company's 2000 sales volume.

Summary of Quarterly Stock Prices

	Fiscal Year					
	2002 Sales Price			2001 Sales Price		
	High	Low	Period End	High	Low	Period End
First quarter	$50.10	$37.24	$49.00	$45.13	$36.50	$40.44
Second quarter	52.09	42.30	43.00	41.00	38.06	39.35
Third quarter	52.05	41.30	47.50	42.24	36.17	37.75
Fourth quarter	63.06	46.02	62.71	40.95	36.09	38.41

The Company's Common Stock trades on the Nasdaq National Market tier of The Nasdaq Stock Market® under the symbol COKE. The table above sets forth for the periods indicated the high, low and period end reported sales prices per share of Common Stock. There is no trading market for the Company's Class B Common Stock. Shares of Class B Common Stock are convertible on a share-for-share basis into shares of Common Stock.

The quarterly dividend rate of $.25 per share on both Common Stock and Class B Common Stock shares was maintained throughout 2002, 2001 and 2000.

The amount and frequency of future dividends will be determined by the Company's Board of Directors in light of the earnings and financial condition of the Company at such time, and no assurance can be given that dividends will be declared in the future.

The number of stockholders of record of Common Stock and Class B Common Stock, as of March 10, 2003, was 3,476 and 12, respectively.

BOARD OF DIRECTORS

J. Frank Harrison, III
Chairman of the Board of Directors and
Chief Executive Officer
Coca-Cola Bottling Co. Consolidated

H. W. McKay Belk
President, Merchandising and Marketing
Belk, Inc.

Sharon A. Decker
President
Doncaster, a division of the Tanner Companies

William B. Elmore
President and Chief Operating Officer
Coca-Cola Bottling Co. Consolidated

Reid M. Henson
Retired Vice Chairman of the Board of
Directors
Coca-Cola Bottling Co. Consolidated

Ned R. McWherter
Chairman of the Board of Directors
Volunteer Distributing Company, Inc. and
Eagle Distributors, Inc.
Former Governor of the State of Tennessee

James L. Moore, Jr.
Vice Chairman of the Board of Directors
Coca-Cola Bottling Co. Consolidated

John W. Murrey, III
Private Attorney

Carl Ware
Retired Executive Vice President
Public Affairs and Administration
The Coca-Cola Company

Dennis A. Wicker
Partner
Helms Mulliss and Wicker, PLLC
Attorneys at Law
Former Lieutenant Governor of
the State of North Carolina

EXECUTIVE OFFICERS

J. Frank Harrison, III
Chairman of the Board of Directors and
Chief Executive Officer

William B. Elmore
President and Chief Operating Officer

James L. Moore, Jr.
Vice Chairman of the Board of Directors

Robert D. Pettus, Jr.
Executive Vice President and Assistant to
the Chairman

David V. Singer
Executive Vice President and Chief Financial Officer

Norman C. George
Senior Vice President, Chief Marketing and
Customer Officer

C. Ray Mayhall, Jr.
Senior Vice President, Sales

Clifford M. Deal, III
Vice President, Treasurer

Ronald J. Hammond
Vice President, Supply Chain

Kevin A. Henry
Vice President, Human Resources

Umesh M. Kasbekar
Vice President, Planning and Administration

Lauren C. Steele
Vice President, Corporate Affairs

Steven D. Westphal
Vice President, Controller

Jolanta T. Zwirek
Vice President, Chief Information Officer

Corporate Information

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT

The Company's transfer agent is responsible for stockholder records, issuance of stock certificates and distribution of dividend payments and IRS Form 1099s. The transfer agent also administers plans for dividend reinvestment and direct deposit. Stockholder requests and inquiries concerning these matters are most efficiently answered by corresponding directly with Wachovia Bank, N.A., Attention: Corporate Trust Client Services NC-1153, 1525 West W. T. Harris Blvd. 3C3, Charlotte, North Carolina 28288-1153. Communication may also be made by calling Toll Free (800) 829-8432, Local (704) 590-7375 or Fax (704) 590-7598.

STOCK LISTING

Nasdaq National Market System
Nasdaq Symbol – COKE

COMPANY WEBSITE

www.cokeconsolidated.com

CORPORATE OFFICE

The corporate office is located at 4100 Coca-Cola Plaza, Charlotte, North Carolina 28211. The mailing address is Coca-Cola Bottling Co. Consolidated, P.O. Box 31487, Charlotte, North Carolina 28231.

ANNUAL MEETING

The Annual Meeting of Stockholders of Coca-Cola Bottling Co. Consolidated will be held at Snyder Production Center, 4901 Chesapeake Drive, Charlotte, North Carolina 28216, on May 7, 2003, at 10:00 a.m. local time.

FORM 10-K

A copy of the Company's annual report to the Securities and Exchange Commission (Form 10-K) is available to stockholders without charge upon written request to David V. Singer, Executive Vice President and Chief Financial Officer, Coca-Cola Bottling Co. Consolidated, P.O. Box 31487, Charlotte, North Carolina 28231.

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Coca-Cola
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CONSOLIDATED
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