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

FORM 10-Q

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

For the quarterly period ended March 30, 2014

Commission File Number 0-9286

COCA-COLA BOTTLING CO. CONSOLIDATED

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Class	Outstanding at April 30, 2014
Common Stock, $1.00 Par Value	7,141,447
Class B Common Stock, $1.00 Par Value	2,129,862

COCA-COLA BOTTLING CO. CONSOLIDATED
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 30, 2014

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	First Quarter	
	2014	2013
Net sales	$388,582	$ 383,551
Cost of sales	232,249	229,852
Gross margin	156,333	153,699
Selling, delivery and administrative expenses	144,217	138,211
Income from operations	12,116	15,488
Interest expense, net	7,223	7,379
Income before income taxes	4,893	8,109
Income tax expense	1,792	2,440
Net income	3,101	5,669
Less: Net income attributable to noncontrolling interest	652	807
Net income attributable to Coca-Cola Bottling Co. Consolidated	$ 2,449	$ 4,862
Basic net income per share based on net income attributable to Coca-Cola Bottling Co. Consolidated:		
Common Stock	$ .26	$ .53
Weighted average number of Common Stock shares outstanding	7,141	7,141
Class B Common Stock	$ .26	$ .53
Weighted average number of Class B Common Stock shares outstanding	2,115	2,095
Diluted net income per share based on net income attributable to Coca-Cola Bottling Co. Consolidated:		
Common Stock	$ .26	$ .52
Weighted average number of Common Stock shares outstanding – assuming dilution	9,296	9,276
Class B Common Stock	$ .26	$ .52
Weighted average number of Class B Common Stock shares outstanding – assuming dilution	2,155	2,135
Cash dividends per share:		
Common Stock	$ .25	$ .25
Class B Common Stock	$ .25	$ .25

See Accompanying Notes to Consolidated Financial Statements.

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

	First Quarter	
	2014	2013
Net income	$ 3,101	$5,669
Other comprehensive income, net of tax:		
Foreign currency translation adjustment	0	1
Defined benefit plans reclassification included in pension costs:		
Actuarial loss	259	510
Prior service costs	5	2
Postretirement benefits reclassification included in benefits costs:		
Actuarial loss	346	425
Prior service costs	(232)	(230)
Other comprehensive income, net of tax	378	708
Comprehensive income	3,479	6,377
Less: Comprehensive income attributable to noncontrolling interest	652	807
Comprehensive income attributable to Coca-Cola Bottling Co. Consolidated	$2,827	$ 5,570

See Accompanying Notes to Consolidated Financial Statements.

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

	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 18,774	$ 11,761	$ 11,890
Accounts receivable, trade, less allowance for doubtful accounts of $1,461, $1,401 and $1,514, respectively	118,205	105,610	111,423
Accounts receivable from The Coca-Cola Company	25,816	17,849	20,804
Accounts receivable, other	11,969	15,136	11,620
Inventories	76,113	61,987	74,098
Prepaid expenses and other current assets	29,563	26,872	32,088
Total current assets	280,440	239,215	261,923
Property, plant and equipment, net	306,073	302,998	300,230
Leased property under capital leases, net	47,474	48,981	52,693
Other assets	59,959	58,560	56,736
Franchise rights	520,672	520,672	520,672
Goodwill	102,049	102,049	102,049
Other identifiable intangible assets, net	3,597	3,681	3,939
Total assets	$1,320,264	$1,276,156	$1,298,242

See Accompanying Notes to Consolidated Financial Statements.

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

	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013
LIABILITIES AND EQUITY			
Current Liabilities:			
Current portion of debt	$ 20,000	$ 20,000	$ 20,000
Current portion of obligations under capital leases	6,062	5,939	5,352
Accounts payable, trade	52,309	43,579	50,081
Accounts payable to The Coca-Cola Company	39,049	25,869	39,989
Other accrued liabilities	78,106	77,622	60,268
Accrued compensation	17,422	31,753	11,462
Accrued interest payable	9,389	4,054	9,299
Total current liabilities	222,337	208,816	196,451
Deferred income taxes	146,181	153,408	134,904
Pension and postretirement benefit obligations	89,825	90,599	139,926
Other liabilities	127,975	125,791	120,771
Obligations under capital leases	57,477	59,050	62,954
Long-term debt	413,613	378,566	438,430
Total liabilities	1,057,408	1,016,230	1,093,436
Commitments and Contingencies (Note 14)			
Equity:			
Common Stock, $1.00 par value:			
Authorized – 30,000,000 shares;			
Issued – 10,203,821 shares	10,204	10,204	10,204
Class B Common Stock, $1.00 par value:			
Authorized – 10,000,000 shares;			
Issued – 2,757,976, 2,737,076 and 2,737,076 shares, respectively	2,756	2,735	2,735
Capital in excess of par value	110,684	108,942	108,959
Retained earnings	189,006	188,869	172,994
Accumulated other comprehensive loss	(57,798)	(58,176)	(93,818)
	254,852	252,574	201,074
Less-Treasury stock, at cost:			
Common – 3,062,374 shares	60,845	60,845	60,845
Class B Common – 628,114 shares	409	409	409
Total equity of Coca-Cola Bottling Co. Consolidated	193,598	191,320	139,820
Noncontrolling interest	69,258	68,606	64,986
Total equity	262,856	259,926	204,806
Total liabilities and equity	$1,320,264	$1,276,156	$1,298,242

See Accompanying Notes to Consolidated Financial Statements.

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

	Common Stock	Class B Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity of CCBCC	Noncontrolling Interest	Total Equity
Balance on Dec. 30, 2012	$10,204	$2,715	$ 107,681	$ 170,439	$ (94,526)	$(61,254)	$135,259	$ 64,179	$ 199,438
Net income				4,862			4,862	807	5,669
Other comprehensive income, net of tax					708		708		708
Cash dividends paid									
Common ($.25 per share)				(1,785)			(1,785)		(1,785)
Class B Common ($.25 per share)				(522)			(522)		(522)
Issuance of 20,120 shares of Class B Common Stock		20	1,278				1,298		1,298
Balance on Mar. 31, 2013	$10,204	$ 2,735	$108,959	$172,994	$ (93,818)	$(61,254)	$ 139,820	$ 64,986	$ 204,806
Balance on Dec. 29, 2013	$10,204	$ 2,735	$ 108,942	$188,869	$ (58,176)	$(61,254)	$ 191,320	$ 68,606	$259,926
Net income				2,449			2,449	652	3,101
Other comprehensive income, net of tax					378		378		378
Cash dividends paid									
Common ($.25 per share)				(1,785)			(1,785)		(1,785)
Class B Common ($.25 per share)				(527)			(527)		(527)
Issuance of 20,900 shares of Class B Common Stock		21	1,742				1,763		1,763
Balance on Mar. 30, 2014	$10,204	$2,756	$ 110,684	$ 189,006	$ (57,798)	$(61,254)	$193,598	$ 69,258	$262,856

See Accompanying Notes to Consolidated Financial Statements.

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

	First Quarter	
	2014	2013
Cash Flows from Operating Activities		
Net income	$ 3,101	$ 5,669
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense	14,486	14,556
Amortization of intangibles	83	84
Deferred income taxes	222	146
Gain on sale of property, plant and equipment	(179)	(990)
Amortization of debt costs	478	487
Amortization of deferred gain related to terminated interest rate agreements	(139)	(136)
Stock compensation expense	853	603
Increase in current assets less current liabilities	(18,909)	(27,193)
Increase in other noncurrent assets	(1,819)	(3,330)
Decrease in other noncurrent liabilities	(5,485)	(3,687)
Other	0	5
Total adjustments	(10,409)	(19,455)
Net cash used in operating activities	(7,308)	(13,786)
Cash Flows from Investing Activities		
Additions to property, plant and equipment	(17,814)	(20,383)
Proceeds from the sale of property, plant and equipment	958	4,302
Net cash used in investing activities	(16,856)	(16,081)
Cash Flows from Financing Activities		
Borrowings under revolving credit facility	35,000	45,000
Payment on revolving credit facility	0	(10,000)
Cash dividends paid	(2,312)	(2,307)
Principal payments on capital lease obligations	(1,449)	(1,275)
Other	(62)	(60)
Net cash provided by financing activities	31,177	31,358
Net increase in cash	7,013	1,491
Cash at beginning of period	11,761	10,399
Cash at end of period	$ 18,774	$ 11,890
Significant non-cash investing and financing activities:		
Issuance of Class B Common Stock in connection with stock award	$ 1,763	$ 1,298
Additions to property, plant and equipment accrued and recorded in accounts payable, trade	6,194	3,230

See Accompanying Notes to Consolidated Financial Statements.

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

1. Significant Accounting Policies

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

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

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (GAAP) for interim financial reporting and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and footnotes required by GAAP. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accounting policies followed in the presentation of interim financial results are consistent with those followed on an annual basis. These policies are presented in Note 1 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 29, 2013 filed with the United States Securities and Exchange Commission.

2. Seasonality of Business

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

3. Piedmont Coca-Cola Bottling Partnership

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont Coca-Cola Bottling Partnership ("Piedmont") to distribute and market nonalcoholic beverages primarily in portions of North Carolina and South Carolina. The Company provides a portion of the nonalcoholic beverage products to Piedmont at cost and receives a fee for managing the operations of Piedmont pursuant to a management agreement. These intercompany transactions are eliminated in the consolidated financial statements.

Noncontrolling interest as of March 30, 2014, December 29, 2013 and March 31, 2013 represents the portion of Piedmont owned by The Coca-Cola Company. The Coca-Cola Company's interest in Piedmont was 22.7% for all periods presented.

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

4. Inventories

Inventories were summarized as follows:

In Thousands	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013
Finished products	$ 47,864	$ 35,360	$ 44,041
Manufacturing materials	10,572	9,127	10,718
Plastic shells, plastic pallets and other inventories	17,677	17,500	19,339
Total inventories	$ 76,113	$ 61,987	$ 74,098

5. Property, Plant and Equipment

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

In Thousands	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013	Estimated Useful Lives
Land	$ 13,484	$ 12,307	$ 12,394	
Buildings	112,460	113,864	114,630	8-50 years
Machinery and equipment	149,406	144,662	141,839	5-20 years
Transportation equipment	165,469	164,403	162,201	4-20 years
Furniture and fixtures	44,166	42,605	45,472	3-10 years
Cold drink dispensing equipment	320,807	317,143	315,376	5-17 years
Leasehold and land improvements	73,655	73,742	71,246	5-20 years
Software for internal use	82,455	81,718	75,684	3-10 years
Construction in progress	6,801	7,204	6,796	
Total property, plant and equipment, at cost	968,703	957,648	945,638	
Less: Accumulated depreciation and amortization	662,630	654,650	645,408	
Property, plant and equipment, net	$ 306,073	$ 302,998	$ 300,230	

Depreciation and amortization expense was $14.5 million and $14.6 million in the first quarter of 2014 (“Q1 2014”) and in the first quarter of 2013 (“Q1 2013”), respectively. These amounts included amortization expense for leased property under capital leases.

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

6. Leased Property Under Capital Leases

Leased property under capital leases was summarized as follows:

In Thousands	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013	Estimated Useful Lives
Leased property under capital leases	$94,889	$94,889	$ 94,174	3-20 years
Less: Accumulated amortization	47,415	45,908	41,481	
Leased property under capital leases, net	$ 47,474	$48,981	$52,693	

As of March 30, 2014, real estate represented $46.8 million of the leased property under capital leases, net and $31.2 million of this real estate is leased from related parties as described in Note 19 to the consolidated financial statements.

The Company's outstanding obligations for capital leases were $63.5 million, $65.0 million and $68.3 million as of March 30, 2014, December 29, 2013 and March 31, 2013, respectively.

7. Franchise Rights and Goodwill

There were no changes in the carrying amounts of franchise rights and goodwill in the periods presented. The Company performs its annual impairment test of franchise rights and goodwill as of the first day of the fourth quarter. During Q1 2014, the Company did not experience any triggering events or changes in circumstances that indicated the carrying amounts of the Company's franchise rights or goodwill exceeded fair values. As such, the Company has not recognized any impairments of franchise rights or goodwill.

8. Other Identifiable Intangible Assets

Other identifiable intangible assets were summarized as follows:

In Thousands	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013	Estimated Useful Lives
Other identifiable intangible assets	$ 8,547	$ 8,547	$8,557	20 years
Less: Accumulated amortization	4,950	4,866	4,618	
Other identifiable intangible assets, net	$3,597	$ 3,681	$ 3,939	

Other identifiable intangible assets primarily represent customer relationships and distribution rights and are amortized on a straight line basis.

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9. Other Accrued Liabilities

Other accrued liabilities were summarized as follows:

In Thousands	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013
Accrued marketing costs	$11,098	$ 13,613	$ 8,730
Accrued insurance costs	21,937	21,132	20,605
Accrued taxes (other than income taxes)	2,415	1,207	2,111
Accrued income taxes	8,270	2,515	4,811
Employee benefit plan accruals	10,369	17,643	12,154
Checks and transfers yet to be presented for payment from zero balance cash accounts	13,370	11,237	2,959
All other accrued liabilities	10,647	10,275	8,898
Total other accrued liabilities	$78,106	$77,622	$60,268

10. Debt

Debt was summarized as follows:

In Thousands	Maturity	Interest Rate	Interest Paid	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013
Revolving credit facility	2016	Variable	Varies	$ 40,000	$ 5,000	$ 65,000
Line of credit	2014	Variable	Varies	20,000	20,000	20,000
Senior Notes	2015	5.30%	Semi-annually	100,000	100,000	100,000
Senior Notes	2016	5.00%	Semi-annually	164,757	164,757	164,757
Senior Notes	2019	7.00%	Semi-annually	110,000	110,000	110,000
Unamortized discount on Senior Notes	2019			(1,144)	(1,191)	(1,327)
				433,613	398,566	458,430
Less: Current portion of debt				20,000	20,000	20,000
Long-term debt				$ 413,613	$ 378,566	$ 438,430

10. Debt

The Company has a $200 million five-year unsecured revolving credit agreement ("$200 million facility"). The $200 million facility has a scheduled maturity date of September 21, 2016 and up to $25 million is available for the issuance of letters of credit. Borrowings under the agreement bear interest at a floating base rate or a floating Eurodollar rate plus an interest rate spread, dependent on the Company's credit rating at the time of borrowing. The Company must pay an annual facility fee of .175% of the lenders' aggregate commitments under the facility. The $200 million facility contains two financial covenants: a cash flow/fixed charges ratio ("fixed charges coverage ratio") and a funded indebtedness/cash flow ratio ("operating cash flow ratio"), each as defined in the credit agreement. The fixed charges coverage ratio requires the Company to maintain a consolidated cash flow to fixed charges ratio of 1.5 to 1.0 or higher. The operating cash flow ratio requires the Company to maintain a debt to operating cash flow ratio of 6.0 to 1.0 or lower. The Company is currently in compliance with these covenants. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources.

The Company has $100 million of senior notes which mature in April 2015. The Company currently expects to use a combination of available cash on hand and borrowings under the $200 million facility to repay the notes when due.

On March 30, 2014, the Company had $40.0 million of outstanding borrowings on the $200 million facility and had $160.0 million available to meet its cash requirements. On December 29, 2013, the Company had $5.0 million of outstanding borrowings on the $200 million facility. On March 31, 2013, the Company had $65.0 million of outstanding borrowings on the $200 million facility.

The Company has an agreement for an uncommitted line of credit under which the Company may borrow up to a total of $20 million for periods of 7 days, 30 days, 60 days or 90 days at the discretion of the participating bank. On March 30, 2014, December 29, 2013 and March 31, 2013, the Company had $20.0 million outstanding under the uncommitted line of credit at a weighted average interest rate of 0.91%, 0.88% and 0.93%, respectively.

As of March 30, 2014, December 29, 2013 and March 31, 2013, the Company had a weighted average interest rate of 5.8%, 6.2% and 5.6%, respectively, for its outstanding debt and capital lease obligations. The Company's overall weighted average interest rate on its debt and capital lease obligations was 5.9% and 5.7% for Q1 2014 and Q1 2013, respectively. As of March 30, 2014, $60.0 million of the Company's debt and capital lease obligations of $497.2 million were subject to changes in short-term interest rates.

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

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

11. Derivative Financial Instruments

Interest

The Company uses derivatives from time to time to partially manage the Company's exposure to changes in interest rates on outstanding debt instruments.

The Company had no interest rate derivative contracts outstanding at March 30, 2014, December 29, 2013 and March 31, 2013.

Commodities

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

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

The Company has master agreements with the counterparties to its derivative financial agreements that provide for net settlement of derivative transactions. The Company did not have any offsetting derivative transactions with its counterparties on March 30, 2014 and March 31, 2013. Accordingly, the gross amounts of derivative assets are recognized in prepaid expenses and other current assets in the consolidated balance sheets at March 30, 2014 and March 31, 2013. The Company did not have any outstanding derivative transactions at December 29, 2013.

The Company periodically uses derivative instruments to hedge part or all of its requirements for diesel fuel and aluminum. In Q1 2014, the Company entered into agreements to hedge a portion of the Company's 2014 commodity purchases. In the third quarter of 2012, the Company entered into agreements to hedge a portion of the Company's 2013 commodity purchases.

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

11. Derivative Financial Instruments

The following summarizes Q1 2014 and Q1 2013 pre-tax changes in the fair value of the Company's commodity derivative financial instruments and the classification, either as cost of sales or selling, delivery and administrative ("S,D&A") expenses, of such changes in the consolidated statements of operations.

In Thousands	Classification of Gain (Loss)	First Quarter 2014	First Quarter 2013
Commodity hedges	Cost of sales	$781	$(490)
Total		$781	$(490)

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

In Thousands	Balance Sheet Classification	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013
Commodity hedges at fair market value	Prepaid expenses and other current assets	$ 781	$ 0	$ 10
Unamortized cost of commodity hedging agreements	Prepaid expenses and other current assets	858	0	325
Total		$1,639	$ 0	$ 335

The following table summarizes the Company's outstanding commodity derivative agreements as of March 30, 2014:

In Millions	Notional Amount	Latest Maturity
Commodity hedging agreements	$ 31.6	Dec. 2014

12. Fair Value of Financial Instruments

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

Cash and Cash Equivalents, Accounts Receivable and Accounts Payable

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

Public Debt Securities

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

Non-Public Variable Rate Debt

The carrying amounts of the Company's variable rate borrowings approximate their fair values due to variable interest rates with short reset periods.

Deferred Compensation Plan Assets/Liabilities

The fair values of deferred compensation plan assets and liabilities, which are held in mutual funds, are based upon the quoted market value of the securities held within the mutual funds.

Derivative Financial Instruments

The fair values for the Company's commodity hedging agreements are based on current settlement values at each balance sheet date. The fair values of the commodity hedging agreements at each balance sheet date represent the estimated amounts the Company would have received or paid upon termination of these agreements. Credit risk related to the derivative financial instruments is managed by requiring high standards for its counterparties and periodic settlements. The Company considers nonperformance risk in determining the fair value of derivative financial instruments.

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

12. Fair Value of Financial Instruments

The carrying amounts and fair values of the Company's debt, deferred compensation plan assets and liabilities, and derivative financial instruments were as follows:

	Mar. 30, 2014		Dec. 29, 2013		Mar. 31, 2013	
In Thousands	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Public debt securities	$(373,613)	$(411,564)	$(373,566)	$(409,434)	$(373,430)	$(421,466)
Deferred compensation plan assets	17,453	17,453	17,098	17,098	14,216	14,216
Deferred compensation plan liabilities	(17,453)	(17,453)	(17,098)	(17,098)	(14,216)	(14,216)
Commodity hedging agreements	781	781	0	0	10	10
Non-public variable rate debt	(60,000)	(60,000)	(25,000)	(25,000)	(85,000)	(85,000)

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

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

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

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

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

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

	Mar. 30, 2014		Dec. 29, 2013		Mar. 31, 2013	
In Thousands	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
Assets						
Deferred compensation plan assets	$17,453		$17,098		$14,216	
Commodity hedging agreements		$781		$ 0		$ 10
Liabilities						
Deferred compensation plan liabilities	17,453		17,098		14,216	

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

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12. Fair Value of Financial Instruments

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

The Company does not have Level 3 assets or liabilities. Also, there were no transfers of assets or liabilities between Level 1 and Level 2 for Q1 2014 and Q1 2013.

13. Other Liabilities

Other liabilities were summarized as follows:

In Thousands	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013
Accruals for executive benefit plans	$ 111,863	$ 109,386	$103,855
Other	16,112	16,405	16,916
Total other liabilities	$127,975	$125,791	$ 120,771

14. Commitments and Contingencies

The Company is a member of South Atlantic Canners, Inc. ("SAC"), a manufacturing cooperative from which it is obligated to purchase 17.5 million cases of finished product on an annual basis through June 2024 based on a new agreement signed during Q1 2014. The Company is also a member of Southeastern Container ("Southeastern"), a plastic bottle manufacturing cooperative from which it is obligated to purchase at least 80% of its requirements of plastic bottles for certain designated territories. See Note 19 to the consolidated financial statements for additional information concerning SAC and Southeastern.

The Company guarantees a portion of SAC's and Southeastern's debt. The amounts guaranteed were $31.2 million, $29.3 million and $38.3 million as of March 30, 2014, December 29, 2013 and March 31, 2013, respectively. The Company holds no assets as collateral against these guarantees, the fair value of which is immaterial. The guarantees relate to the debt of SAC and Southeastern, which resulted primarily from the purchase of production equipment and facilities. These guarantees expire at various dates through 2023. The members of both cooperatives consist solely of Coca-Cola bottlers. The Company does not anticipate either of these cooperatives will fail to fulfill its commitments. The Company further believes each of these cooperatives has sufficient assets, including production equipment, facilities and working capital, and the ability to adjust selling prices of its products to adequately mitigate the risk of material loss from the Company's guarantees. In the event either of these cooperatives fails to fulfill its commitments under the related debt, the Company would be responsible for payments to the lenders up to the level of the guarantees. If these cooperatives had borrowed up to their aggregate borrowing capacity, the Company's maximum exposure under these guarantees on March 30, 2014 would have been $23.9 million for SAC and $25.3 million for Southeastern and the Company's maximum total exposure, including its equity investment, would have been $28.0 million for SAC and $43.6 million for Southeastern.

14. Commitments and Contingencies

The Company has been purchasing plastic bottles from Southeastern and finished products from SAC for more than ten years and has never had to pay against these guarantees.

The Company has an equity ownership in each of the entities in addition to the guarantees of certain indebtedness and records its investment in each under the equity method. As of March 30, 2014, SAC had total assets of approximately $43 million and total debt of approximately $20 million. SAC had total revenues for Q1 2014 of approximately $42 million. As of March 30, 2014, Southeastern had total assets of approximately $311 million and total debt of approximately $134 million. Southeastern had total revenue for Q1 2014 of approximately $152 million.

The Company has standby letters of credit, primarily related to its property and casualty insurance programs. On March 30, 2014, these letters of credit totaled $22.9 million.

The Company participates in long-term marketing contractual arrangements with certain prestige properties, athletic venues and other locations. The future payments related to these contractual arrangements as of March 30, 2014 amounted to $37.7 million and expire at various dates through 2022.

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

The Company is subject to audit by tax authorities in jurisdictions where it conducts business. These audits may result in assessments that are subsequently resolved with the tax authorities or potentially through the courts. Management believes the Company has adequately provided for any assessments that are likely to result from these audits; however, final assessments, if any, could be different than the amounts recorded in the consolidated financial statements.

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15. Income Taxes

The Company's effective tax rate, as calculated by dividing income tax expense by income before income taxes, for Q1 2014 and Q1 2013 was 36.6% and 30.1%, respectively. The Company's effective tax rate, as calculated by dividing income tax expense by income before income taxes minus net income attributable to noncontrolling interest, for Q1 2014 and Q1 2013 was 42.3% and 33.4%, respectively.

The following table provides a reconciliation of income tax expense at the statutory federal rate to actual income tax expense.

	First Quarter	
In Thousands	2014	2013
Statutory expense	$ 1,712	$2,835
State income taxes, net of federal benefit	187	333
Valuation allowance change	142	93
Noncontrolling interest – Piedmont	(270)	(321)
Manufacturing deduction benefit	(235)	(224)
Meals and entertainment	111	180
Adjustment for uncertain tax positions	84	151
Other, net	61	(607)
Income tax expense	$1,792	$ 2,440

As of March 30, 2014, the Company had $2.9 million of uncertain tax positions, including accrued interest, all of which would affect the Company's effective tax rate if recognized. As of December 29, 2013, the Company had $2.8 million of uncertain tax positions, including accrued interest, all of which would affect the Company's effective tax rate if recognized. As of March 31, 2013, the Company had $5.6 million of uncertain tax positions, including accrued interest, of which $3.2 million would affect the Company's effective tax rate if recognized. Total accrued interest related to uncertain tax positions is immaterial in all periods presented. While it is expected that the amount of uncertain tax positions may change in the next 12 months, the Company does not expect any change to have a material impact on the consolidated financial statements.

The American Taxpayer Relief Act ("Act") was signed into law on January 2, 2013. The Act approved a retroactive extension of certain favorable business and energy tax provisions that had expired at the end of 2011 which are applicable to the Company. The Company recorded a reduction to income tax expense totaling $0.4 million related to the Act in Q1 2013, which is included in the other, net line of the reconciliation of income tax expense table.

During 2013, state tax legislation was enacted that reduces the corporate tax rate in that state from 6.9% to 6.0% effective January 1, 2014. This state corporate tax rate will be further reduced from 6.0% to 5.0% effective January 1, 2015. This reduction in the corporate tax rate decreased the Company's income tax expense by approximately $2.3 million due to the impact on the Company's net deferred tax liabilities. The total impact of this legislation was recorded in the third quarter of 2013.

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Notes to Consolidated Financial Statements (Unaudited)

15. Income Taxes

Prior tax years beginning in year 2010 remain open to examination by the Internal Revenue Service, and various tax years beginning in year 1995 remain open to examination by certain state tax jurisdictions due to loss carryforwards.

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

16. Accumulated Other Comprehensive Loss

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

A summary of accumulated other comprehensive loss for Q1 2014 and Q1 2013 is as follows:

In Thousands	Dec. 29, 2013	Pre-tax Activity	Tax Effect	Mar. 30, 2014
Net pension activity:				
Actuarial loss	$ (43,028)	$ 422	$ (163)	$ (42,769)
Prior service costs	(121)	9	(4)	(116)
Net postretirement benefits activity:				
Actuarial loss	(18,441)	563	(217)	(18,095)
Prior service costs	3,410	(378)	146	3,178
Foreign currency translation adjustment	4	0	0	4
Total	$(58,176)	$ 616	$ (238)	$(57,798)

In Thousands	Dec. 30, 2012	Pre-tax Activity	Tax Effect	Mar. 31, 2013
Net pension activity:				
Actuarial loss	$ (76,407)	$ 838	$ (328)	$(75,897)
Prior service costs	(33)	4	(2)	(31)
Net postretirement benefits activity:				
Actuarial loss	(22,425)	700	(275)	(22,000)
Prior service costs	4,334	(378)	148	4,104
Foreign currency translation adjustment	5	1	0	6
Total	$(94,526)	$1,165	$ (457)	$ (93,818)

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16. Accumulated Other Comprehensive Loss

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

In Thousands	Net Pension Activity	Net Postretirement Benefits Activity	Total
Q1 2014			
Cost of sales	$ 78	$ 24	$ 102
S,D&A expenses	353	161	514
Subtotal pre-tax	431	185	616
Income tax expense	167	71	238
Total after tax effect	$ 264	$ 114	$ 378
Q1 2013			
Cost of sales	$ 76	$ 39	$ 115
S,D&A expenses	766	283	1,049
Subtotal pre-tax	842	322	1,164
Income tax expense	330	127	457
Total after tax effect	$ 512	$ 195	$ 707

17. Capital Transactions

The Company has two classes of common stock outstanding, Common Stock and Class B Common Stock. The Common Stock is traded on the NASDAQ Global Select Market[sm] under the symbol COKE. There is no established public trading market for the Class B Common Stock. Shares of the Class B Common Stock are convertible on a share-for-share basis into shares of Common Stock at any time at the option of the holders of Class B Common Stock.

No cash dividend or dividend of property or stock other than stock of the Company, as specifically described in the Company's certificate of incorporation, may be declared and paid on the Class B Common Stock unless an equal or greater dividend is declared and paid on the Common Stock. During Q1 2014 and Q1 2013, dividends of $.25 per share were declared and paid on both the Common Stock and Class B Common Stock.

Each share of Common Stock is entitled to one vote per share and each share of Class B Common Stock is entitled to 20 votes per share at all meetings of stockholders. Except as otherwise required by law, holders of the Common Stock and Class B Common Stock vote together as a single class on all matters brought before the Company's stockholders. In the event of liquidation, there is no preference between the two classes of common stock.

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17. Capital Transactions

On April 29, 2008, the stockholders of the Company approved a Performance Unit Award Agreement for J. Frank Harrison, III, the Company's Chairman of the Board of Directors and Chief Executive Officer, consisting of 400,000 performance units ("Units"). Each Unit represents the right to receive one share of the Company's Class B Common Stock, subject to certain terms and conditions. The Units are subject to vesting in annual increments over a ten-year period starting in fiscal year 2009. The number of Units that vest each year equals the product of 40,000 multiplied by the overall goal achievement factor (not to exceed 100%) under the Company's Annual Bonus Plan.

Each annual 40,000 Unit tranche has an independent performance requirement as it is not established until the Company's Annual Bonus Plan targets are approved each year by the Compensation Committee of the Board of Directors. As a result, each 40,000 Unit tranche is considered to have its own service inception date, grant-date and requisite service period. The Company's Annual Bonus Plan targets, which establish the performance requirements for the Performance Unit Award Agreement, are approved by the Compensation Committee of the Board of Directors in the first quarter of each year. The Performance Unit Award Agreement does not entitle Mr. Harrison, III to participate in dividends or voting rights until each installment has vested and the shares are issued. Mr. Harrison, III may satisfy tax withholding requirements in whole or in part by requiring the Company to settle in cash such number of Units otherwise payable in Class B Common Stock to meet the maximum statutory tax withholding requirements.

Compensation expense for the Performance Unit Award Agreement recognized in Q1 2014 was $0.9 million, which was based upon a common stock share price of $85.25 on March 28, 2014. Compensation expense for the Performance Unit Award Agreement recognized in Q1 2013 was $0.6 million, which was based upon a common stock share price of $60.32 on March 29, 2013.

On March 4, 2014 and March 5, 2013, the Compensation Committee determined that 40,000 shares of the Company's Class B Common Stock should be issued in each year pursuant to a Performance Unit Award Agreement to J. Frank Harrison, III, in connection with his services in 2013 and 2012, respectively, as Chairman of the Board of Directors and Chief Executive Officer of the Company. As permitted under the terms of the Performance Unit Award Agreement, 19,100 and 19,880 of such shares were settled in cash in 2014 and 2013, respectively, to satisfy tax withholding obligations in connection with the vesting of the performance units.

The increase in the total number of shares outstanding in Q1 2014 and Q1 2013 was due to the issuance of the 20,900 and 20,120 shares, respectively, of Class B Common Stock related to the Performance Unit Award Agreement in each year.

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18. Benefit Plans

Pension Plans

All benefits under the primary Company-sponsored pension plan were frozen as of June 30, 2006 and no benefits have accrued to participants after this date. The Company also sponsors a pension plan for certain employees under collective bargaining agreements. Benefits under the pension plan for collectively bargained employees are determined in accordance with negotiated formulas for the respective participants. Contributions to the plans are based on actuarial determined amounts and are limited to the amounts currently deductible for income tax purposes.

In the third quarter of 2013, the Company announced a limited Lump Sum Window distribution of present valued pension benefits to terminated plan participants meeting certain criteria. The benefit election window was open during the third quarter of 2013 and benefit distributions were be made during the fourth quarter of 2013. Based upon the number of plan participants electing to take a distribution, and the total amount of such distributions, the Company incurred a noncash charge of $12.0 million in 2013 when the distributions were made in accordance with the relevant accounting standards. The reduction in the number of plan participants and the reduction of plan assets will reduce the cost of administering the pension plan in the future.

The components of net periodic pension cost (benefit) were as follows:

	First Quarter	
In Thousands	2014	2013
Service cost	$ 29	$ 32
Interest cost	2,896	3,086
Expected return on plan assets	(3,457)	(3,547)
Amortization of prior service cost	9	4
Recognized net actuarial loss	422	838
Net periodic pension cost (benefit)	$ (101)	$ 413

The Company did not contribute to the Company-sponsored pension plans during Q1 2014. Anticipated contributions for the two Company-sponsored pension plans will be in the range of $4 million to $10 million during the remainder of 2014.

Postretirement Benefits

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

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18. Benefit Plans

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

	First Quarter	
In Thousands	2014	2013
Service cost	$ 383	$ 413
Interest cost	825	715
Recognized net actuarial loss	563	700
Amortization of prior service cost	(378)	(378)
Net periodic postretirement benefit cost	$1,393	$1,450

401(k) Savings Plan

The Company provides a 401(k) Savings Plan for substantially all of its full-time employees who are not part of collective bargaining agreements.

During 2013, the Company's 401(k) Savings Plan matching contribution was discretionary with the Company having the option to make matching contributions for eligible participants of up to 5% of eligible participants' contributions based on the Company's financial results for 2013 and future years. The 5% matching contribution was accrued during 2013. Based on the Company's financial results, the Company decided to match 5% of eligible participants' contributions for the entire year of 2013. The Company made this contribution payment for 2013 in the Q1 2014. During 2014, the Company matched the first 3.5% of participants' contributions while maintaining the option to increase the matching contributions an additional 1.5% for a total of 5%, for the Company's employees based on the financial results for 2014. The total expense for this benefit was $2.1 million and $1.9 million in Q1 2014 and Q1 2013, respectively.

Multi-Employer Benefits

The Company currently has a liability to a multi-employer pension plan related to the Company's exit from the plan in 2008. As of March 30, 2014, the Company had a liability of $9.2 million recorded. The Company is required to make payments of approximately $1 million each year through 2028 to this multi-employer pension plan.

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

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

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19. Related Party Transactions

The Company's business consists primarily of the production, marketing and distribution of nonalcoholic beverages of The Coca-Cola Company, which is the sole owner of the secret formulas under which the primary components (either concentrate or syrup) of its soft drink products are manufactured. As of March, 30, 2014, The Coca-Cola Company had a 34.8% interest in the Company's total outstanding Common Stock, representing 5.0% of the total voting power of the Company's Common Stock and Class B Common Stock voting together as a single class. The Coca-Cola Company does not own any shares of Class B Common Stock of the Company.

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

	First Quarter	
In Millions	2014	2013
Payments by the Company for concentrate, syrup, sweetener and other purchases	$ 98.3	$ 97.3
Marketing funding support payments to the Company	(10.5)	(10.1)
Payments by the Company net of marketing funding support	$ 87.8	$ 87.2
Payments by the Company for customer marketing programs	$ 14.2	$ 14.6
Payments by the Company for cold drink equipment parts	2.2	2.3
Fountain delivery and equipment repair fees paid to the Company	3.2	2.9
Presence marketing funding support provided by The Coca-Cola Company on the Company's behalf	1.5	1.0
Payments to the Company to facilitate the distribution of certain brands and packages to other Coca-Cola bottlers	0.9	0.6

The Company has a production arrangement with Coca-Cola Refreshments USA Inc. ("CCR") to buy and sell finished products at cost. CCR is a wholly-owned subsidiary of The Coca-Cola Company. Sales to CCR under this arrangement were $12.7 million and $13.9 million in Q1 2014 and Q1 2013, respectively. Purchases from CCR under this arrangement were $11.9 million and $8.3 million in Q1 2014 and Q1 2013, respectively. In addition, CCR distributes one of the Company's own brands (Tum-E Yummies). Total sales to CCR for this brand were $5.4 million and $5.7 million in Q1 2014 and Q1 2013, respectively.

Along with all other Coca-Cola bottlers in the United States, the Company is a member in Coca-Cola Bottlers' Sales and Services Company, LLC ("CCBSS"), which was formed in 2003 for the purposes of facilitating various procurement functions and distributing certain specified beverage products of The Coca-Cola Company with the intention of enhancing the efficiency and competitiveness of the Coca-Cola bottling system in the United States. CCBSS negotiates the procurement for the majority of the Company's raw materials (excluding concentrate). The Company pays an administrative fee to CCBSS for its services. Administrative fees to CCBSS for its services were $0.1 million in both Q1 2014 and Q1 2013. Amounts due from CCBSS for rebates on raw materials were $3.6 million, $5.1 million and $4.1 million as of March 30, 2014, December 29, 2013 and March 31, 2013, respectively. CCR is also a member of CCBSS.

19. Related Party Transactions

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 $30.8 million and $33.4 million in Q1 2014 and Q1 2013, respectively. The Company also manages the operations of SAC pursuant to a management agreement. Management fees earned from SAC were $0.5 million and $0.4 million in Q1 2014 and Q1 2013, respectively. The Company has also guaranteed a portion of debt for SAC. Such guarantee amounted to $20.0 million as of March 30, 2014. The Company's equity investment in SAC was $4.1 million as of March 30, 2014, December 29, 2013 and March 31, 2013 and was recorded in other assets on the Company's consolidated balance sheets.

The Company is a shareholder in two entities from which it purchases a majority of its requirements for plastic bottles. Net purchases from these entities were $18.4 million in Q1 2014 and $18.7 million in Q1 2013. In conjunction with the Company's participation in one of these entities, Southeastern, the Company has guaranteed a portion of the entity's debt. Such guarantee amounted to $11.2 million as of March 30, 2014. The Company's equity investment in Southeastern was $18.3 million, $17.6 million and $20.8 million as of March 30, 2014, December 29, 2013 and March, 31 2013, respectively, and was recorded in other assets on the Company's consolidated balance sheets.

The Company holds no assets as collateral against SAC or Southeastern guarantees, the fair value of which is immaterial.

The Company monitors its investments in cooperatives and would be required to write down its investment if an impairment is identified and the Company determined it to be other than temporary. No impairment of the Company's investments in cooperatives has been identified as of March 30, 2014 nor was there any impairment in 2013.

The Company leases from Harrison Limited Partnership One ("HLP") the Snyder Production Center ("SPC") and an adjacent sales facility, which are located in Charlotte, North Carolina. HLP is directly and indirectly owned by trusts of which J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and Deborah H. Everhart, a director of the Company, are trustees and beneficiaries. Morgan H. Everett, a director of the Company, is a permissible, discretionary beneficiary of the trusts that directly or indirectly own HLP. The lease expires on December 31, 2020. The principal balance outstanding under this capital lease as of March 30, 2014, December 29, 2013 and March 31, 2013 was $21.6 million, $22.2 million and $23.6 million, respectively. Rental payments related to this lease were $0.9 million in both Q1 2014 and Q1 2013.

The Company leases from Beacon Investment Corporation ("Beacon") the Company's headquarters office facility and an adjacent office facility. The lease expires on December 31, 2021. Beacon's majority shareholder is J. Frank Harrison, III and Morgan H. Everett is a minority shareholder. The principal balance outstanding under this capital lease as of March 30, 2014, December 29, 2013 and March 31, 2013 was $22.3 million, $22.9 million and $24.5 million, respectively. Rental payments related to this lease were $1.0 million in both Q1 2014 and Q1 2013.

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20. Net Sales by Product Category

Net sales by product category were as follows:

In Thousands	First Quarter 2014	First Quarter 2013
Bottle/can sales:		
Sparkling beverages (including energy products)	$254,971	$ 254,473
Still beverages	57,150	52,623
Total bottle/can sales	312,121	307,096
Other sales:		
Sales to other Coca-Cola bottlers	37,121	40,128
Post-mix and other	39,340	36,327
Total other sales	76,461	76,455
Total net sales	$ 388,582	$383,551

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

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21. Net Income Per Share

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

In Thousands (Except Per Share Data)	First Quarter 2014	First Quarter 2013
Numerator for basic and diluted net income per Common Stock and Class B Common Stock share:		
Net income attributable to Coca-Cola Bottling Co. Consolidated	$ 2,449	$ 4,862
Less dividends:		
Common Stock	1,785	1,785
Class B Common Stock	527	522
Total undistributed earnings	$ 137	$2,555
Common Stock undistributed earnings – basic	$ 106	$ 1,975
Class B Common Stock undistributed earnings – basic	31	580
Total undistributed earnings – basic	$ 137	$2,555
Common Stock undistributed earnings – diluted	$ 105	$ 1,967
Class B Common Stock undistributed earnings – diluted	32	588
Total undistributed earnings – diluted	$ 137	$2,555
Numerator for basic net income per Common Stock share:		
Dividends on Common Stock	$1,785	$ 1,785
Common Stock undistributed earnings – basic	106	1,975
Numerator for basic net income per Common Stock share	$1,891	$ 3,760
Numerator for basic net income per Class B Common Stock share:		
Dividends on Class B Common Stock	$ 527	$ 522
Class B Common Stock undistributed earnings – basic	31	580
Numerator for basic net income per Class B Common Stock share	$ 558	$ 1,102

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21. Net Income Per Share

In Thousands (Except Per Share Data)	First Quarter 2014	First Quarter 2013
Numerator for diluted net income per Common Stock share:		
Dividends on Common Stock	$1,785	$ 1,785
Dividends on Class B Common Stock assumed converted to Common Stock	527	522
Common Stock undistributed earnings – diluted	137	2,555
Numerator for diluted net income per Common Stock share	$ 2,449	$ 4,862
Numerator for diluted net income per Class B Common Stock share:		
Dividends on Class B Common Stock	$ 527	$ 522
Class B Common Stock undistributed earnings – diluted	32	588
Numerator for diluted net income per Class B Common Stock share	$ 559	$ 1,110

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21. Net Income Per Share

In Thousands (Except Per Share Data)	First Quarter 2014	First Quarter 2013
Denominator for basic net income per Common Stock and Class B Common Stock share:		
Common Stock weighted average shares outstanding – basic	7,141	7,141
Class B Common Stock weighted average shares outstanding – basic	2,115	2,095
Denominator for diluted net income per Common Stock and Class B Common Stock share:		
Common Stock weighted average shares outstanding – diluted (assumes conversion of Class B Common Stock to Common Stock)	9,296	9,276
Class B Common Stock weighted average shares outstanding – diluted	2,155	2,135
Basic net income per share:		
Common Stock	$ .26	$ .53
Class B Common Stock	$ .26	$ .53
Diluted net income per share:		
Common Stock	$ .26	$ .52
Class B Common Stock	$ .26	$ .52

NOTES TO TABLE

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

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

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

22. Risks and Uncertainties

Approximately 88% of the Company's Q1 2014 bottle/can volume to retail customers are products of The Coca-Cola Company, which is the sole supplier of these products or of the concentrates or syrups required to manufacture these products. The remaining 12% of the Company's Q1 2014 bottle/can volume to retail customers are products of other beverage companies or those owned by the Company. The Company has beverage agreements under which it has various requirements to meet. Failure to meet the requirements of these beverage agreements could result in the loss of distribution rights for the respective product.

The Company's products are sold and distributed directly by its employees to retail stores and other outlets. During both Q1 2014 and Q1 2013, approximately 69% of the Company's bottle/can volume to retail customers was sold for future consumption, while the remaining bottle/can volume to retail customers of approximately 31% was sold for immediate consumption. The Company's largest customers, Wal-Mart Stores, Inc. and Food Lion, LLC, accounted for approximately 22% and 9%, respectively, of the Company's total bottle/can volume to retail customers in Q1 2014; and accounted for approximately 20% and 8%, respectively, of the Company's total bottle/can volume to retail customers in Q1 2013. Wal-Mart Stores, Inc. accounted for approximately 15% and 14% of the Company's total net sales during Q1 2014 and Q1 2013, respectively. No other customer represented greater than 10% of the Company's total net sales for Q1 2014 or Q1 2013.

The Company obtains all of its aluminum cans from two domestic suppliers. The Company currently obtains a majority of its plastic bottles from two domestic entities. See Note 14 and Note 19 to the consolidated financial statements for additional information.

The Company is exposed to price risk on such commodities as aluminum, corn and resin which affects the cost of raw materials used in the production of finished products. The Company both produces and procures these finished products. Examples of the raw materials affected are aluminum cans and plastic bottles used for packaging and high fructose corn syrup used as a product ingredient. Further, the Company is exposed to commodity price risk on crude oil which impacts the Company's cost of fuel used in the movement and delivery of the Company's products. The Company participates in commodity hedging and risk mitigation programs administered both by CCBSS and by the Company. In addition, there is no limit on the price The Coca-Cola Company and other beverage companies can charge for concentrate.

Certain liabilities of the Company are subject to risk due to changes in both long-term and short-term interest rates. These liabilities include floating rate debt, retirement benefit obligations and the Company's pension liability.

Approximately 6.5% of the Company's labor force is covered by collective bargaining agreements. Two collective bargaining agreements covering approximately .7% of the Company's employees expired during 2013 and the Company entered into new agreements in 2013. Two collective bargaining agreements covering approximately 5% of the Company's employees will expire in 2014. Subsequent to Q1 2014, one collective bargaining agreement expired and the Company entered into a new collective bargaining agreement.

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23. Supplemental Disclosures of Cash Flow Information

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

	First Quarter	
In Thousands	2014	2013
Accounts receivable, trade, net	$(12,595)	$ (7,899)
Accounts receivable from The Coca-Cola Company	(7,967)	(5,283)
Accounts receivable, other	3,167	1,256
Inventories	(14,126)	(8,174)
Prepaid expenses and other current assets	(2,678)	992
Accounts payable, trade	9,712	9,633
Accounts payable to The Coca-Cola Company	13,180	12,159
Other accrued liabilities	484	(14,845)
Accrued compensation	(13,421)	(20,271)
Accrued interest payable	5,335	5,239
Increase in current assets less current liabilities	$ (18,909)	$(27,193)

Non-cash activity

Additions to property, plant and equipment of $6.2 million and $3.2 million have been accrued but not paid and are recorded in accounts payable, trade as of March 30, 2014 and March 31, 2013, respectively.

24. New Accounting Pronouncements

Recently Adopted Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued new guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The provisions of the new guidance were effective for fiscal years beginning after December 15, 2013. The requirements of this new guidance did not have a material impact on the Company's consolidated financial statements.

Recently Issued Pronouncements

In April 2014, the FASB issued new guidance which changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. The new guidance is effective for annual and interim periods beginning after December 15, 2014. The impact on the Company of adopting the new guidance will depend on the nature, terms and size of business disposals completed after the effective date.

25. Subsequent Event

On May 7, 2014, the Company signed an asset purchase agreement with CCR relating to the territory currently served by CCR through CCR's facilities and equipment located in Johnson City and Morristown, Tennessee (the "Territory"). The asset purchase agreement and the comprehensive beverage agreement the Company expects to enter into at closing with CCR granting the Company certain exclusive rights in the Territory and obligating the Company to make a quarterly sub-bottling payment to CCR on a continuing basis for the grant of such rights are described in a Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on May 8, 2014. The aggregate purchase price to be paid by the Company in cash for the transferred assets, after deducting the value of certain retained assets and retained liabilities, is approximately $12.4 million. The Company expects this Territory expansion transaction to close by the end of May 2014 and to account for the transaction as a business combination under FASB Accounting Standards Codification 805.

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

Introduction

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

- Our Business and the Nonalcoholic Beverage Industry – a general description of the Company's business and the nonalcoholic beverage industry.
- Areas of Emphasis – a summary of the Company's key priorities.
- Overview of Operations and Financial Condition – a summary of key information and trends concerning the financial results for the first quarter of 2014 ("Q1 2014") and changes from the first quarter of 2013 ("Q1 2013").
- Discussion of Critical Accounting Policies, Estimates and New Accounting Pronouncements – a discussion of accounting policies that are most important to the portrayal of the Company's financial condition and results of operations and that require critical judgments and estimates and the expected impact of new accounting pronouncements.
- Results of Operations – an analysis of the Company's results of operations for Q1 2014 compared to Q1 2013.
- Financial Condition – an analysis of the Company's financial condition as of the end of Q1 2014 compared to year-end 2013 and the end of Q1 2013 as presented in the consolidated financial statements.
- Liquidity and Capital Resources – an analysis of capital resources, cash sources and uses, operating activities, investing activities, financing activities, off-balance sheet arrangements, aggregate contractual obligations and hedging activities.
- Cautionary Information Regarding Forward-Looking Statements.

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

Proposed Expansion of Company's Franchise Territory

In April 2013, the Company announced that it had signed a non-binding letter of intent (the "LOI") with The Coca-Cola Company to expand the Company's franchise territory to include distribution rights in parts of Tennessee and Kentucky that are currently served by Coca-Cola Refreshments USA, Inc. ("CCR"), a wholly owned subsidiary of The Coca-Cola Company. The Company announced on May 8, 2014 that it had signed a definitive agreement with CCR for the first phase of this proposed territory expansion, covering the Morristown and Johnson City, Tennessee territories that are currently served by CCR. The Company filed a Current Report on Form 8-K with the Securities and Exchange Commission on May 8, 2014, which includes a summary description of the definitive agreement and certain exhibits to the agreement.

The Company is continuing to work towards a definitive agreement with The Coca-Cola Company for the remainder of the proposed franchise territory expansion described in the LOI. The Company's proxy statement for its 2014 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on March 31, 2014 (the "Proxy Statement") includes a description of the LOI and the proposed franchise territory expansion and other transactions contemplated thereby under the heading "Corporate Governance – Related Person Transactions – Proposed Expansion of the Company's Franchise Territory." There is no assurance that the Company and The Coca-Cola Company will reach a definitive agreement for the remainder of the proposed franchise territory expansion and the other transactions contemplated by the LOI in the time frame described in the Proxy Statement or at all or that any of the specific territory expansion transactions contemplated by the LOI will occur in the time frame described in the Proxy Statement or at all.

Our Business and the Nonalcoholic Beverage Industry

The Company produces, markets and distributes nonalcoholic beverages, primarily products of The Coca-Cola Company, which include some of the most recognized and popular beverage brands in the world. The Company is the largest independent bottler of products of The Coca-Cola Company in the United States, distributing these products in eleven states primarily in the Southeast. The Company also distributes several other beverage brands. These product offerings include both sparkling and still beverages. Sparkling beverages are carbonated beverages, including energy products. Still beverages are noncarbonated beverages such as bottled water, tea, ready to drink coffee, enhanced water, juices and sports drinks. The Company had full year net sales of $1.6 billion in 2013.

The nonalcoholic beverage market is highly competitive. The Company's competitors include bottlers and distributors of nationally and regionally advertised and marketed products and private label products. In each region in which the Company operates, between 85% and 95% of sparkling beverage sales in bottles, cans and other containers are accounted for by the Company and its principal competitors, which in each region includes the local bottler of Pepsi-Cola and, in some regions, the local bottler of Dr Pepper, Royal Crown and/or 7-Up products. The sparkling beverage category (including energy products) represents approximately 82% of the Company's Q1 2014 bottle/can net sales.

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

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

The Company performs its annual impairment test of franchise rights and goodwill as of the first day of the fourth quarter. During Q1 2014, the Company did not experience any triggering events or changes in circumstances that indicated the carrying amounts of the Company's franchise rights or goodwill exceeded fair values. As such, the Company has not recognized any impairments of franchise rights or goodwill.

Net sales by product category were as follows:

	First Quarter	
In Thousands	2014	2013
Bottle/can sales:		
Sparkling beverages (including energy products)	$254,971	$ 254,473
Still beverages	57,150	52,623
Total bottle/can sales	312,121	307,096
Other sales:		
Sales to other Coca-Cola bottlers	37,121	40,128
Post-mix and other	39,340	36,327
Total other sales	76,461	76,455
Total net sales	$ 388,582	$383,551

Areas of Emphasis

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

Revenue Management

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

Product Innovation and Beverage Portfolio Expansion

Innovation of both new brands and packages has been and is expected to continue to be important to the Company's overall revenue. New packaging introductions over the last several years include the 1.25-liter bottle and the 7.5-ounce sleek can. In Q1 2014, the Company introduced the 253 ml bottle for certain Coca-Cola products.

The Company has invested in its own brand portfolio with products such as Tum-E Yummies, a vitamin C enhanced flavored drink, and Fuel in a Bottle power shots. These brands enable the Company to participate in strong growth categories and capitalize on distribution channels that may include the Company's traditional Coca-Cola franchise territory as well as third party distributors outside the Company's traditional Coca-Cola franchise territory. While the growth prospects of Company-owned or exclusively licensed brands appear promising, the cost of developing, marketing and distributing these brands is anticipated to be significant as well.

Distribution Cost Management

Distribution costs represent the costs of transporting finished goods from Company locations to customer outlets. Total distribution costs amounted to $49.0 million and $48.6 million in Q1 2014 and Q1 2013, respectively. Over the past several years, the Company has focused on converting its distribution system from a conventional routing system to a predictive system. This conversion to a predictive system has allowed the Company to more efficiently handle an increasing number of products. In addition, the Company has focused on reducing fixed warehouse-related costs by consolidating warehouse space throughout the Company's territory.

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

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

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

Productivity

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

Overview of Operations and Financial Condition

The following items affect the comparability of the financial results presented below:

Q1 2014

- a $0.8 million pre-tax favorable mark-to-market adjustment to cost of sales related to the Company's 2014 commodity hedging program.

Q1 2013

- a $0.5 million pre-tax unfavorable mark-to-market adjustment to cost of sales related to the Company's 2013 commodity hedging program; and

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- a $0.4 million decrease to income tax expense related to the American Taxpayer Relief Act.

The following overview provides a summary of key information concerning the Company's financial results for Q1 2014 compared to Q1 2013.

In Thousands (Except Per Share Data)	First Quarter 2014	First Quarter 2013	Change	% Change
Net sales	$388,582	$ 383,551	$ 5,031	1.3
Cost of sales	232,249	229,852	2,397	1.0
Gross margin	156,333	153,699	2,634	1.7
S,D&A expenses	144,217	138,211	6,006	4.3
Income from operations	12,116	15,488	(3,372)	(21.8)
Interest expense, net	7,223	7,379	(156)	(2.1)
Income before taxes	4,893	8,109	(3,216)	(39.7)
Income tax expense	1,792	2,440	(648)	(26.6)
Net income	3,101	5,669	(2,568)	(45.3)
Net income attributable to the Company	2,449	4,862	(2,413)	(49.6)
Basic net income per share:				
Common Stock	$ .26	$ .53	$ (.27)	(50.9)
Class B Common Stock	$ .26	$ .53	$ (.27)	(50.9)
Diluted net income per share:				
Common Stock	$ .26	$ .52	$ (.26)	(50.0)
Class B Common Stock	$ .26	$ .52	$ (.26)	(50.0)

The Company's net sales increased 1.3% in Q1 2014 compared to Q1 2013. The increase in net sales in Q1 2014 compared to Q1 2013 was primarily due to a 1.7% increase in bottle/can volume to retail customers and a .6% increase in bottle/can sales price per unit to retail customers partially offset by a 8.9% decrease in sales volume to other Coca-Cola bottlers. The increase in bottle/can volume to retail customers was primarily due to an increase in still beverages. Bottle/can sales to retail customers price per unit increase was primarily due to a sales price increase in sparkling beverages. The decrease in sales volume to other Coca-Cola bottlers was a result of a volume decrease in all beverage categories. The Company's bottle/can volume to retail customers was impacted by cooler and wetter than normal weather in most of the Company's territories during the first and second quarters of 2013.

Gross margin dollars increased 1.7% in Q1 2014 compared to Q1 2013. The Company's gross margin percentage was flat at 40.2% in Q1 2014 compared to 40.1% in Q1 2013.

S,D&A expenses increased 4.3% in Q1 2014 from Q1 2013. The increase in S,D&A expenses in Q1 2014 from Q1 2013 was attributable primarily to increased employee salaries and wages, increased professional fees, increased marketing expenses and increased property and casualty insurance expense.

Net interest expense decreased 2.1% in Q1 2014 compared to Q1 2013. The decrease in interest expense was due to lower levels of borrowings on the Company's $200 million five-year unsecured revolving credit facility ("$200 million facility"). The Company's overall weighted average interest rate on its debt and capital lease obligations increased to 5.9% during Q1 2014 from 5.7% during Q1 2013.

Income tax expense decreased 26.6% in Q1 2014 as compared to Q1 2013. The decrease to income tax expense was primarily due to lower pre-tax income.

Net debt and capital lease obligations were summarized as follows:

In Thousands	Mar. 30, 2014	Dec. 29, 2013	Mar. 31, 2013
Debt	$ 433,613	$398,566	$ 458,430
Capital lease obligations	63,539	64,989	68,306
Total debt and capital lease obligations	497,152	463,555	526,736
Less: Cash and cash equivalents	18,774	11,761	11,890
Total net debt and capital lease obligations (1)	$ 478,378	$ 451,794	$ 514,846

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

Discussion of Critical Accounting Policies, Estimates and New Accounting Pronouncements

Critical Accounting Policies and Estimates

In the ordinary course of business, the Company has made a number of estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. The Company included in its Annual Report on Form 10-K for the year ended December 29, 2013 a discussion of the Company's most critical accounting policies, which are those most important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

The Company did not make changes in any critical accounting policies during Q1 2014. Any changes in critical accounting policies and estimates are discussed with the Audit Committee of the Board of Directors of the Company during the quarter in which a change is made.

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New Accounting Pronouncements

Recently Adopted Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued new guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The provisions of the new guidance were effective for fiscal years beginning after December 15, 2013. The requirements of this new guidance did not have a material impact on the Company's consolidated financial statements.

Recently Issued Pronouncements

In April 2014, the FASB issued new guidance which changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. The new guidance is effective for annual and interim periods beginning after December 15, 2014. The impact on the Company of adopting the new guidance will depend on the nature, terms and size of business disposals completed after the effective date.

Results of Operations

Q1 2014 Compared to Q1 2013

Net Sales

Net sales increased $5.0 million, or 1.3%, to $388.6 million in Q1 2014 compared to $383.6 million in Q1 2013.

The increase in net sales for Q1 2014 compared to Q1 2013 was principally attributable to the following:

Q1 2014 (In Millions)	Attributable to:
$ 5.1	1.7% increase in bottle/can volume to retail customers primarily due to a volume increase in still beverages
(3.6)	8.9% decrease in sales volume to other Coca-Cola bottlers primarily due to volume decreases in all beverage categories
2.1	Increase in freight revenue
1.9	.6% increase in bottle/can sales price per unit to retail customers primarily due to an increase in sparkling beverages
(1.5)	Decrease in sales of the Company's own brand portfolio (primarily Tum-E Yummies)
0.6	3.1% increase in post-mix sales price per unit
0.5	1.5% increase in sales price per unit of sales to other Coca-Cola bottlers primarily due to an increase in sales price per unit of sparkling beverages
(0.4)	1.9% decrease in post-mix sales volume
0.3	Other
$ 5.0	Total increase in net sales

The Company's bottle/can volume was impacted by cooler and wetter than normal weather in most of the Company's territories during Q1 2013.

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In Q1 2014, the Company's bottle/can sales to retail customers accounted for 80% of the Company's total net sales. Bottle/can net pricing is based on the invoice price charged to customers reduced by promotional allowances. Bottle/can net pricing per unit is impacted by the price charged per package, the volume generated in each package and the channels in which those packages are sold.

Product category sales volume in Q1 2014 and Q1 2013 as a percentage of total bottle/can sales volume and the percentage change by product category was as follows:

Product Category	Bottle/Can Sales Volume Q1 2014	Bottle/Can Sales Volume Q1 2013	Bottle/Can Sales Volume % Increase (Decrease)
Sparkling beverages (including energy products)	81.9%	83.5%	(0.3)
Still beverages	18.1%	16.5%	11.8
Total bottle/can sales volume	100.0%	100.0%	1.7

The Company's products are sold and distributed through various channels. They include selling directly to retail stores and other outlets such as food markets, institutional accounts and vending machine outlets. During both Q1 2014 and Q1 2013, approximately 69% of the Company's bottle/can volume was sold for future consumption, while the remaining bottle/can volume of approximately 31% was sold for immediate consumption. The Company's largest customer, Wal-Mart Stores, Inc., accounted for approximately 22% and 20% of the Company's total bottle/can volume during Q1 2014 and Q1 2013, respectively. The Company's second largest customer, Food Lion, LLC, accounted for approximately 9% and 8% of the Company's total bottle/can volume during Q1 2014 and Q1 2013, respectively. All of the Company's beverage sales are to customers in the United States.

The Company recorded delivery fees in net sales of $1.5 million in both Q1 2014 and Q1 2013. These fees are used to offset a portion of the Company's delivery and handling costs.

Cost of Sales

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

Cost of sales increased 1.0%, or $2.4 million, to $232.3 million in Q1 2014 compared to $229.9 million in Q1 2013.

The increase in cost of sales for Q1 2014 compared to Q1 2013 was principally attributable to the following:

Q1 2014 (In Millions)	Attributable to:
$ (3.4)	8.9% decrease in sales volume to other Coca-Cola bottlers primarily due to volume decreases in all beverage categories
3.0	1.7% increase in bottle/can volume to retail customers primarily due to a volume increase in still beverages
1.9	Increase in freight cost of sales
1.7	Increase due to larger percentage of still beverage sales to retail customers and other Coca-Cola bottlers which have a higher cost per unit
1.6	Increase in raw material costs and increased purchases of finished products
(1.4)	Decrease in cost due to the Company's commodity hedging program
(0.9)	Decrease in sales of the Company's own brand portfolio (primarily Tum-E Yummies)
(0.5)	Increase in marketing funding support received primarily from The Coca-Cola Company
0.4	Increase in manufacturing labor costs
(0.3)	1.9% decrease in post-mix sales volume
0.3	Other
$ 2.4	Total increase in cost of sales

The following inputs represent a substantial portion of the Company's total cost of sales: (1) sweeteners, (2) packaging materials, including plastic bottles and aluminum cans, and (3) finished products purchased from other vendors. The Company anticipates that the costs of some of the underlying commodities related to these inputs will have a smaller increase in 2014 compared to 2013.

Since 2008, the Company has been purchasing concentrate from The Coca-Cola Company for all sparkling beverages for which the Company purchases concentrate from The Coca-Cola Company under an incidence-based pricing arrangement and has not purchased concentrates at standard concentrate prices as was the Company's practice in prior years. During the two-year term of a new incidence-based pricing agreement that the Company entered into with The Coca-Cola Company in December 2013 that began January 1, 2014 and will end on December 31, 2015, the pricing of such concentrate will continue to be governed by the incidence-based pricing model rather than the other agreements that the Company has with The Coca-Cola Company. Under the incidence-based pricing model, the concentrate price The Coca-Cola Company charges is impacted by a number of factors, including the incidence rate in effect, the Company's pricing and sales of finished products, the channels in which the finished products are sold and package mix.

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 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 continue to provide marketing funding support, it is not obligated to do so under the Company's Beverage Agreements. Significant decreases in marketing funding support from The Coca-Cola Company or other beverage companies could adversely impact operating results of the Company in the future.

Total marketing funding support from The Coca-Cola Company and other beverage companies, which includes direct payments to the Company and payments to customers for marketing programs, was $12.5 million for Q1 2014 compared to $12.0 million for Q1 2013.

Gross Margin

Gross margin dollars increased 1.7%, or $2.6 million, to $156.3 million in Q1 2014 compared to $153.7 million in Q1 2013. Gross margin as a percentage of net sales increased to 40.2% for Q1 2014 from 40.1% for Q1 2013.

The increase in gross margin dollars for Q1 2014 compared to Q1 2013 was principally attributable to the following:

Q1 2014 (In Millions)	Attributable to:
$ 2.1	1.7% increase in bottle/can volume to retail customers primarily due to a volume increase in still beverages
1.9	.6% increase in bottle/can sales price per unit to retail customers primarily due to an increase in sparkling beverages
(1.7)	Decrease due to larger percentage of still beverage sales to retail customers and other Coca-Cola bottlers which have a higher cost per unit
(1.6)	Increase in raw material costs and increased purchases of finished products
1.4	Decrease in cost due to the Company’s commodity hedging program
(0.6)	Decrease in sales of the Company’s own brand portfolio (primarily Tum-E Yummies)
0.6	3.1% increase in post-mix sales price per unit
0.5	1.5% increase in sales price per unit of sales to other Coca-Cola bottlers primarily due to an increase in sales price per unit of sparkling beverages
0.5	Increase in marketing funding support received primarily from The Coca-Cola Company
(0.4)	Increase in manufacturing labor costs
(0.2)	8.9% decrease in sales volume to other Coca-Cola bottlers primarily due to volume decreases in all beverage categories
0.2	Increase in freight gross margin
(0.1)	1.9% decrease in post-mix sales volume
$ 2.6	Total increase in gross margin

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

S,D&A Expenses

S,D&A expenses include the following: sales management labor costs, distribution costs from sales distribution centers to customer locations, sales distribution center warehouse costs, depreciation expense related to sales centers, delivery vehicles and cold drink equipment, point-of-sale expenses, advertising expenses, cold drink equipment repair costs, amortization of intangibles and administrative support labor and operating costs such as treasury, legal, information services, accounting, internal control services, human resources and executive management costs.

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S,D&A expenses increased by $6.0 million, or 4.3%, to $144.2 million in Q1 2014 from $138.2 million in Q1 2013. S,D&A expenses as a percentage of net sales increased to 37.1% in Q1 2014 from 36.0% in Q1 2013.

The increase in S,D&A expenses for Q1 2014 compared to Q1 2013 was principally attributable to the following:

Q1 2014 (In Millions)	Attributable to:
$ 1.3	Increase in marketing expense primarily due to increased spending for marketing promotional items and media sponsorships
1.2	Increase in professional fees primarily related to due diligence for proposed territory expansion
1.1	Increase in property and casualty insurance expense primarily due to an increase in auto insurance claims
1.0	Increase in employee salaries excluding bonus and incentives due to normal salary increases
0.8	Decrease in gain on sales of property, plant and equipment
(0.7)	Decrease in bonus expense, incentive expense and other performance pay initiatives due to the Company’s financial performance
1.3	Other
$ 6.0	Total increase in S,D&A expenses

Shipping and handling costs related to the movement of finished goods from manufacturing locations to sales distribution centers are included in cost of sales. Shipping and handling costs related to the movement of finished goods from sales distribution centers to customer locations are included in S,D&A expenses and totaled $49.0 million and $48.6 million in Q1 2014 and Q1 2013, respectively.

The Company’s expense recorded in S,D&A expenses related to the two Company-sponsored pension plans decreased by $0.4 million to $0.1 million income in Q1 2014 from $0.3 million expense in Q1 2013.

The Company provides a 401(k) Savings Plan for substantially all of its full-time employees who are not part of collective bargaining agreements. During 2013, the Company’s 401(k) Savings Plan matching contribution was discretionary with the Company having the option to make matching contributions for eligible participants of up to 5% of eligible participants’ contributions based on the Company’s financial results for 2013. The 5% matching contribution was accrued during 2013. Based on the Company’s financial results, the Company decided to match 5% of eligible participants’ contributions for the entire year of 2013. The Company made this contribution payment for 2013 in Q1 2014. During 2014, the Company will match the first 3.5% of participants’ contributions while maintaining the option to increase the matching contributions an additional 1.5% for a total of 5% for the Company’s employees based on the financial results for 2014. The total expense for this benefit recorded in S,D&A expenses was $1.8 million and $1.7 million in Q1 2014 and Q1 2013, respectively.

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

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

Interest Expense

Net interest expense decreased 2.1% in Q1 2014 compared to Q1 2013. The decrease was primarily due to a lower level of borrowing on the Company's $200 million facility. The Company's overall weighted average interest rate on its debt and capital lease obligations increased to 5.9% during Q1 2014 from 5.7% during Q1 2013.

Income Taxes

The Company's effective tax rate, as calculated by dividing income tax expense by income before income taxes, for Q1 2014 and Q1 2013 was 36.6% and 30.1%, respectively. The Company's effective tax rate, as calculated by dividing income tax expense by income before income taxes minus net income attributable to noncontrolling interest, for Q1 2014 and Q1 2013 was 42.3% and 33.4%, respectively. The increase in the effective tax rate for Q1 2014 resulted primarily from lower pre-tax income in Q1 2014 and certain favorable tax provisions in Q1 2013 associated with the American Taxpayer Relief Act enacted on January 2, 2013.

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

The Company's effective tax rate for the remainder of 2014 is dependent upon the results of operations and may change if the results in 2014 are different from current expectations.

Noncontrolling Interest

The Company recorded net income attributable to noncontrolling interest of $0.7 million and $0.8 million in Q1 2014 and Q1 2013, respectively, related to the portion of Piedmont owned by The Coca-Cola Company.

Financial Condition

Total assets increased to $1.32 billion at March 30, 2014, from $1.28 billion at December 29, 2013 primarily due to increases in cash and cash equivalents, accounts receivables, inventories and property, plant and equipment, net.

Net working capital, defined as current assets less current liabilities, increased by $27.7 million to $58.1 million at March 30, 2014 from December 29, 2013 and decreased by $7.4 million at March 30, 2014 from March 31, 2013.

Significant changes in net working capital from December 29, 2013 were as follows:

- An increase in cash and cash equivalents of $7.0 million primarily due to borrowings from the Company's $200 million facility.
- An increase in accounts receivable, trade of $12.6 million primarily due to normal seasonal increase in sales.

- An increase in accounts receivable from and an increase in accounts payable to The Coca-Cola Company of $8.0 million and $13.2 million, respectively, primarily due to the timing of payments.
- An increase in inventories of $14.1 million primarily due to normal seasonal increase in sales.
- A decrease in accrued compensation of $14.3 million primarily due to the payment of bonuses in March 2014.
- An increase in accounts payable trade of $8.7 million primarily due to timing of payments.
- An increase in accrued interest payable of $5.3 million primarily due to timing of payments.

Significant changes in net working capital from March 31, 2013 were as follows:

- An increase in cash and cash equivalents of $6.9 million primarily due to borrowings from the Company's $200 million facility.
- An increase in accounts receivable, trade of $6.8 million primarily due to the timing of payments and increased sales.
- An increase in accounts receivable from The Coca-Cola Company of $5.0 million primarily due to the timing of payments.
- An increase in other accrued liabilities of $17.8 million primarily due to an increase in checks and transfers yet to be presented for payment from zero balance cash accounts and higher accrual for income taxes.
- An increase in accrued compensation of $6.0 million primarily due to the payment of certain bonuses on the last day of March, which is the first day of the second quarter of 2014. In 2013, these bonuses were paid in the first quarter.

Debt and capital lease obligations were $497.2 million as of March 30, 2014 compared to $463.6 million as of December 29, 2013 and $526.7 million as of March 31, 2013. Debt and capital lease obligations as of March 30, 2014 included $63.5 million of capital lease obligations related primarily to Company facilities.

Liquidity and Capital Resources

Capital Resources

The Company's sources of capital include cash flows from operations, available credit facility balances and the issuance of debt and equity securities. Historically, operating results for the first quarter of the fiscal year have not been representative of results for the entire fiscal year. Business seasonality results primarily from higher unit sales of the Company's products in the second and third quarters versus the first and fourth quarters of the fiscal year. Management believes the Company has sufficient resources available to finance its business plan, meet its working capital requirements and maintain an appropriate level of capital spending for at least the next 12 months. The amount and frequency of future dividends will be determined by the Company's Board of Directors in light of the earnings and financial condition of the Company at such time, and no assurance can be given that dividends will be declared in the future.

As of March 30, 2014, the Company had $160 million available under the $200 million facility to meet its cash requirements. The $200 million facility has a scheduled maturity date of September 21, 2016 and up to $25 million is available for the issuance of letters of credit. Borrowings under the agreement bear interest at a floating base rate or a floating Eurodollar rate plus an interest rate spread, dependent on the Company's credit rating at the time of borrowing. The Company must pay an annual facility fee of .175% of the lenders' aggregate commitments under the facility. The $200 million facility contains two financial covenants: a cash flow/fixed charges ratio ("fixed charges coverage ratio") and a funded indebtedness/cash flow ratio ("operating cash flow ratio"), each as defined in the credit agreement. The fixed charges coverage ratio requires the Company to maintain a consolidated cash flow to fixed charges ratio of 1.5 to 1.0 or higher. The operating cash flow ratio requires the Company to maintain a debt to operating cash flow ratio of 6.0 to 1.0 or lower. The Company is currently in compliance with these covenants. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources. The Company currently believes that all of the banks participating in the $200 million facility have the ability to and will meet any funding requests from the Company.

The Company has $100 million of senior notes which mature in April 2015. The Company currently expects to use a combination of available cash on hand and borrowings under the $200 million facility to repay the notes when due.

The Company has an agreement for an uncommitted line of credit under which the Company may borrow up to a total of $20 million for periods of 7 days, 30 days, 60 days or 90 days at the discretion of the participating bank.

The Company has obtained the majority of its long-term financing, other than capital leases, from public markets. As of March 30, 2014, $373.6 million of the Company's total outstanding balance of debt and capital lease obligations of $497.2 million was financed through publicly offered debt. The Company had capital lease obligations of $63.5 million as of March 30, 2014. As of March 30, 2014, the Company had $40.0 million and $20.0 million outstanding on the $200 million facility and the Company's uncommitted line of credit, respectively.

Cash Sources and Uses

The primary sources of cash for the Company in Q1 2014 and Q1 2013 have been available credit facilities. The primary uses of cash in Q1 2014 and Q1 2013 were for capital expenditures, the payment of debt and capital lease obligations, dividend payments, income tax payments and funding working capital.

A summary of activity for Q1 2014 and Q1 2013 follows:

	First Quarter	
In Millions	2014	2013
Cash Sources		
Proceeds from $200 million facility	$ 35.0	$ 45.0
Proceeds from the sale of property, plant and equipment	.9	4.3
Total cash sources	$35.9	$ 49.3
Cash Uses		
Cash used in operating activities (excluding income tax and pension payments)	$ 3.9	$12.9
Capital expenditures	17.8	20.4
Payment on $200 million facility	—	10.0
Payment on capital lease obligations	1.4	1.3
Dividends	2.3	2.3
Income tax payments	3.4	.9
Other	.1	—
Total cash uses	$28.9	$ 47.8
Increase in cash	$ 7.0	$ 1.5

Based on current projections, which include a number of assumptions such as the Company's pre-tax earnings, the Company anticipates its cash requirements for income taxes will be between $25 million and $30 million for the remainder of 2014. This projection does not include any anticipated cash income tax requirements due to the proposed expansion of the Company's franchise territory.

Operating Activities

During Q1 2014, cash flow used in operating activities decreased $6.5 million compared to Q1 2013. The decrease was primarily due to a $15.3 million net decrease to other accrued liabilities ($0.5 million increase for Q1 2014 compared to a $14.8 million decrease for Q1 2013). The decrease was offset by a $5.9 million net increase in inventories ($14.1 million increase for Q1 2014 compared to $8.2 million for Q1 2013) and a $1.7 million net change in accounts receivable from/due to The Coca-Cola Company ($5.2 million net payable increase for Q1 2014 compared to $6.9 million for Q1 2013).

Investing Activities

Additions to property, plant and equipment during Q1 2014 were $16.8 million of which $6.2 million were accrued in accounts payable, trade as unpaid. This compared to $9.2 million in total additions to property, plant and equipment during Q1 2013 of which $3.2 million were accrued in accounts payable, trade as unpaid. Capital expenditures during Q1 2014 were funded with cash flows from operations and available credit facilities. The Company anticipates total additions to property, plant and equipment in fiscal year 2014 will be in the range of $80 million to $90 million. Leasing is used for certain capital additions when considered cost effective relative to other sources of capital. The Company currently leases its corporate headquarters, two production facilities and several sales distribution facilities and administrative facilities.

Financing Activities

As of March 30, 2014, the Company had $160 million available under the $200 million facility to meet its short-term borrowing requirements. The $200 million facility has a scheduled maturity date of September 21, 2016 and up to $25 million is available for the issuance of letters of credit. Borrowings under the agreement bear interest at a floating base rate or a floating Eurodollar rate plus an interest rate spread, dependent on the Company's credit rating at the time of borrowing. The Company must pay an annual facility fee of .175% of the lenders' aggregate commitments under the facility. The $200 million facility contains two financial covenants: a cash flow/fixed charges ratio ("fixed charges coverage ratio") and a funded indebtedness/cash flow ratio ("operating cash flow ratio"), each as defined in the credit agreement. The fixed charges coverage ratio requires the Company to maintain a consolidated cash flow to fixed charges ratio of 1.5 to 1.0 or higher. The operating cash flow ratio requires the Company to maintain a debt to operating cash flow ratio of 6.0 to 1.0 or lower. The Company is currently in compliance with these covenants. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources.

The Company currently believes that all of the banks participating in the Company's $200 million facility have the ability to and will meet any funding requests from the Company. On March 30, 2014, December 29, 2013 and March 31, 2013, the Company had $40.0 million, $5.0 million and $65.0 million, respectively, of outstanding borrowings on the $200 million facility.

During both Q1 2014 and Q1 2013, the Company's net borrowings under its $200 million facility increased $35 million to fund seasonal working capital requirements and capital expenditures.

The Company has $100 million of senior notes which mature in April 2015. The Company currently expects to use a combination of available cash on hand and borrowings under the $200 million facility to repay the notes when due.

The Company has an agreement for an uncommitted line of credit under which the Company may borrow up to a total of $20 million for periods of 7 days, 30 days, 60 days or 90 days at the discretion of the participating bank. On March 30, 2014, December 29, 2013 and March 31, 2013, the Company had $20 million outstanding under the uncommitted line of credit.

As of March 30, 2014, December 29, 2013 and March 31, 2013, the weighted average interest rate of the Company's debt and capital lease obligations was 5.8%, 6.2% and 5.6%, respectively, for its outstanding debt and capital lease obligations. The Company's overall weighted average interest rate on its debt and capital lease obligations increased to 5.9% in Q1 2014 from 5.7% in Q1 2013. As of March 30, 2014, $60.0 million of the Company's debt and capital lease obligations of $497.2 million were subject to changes in short-term interest rates.

All of the outstanding debt on the Company's balance sheet has been issued by the Company with none having been issued by any of the Company's subsidiaries. There are no guarantees of the Company's debt. The Company or its subsidiaries have entered into nine capital leases.

At March 30, 2014, the Company's credit ratings were as follows:

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

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

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

Off-Balance Sheet Arrangements

The Company is a member of two manufacturing cooperatives and has guaranteed $31.2 million of debt for these entities as of March 30, 2014. In addition, the Company has an equity ownership in each of the entities. The members of both cooperatives consist solely of Coca-Cola bottlers. The Company does not anticipate either of these cooperatives will fail to fulfill their commitments. The Company further believes each of these cooperatives has sufficient assets, including production equipment, facilities and working capital, and the ability to adjust selling prices of their products to adequately mitigate the risk of material loss from the Company's guarantees. As of March 30, 2014, the Company's maximum exposure, if the entities borrowed up to their borrowing capacity, would have been $71.6 million including the Company's equity interests. See Note 14 and Note 19 to the consolidated financial statements for additional information about these entities.

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Aggregate Contractual Obligations

The following table summarizes the Company's contractual obligations and commercial commitments as of March 30, 2014:

	Payments Due by Period				
In Thousands	Total	Apr. 2014-Mar. 2015	Apr. 2015-Mar. 2017	Apr. 2017-Mar. 2019	After Mar. 2019
Contractual obligations:					
Total debt, net of interest	$ 433,613	$ 20,000	$ 304,757	$ —	$ 108,856
Capital lease obligations, net of interest	63,539	6,062	13,622	15,481	28,374
Estimated interest on long-term debt and capital lease obligations (1)	82,746	25,993	32,317	20,240	4,196
Purchase obligations (2)	966,985	94,340	188,680	188,680	495,285
Other long-term liabilities (3)	133,754	10,175	15,538	11,829	96,212
Operating leases	35,945	5,936	8,805	6,178	15,026
Long-term contractual arrangements (4)	37,728	10,364	14,009	7,624	5,731
Postretirement obligations (5)	68,826	3,854	6,183	7,739	51,050
Purchase orders (6)	45,190	45,190	—	—	—
Total contractual obligations	$1,868,326	$221,914	$583,911	$257,771	$ 804,730

(1) Includes interest payments based on contractual terms.

(2) Represents an estimate of the Company's obligation to purchase 17.5 million cases of finished product on an annual basis through June 2024 from South Atlantic Canners, a manufacturing cooperative.

(3) Includes obligations under executive benefit plans, the liability to exit from a multi-employer pension plan and other long-term liabilities.

(4) Includes contractual arrangements with certain prestige properties, athletic venues and other locations, and other long-term marketing commitments.

(5) Includes the liability for postretirement benefit obligations only. The unfunded portion of the Company's pension plans is excluded as the timing and/or the amount of any cash payment is uncertain.

(6) Purchase orders include commitments in which a written purchase order has been issued to a vendor, but the goods have not been received or the services have not been performed.

The Company has $2.9 million of uncertain tax positions, including accrued interest, as of March 30, 2014 (excluded from other long-term liabilities in the table above because the Company is uncertain as to if or when such amounts will be recognized) all of which would affect the Company's effective tax rate if recognized. While it is expected that the amount of uncertain tax positions may change in the next 12 months, the Company does not expect any change to have a material impact on the consolidated financial statements. See Note 15 to the consolidated financial statements for additional information.

The Company is a member of Southeastern Container ("Southeastern"), a plastic bottle manufacturing cooperative, from which the Company is obligated to purchase at least 80% of its requirements of plastic bottles for certain designated territories. This obligation is not included in the Company's table of contractual obligations and commercial commitments since there are no minimum purchase requirements. See Note 14 and Note 19 to the consolidated financial statements for additional information related to Southeastern.

As of March 30, 2014, the Company has $22.9 million of standby letters of credit, primarily related to its property and casualty insurance programs. See Note 14 to the consolidated financial statements for additional information related to commercial commitments, guarantees, legal and tax matters.

The Company did not contribute to the two Company-sponsored pension plans in Q1 2014. Based on information currently available, the Company estimates it will be required to make contributions for the remainder of 2014 in the range of $4 million to $10 million to those two plans. Postretirement medical care payments are expected to be approximately $3 million in 2014. See Note 18 to the consolidated financial statements for additional information related to pension and postretirement obligations.

Hedging Activities

Interest Rate Hedging

The Company uses derivatives from time to time to partially manage the Company's exposure to changes in interest rates on outstanding debt instruments. The Company has not had interest rate swap agreements since September 2008.

Commodity Hedging

The Company entered into derivative instruments to hedge certain commodity purchases for 2014 and 2013. Fees paid by the Company for derivative instruments are amortized over the corresponding period of the instrument. The Company accounts for its commodity hedges on a mark-to-market basis with any expense or income reflected as an adjustment of cost of sales or S,D&A expenses.

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

In February 2014, the Company paid $0.9 million for agreements to hedge certain commodity costs for 2014. The notional amount of these agreements was $31.6 million.

The net impact of the commodity hedges was to decrease the cost of sales by $0.8 million in Q1 2014 and to increase the cost of sales by $0.6 million in Q1 2013.

Cautionary Information Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, as well as information included in future filings by the Company with the Securities and Exchange Commission and information contained in written material, news releases and oral statements issued by or on behalf of the Company, contains, or may contain, forward-looking management comments and other statements that reflect management's current outlook for future periods. These statements include, among others, statements relating to:

- the Company's expectation regarding the time frame for and sequencing of the proposed expansion of the Company's franchise territory;
- the Company's belief that the financial covenants in its $200 million facility will not restrict its liquidity or capital resources;
- the Company's belief that other parties to certain contractual arrangements will perform their obligations;
- the Company's potential marketing funding support from The Coca-Cola Company and other beverage companies;
- the Company's belief that disposition of certain claims and legal proceedings will not have a material adverse effect on its financial condition, cash flows or results of operations and that no material amount of loss in excess of recorded amounts is reasonably possible as a result of these claims and legal proceedings;
- the Company's belief that the Company has adequately provided for any ultimate amounts that are likely to result from tax audits;
- the Company's belief that the Company has sufficient resources available to finance its business plan, meet its working capital requirements and maintain an appropriate level of capital spending;
- the Company's belief that the cooperatives whose debt the Company guarantees have sufficient assets and the ability to adjust selling prices of their products to adequately mitigate the risk of material loss and that the cooperatives will perform their obligations under their debt commitments;
- the Company's key priorities which are revenue management, product innovation and beverage portfolio expansion, distribution cost management and productivity;
- the Company's belief that cash contributions to the two Company-sponsored pension plans will be in the range of $4 million to $10 million for the remainder of 2014;
- the Company's belief that postretirement medical care payments will be approximately $3 million in 2014;
- the Company's belief that cash requirements for income taxes will be in the range of $25 million to $30 million for the remainder of 2014;
- the Company's expectation that additions to property, plant and equipment in 2014 will be in the range of $80 million to $90 million;
- the Company's belief that compliance with environmental laws will not have a material adverse effect on its capital expenditures, earnings or competitive position;
- the Company's belief that the majority of its deferred tax assets will be realized;
- the Company's beliefs and estimates regarding the impact of the adoption of certain new accounting pronouncements;
- the Company's beliefs that the growth prospects of Company-owned or exclusively licensed brands appear promising and the cost of developing, marketing and distributing these brands may be significant;
- the Company's belief that all of the banks participating in the Company's $200 million facility have the ability to and will meet any funding requests from the Company;
- the Company's belief that it is competitive in its territories with respect to the principal methods of competition in the nonalcoholic beverage industry;

- the Company's estimate that a 10% increase in the market prices of certain commodities over the current market prices would cumulatively increase costs during the next 12 months by approximately $26 million assuming no change in volume;
- the Company's belief that innovation of new brands and packages will continue to be important to the Company's overall revenue;
- the Company's expectation that the amount of uncertain tax positions may change over the next 12 months but will not have a material impact on the consolidated financial statements;
- the Company's expectation that the costs of some of the underlying commodities to inputs to the Company's total cost of sales will have a smaller increase for the remainder of 2014 compared to 2013; and
- the Company's hypothetical calculation of the impact of a 1% increase in interest rates on outstanding floating rate debt and capital lease obligations for the next twelve months as of March 30, 2014.

These statements and expectations are based on currently available competitive, financial and economic data along with the Company's operating plans, and are subject to future events and uncertainties that could cause anticipated events not to occur or actual results to differ materially from historical or anticipated results. Factors that could impact those statements and expectations or adversely affect future periods include, but are not limited to, the factors set forth in Part I. Item 1A. Risk Factors of the Company's Annual Report on Form 10-K for the year ended December 29, 2013.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Debt and Derivative Financial Instruments

The Company is subject to interest rate risk on its fixed and floating rate debt. The Company periodically uses interest rate hedging products to modify risk from interest rate fluctuations. The counterparties to interest rate hedging arrangements have generally been major financial institutions with which the Company also had other financial relationships. The Company did not have any interest rate hedging products as of March 30, 2014. As of March 30, 2014, $60.0 million of the Company's debt and capital lease obligations of $497.2 million were subject to changes in short-term interest rates.

As it relates to the Company's variable rate debt, assuming no changes in the Company's financial structure, if market interest rates average 1% more over the next twelve months than the interest rates as of March 30, 2014, interest expense for the next twelve months would increase by approximately $0.6 million. This amount was determined by calculating the effect of the hypothetical interest rate on the Company's variable rate debt. This calculated, hypothetical increase in interest expense for the following twelve months may be different from the actual increase in interest expense from a 1% increase in interest rates due to varying interest rate reset dates on the Company's floating debt.

Raw Material and Commodity Price Risk

The Company is also subject to commodity price risk arising from price movements for certain commodities included as part of its raw materials. The Company manages this commodity price risk in some cases by entering into contracts with adjustable prices. The Company periodically uses derivative commodity instruments in the management of this risk. The Company estimates that a 10% increase in the market prices of these commodities over the current market prices would cumulatively increase costs during the next 12 months by approximately $26 million assuming no change in volume.

In the first quarter of 2014, the Company entered into agreements to hedge a portion of the Company's 2014 commodity purchases. In the third quarter of 2012, the Company entered into agreements to hedge a portion of the Company's 2013 commodity purchases. Fees paid by the Company for such instruments are amortized over the corresponding period of the instruments. The Company accounts for commodity hedges on a mark-to-market basis with any expense or income being reflected as an adjustment to cost of sales or S,D&A expenses.

Effects of Changing Prices

The annual rate of inflation in the United States, as measured by year-over-year changes in the consumer price index, was 1.5% in 2013 compared to 1.7% in 2012 and 3.0% in 2011. Inflation in the prices of those commodities important to the Company's business is reflected in changes in the consumer price index, but commodity prices are volatile and have in recent years increased at a faster rate than the rate of inflation as measured by the consumer price index.

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

Item 4. Controls and Procedures.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")), pursuant to Rule 13a-15(b) of the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 30, 2014.

There has been no change in the Company's internal control over financial reporting during the quarter ended March 30, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1A. Risk Factors.

There have been no material changes to the factors disclosed in Part I. Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 29, 2013.

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

Purchases of Equity Securities

The following table provides information about repurchases of our common stock during the three-month period ended March 30, 2014:

Period	Number of Shares Purchased (1)	Average Price Paid Per Share ($)	Total Number of Shares Purchased as Part of Publically Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
December 30, 2013 through January 26, 2014	—	—	—	—
January 27, 2014 through February 23, 2014	—	—	—	—
February 24, 2014 through March 30, 2014	19,100	$ 84.34	—	—

(1) Represents shares of common stock withheld for income tax purposes in connection with the vesting of 40,000 shares of restricted Class B Common Stock issued pursuant to a Performance Unit Award Agreement to J. Frank Harrison, III, in connection with his services in 2013.

Item 6. Exhibits.

Exhibit Number	Description
4.1	The registrant, by signing this report, agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument which defines the rights of holders of long-term debt of the registrant and its consolidated subsidiaries which authorizes a total amount of securities not in excess of 10 percent of the total assets of the registrant and its subsidiaries on a consolidated basis.
10.1	Coca-Cola Bottling Co. Consolidated Long Term Retention Plan, adopted effective as of March 5, 2014 (filed herewith).
10.2	Management Agreement, dated as March 12, 2014, by and among CCBCC Operations, LLC, a wholly-owned subsidiary of the Company and South Atlantic Canners, Inc. (filed herewith).
12	Ratio of earnings to fixed charges (filed herewith).
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101	Financial statement from the quarterly report on Form 10-Q of Coca-Cola Bottling Co. Consolidated for the quarter ended March 30, 2014, filed on May 9, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations; (ii) the Consolidated Statements of Comprehensive Income; (iii) the Consolidated Balance Sheets; (iv) the Consolidated Statements of Changes in Equity; (v) the Consolidated Statements of Cash Flows and (vi) the Notes to the Consolidated Financial Statements.

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SIGNATURES

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

		COCA-COLA BOTTLING CO. CONSOLIDATED (REGISTRANT)
Date: May 9, 2014	By:	/s/ James E. Harris
		James E. Harris Principal Financial Officer of the Registrant and Senior Vice President, Shared Services and Chief Financial Officer
Date: May 9, 2014	By:	/s/ William J. Billiard
		William J. Billiard Principal Accounting Officer of the Registrant and Chief Accounting Officer and Corporate Controller

Exhibit 10.1

COCA-COLA BOTTLING CO. CONSOLIDATED
LONG TERM RETENTION PLAN

(ADOPTED EFFECTIVE AS OF March 5, 2014)

Coca-Cola Bottling Co. Consolidated
Long Term Retention Plan
(Adopted Effective as of March 5, 2014)

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Coca-Cola Bottling Co. Consolidated
Long Term Retention Plan

(Adopted Effective as of March 5, 2014)

PREAMBLE

This Plan is designed to enhance the earnings and growth of each Participating Company and to be a tool for long term retention. The Plan is designed to attract and retain key officers, to provide deferred compensation and promote a long term perspective by key officers.

The Plan is hereby adopted effective as of March 5, 2014.

ARTICLE I
DEFINITIONS

Whenever used herein and capitalized, the following terms shall have the respective meanings indicated unless the context plainly requires otherwise.

1.1. Account

The separate bookkeeping account established on the books and records of a Participating Company to record a Participant's interest under the Plan attributable to Company contributions credited to Investment Options as described in Article III of the Plan and the Net Gain (Loss) Equivalent attributable thereto.

1.2. Adjustment Date

December 31st of each year, the date of a Change in Control, and any other date during the calendar year specified by the Plan Administrator, upon or as of which Accounts are adjusted as set forth in Article III.

1.3. Affiliate

Any corporation or other entity with respect to which the Company owns directly or indirectly 100% of the corporation's or other entity's outstanding capital stock or other equity interest, and any other entity with respect to which the Company owns directly or indirectly 50% or more of such entity's outstanding capital stock or other equity interest and which the Committee designates as an Affiliate.

1.4. Authorized Leave of Absence

Either (a) a leave of absence authorized by the Participating Company, in its sole and absolute discretion (the Participating Company is not required to treat different Employees comparably), provided that the Employee returns to a Participating Company within the period specified, or (b) an absence required to be considered an Authorized Leave of Absence by applicable law.

1.5. Beneficiary

The beneficiary or beneficiaries designated by a Participant pursuant to Article VI to receive the benefits, if any, payable on behalf of the Participant under the Plan after the death of such Participant, or when there has been no such designation or an invalid designation, the individual or entity, or the individuals or entities, who will receive such amount.

1.6. Board

The Board of Directors of the Company.

1.7. Change in Control

Any of the following:

(a) The acquisition or possession by any person, other than Harrison Family Interests (as defined in Paragraph (e)(1) of this Section), of beneficial ownership of shares of the Company's capital stock having the power to cast more than 50% of the votes in the election of the Board or to otherwise designate a majority of the members of the Board; or

(b) At any time when Harrison Family Interests do not have beneficial ownership of shares of the Company's capital stock having the power to cast more than 50% of the votes in the election of the Board or to otherwise designate a majority of the members of the Board, the acquisition or possession by any person, other than Harrison Family Interests, of beneficial ownership of shares of the Company's capital stock having the power to cast both (i) more than 20% of the votes in the election of the Board and (ii) a greater percentage of the votes in the election of the Board than the shares beneficially owned by Harrison Family Interests are then entitled to cast; or

(c) The sale or other disposition of all or substantially all of the business and assets of the Company and its subsidiaries (on a consolidated basis) outside the ordinary course of business in a single transaction or series of related transactions, other than any such sale or disposition to a person controlled, directly or indirectly, by the Company or to a person controlled, directly or indirectly, by Harrison Family Interests that succeeds to the rights and obligations of the Company with respect to the Plan; or

(d) Any merger or consolidation of the Company with another entity in which the Company is not the surviving entity and in which either (i) the surviving entity does not succeed to the rights and obligations of the Company with respect to the Plan or (ii) after giving effect to the merger, a "Change in Control" under Subsection (a) or (b) of this Section would have occurred as defined therein were the surviving entity deemed to be the Company for purposes of Subsections (a) and (b) of this Section (with appropriate adjustments in the references therein to "capital stock" and "the Board" to properly reflect the voting securities and governing body of the surviving entity if it is not a corporation).

(e) For purposes of this Section:

(1) "Harrison Family Interests" means and includes, collectively, the lineal descendants of J. Frank Harrison, Jr. (whether by blood or adoption), any decedent's estate of any of the foregoing, any trust primarily for the benefit of any one or more of the foregoing, any person controlled, directly or indirectly, by any one or more of the foregoing, and any person in which any one or more of the foregoing have a majority of the equity interests;

(2) “person” includes an entity as well as an individual, and also includes, for purposes of determining beneficial ownership, any group of persons acting in concert to acquire or possess such beneficial ownership;

(3) beneficial ownership” has the meaning ascribed to such term in Rule 13d-3 of the Securities Exchange Act of 1934;

(4) “control” of a person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person; and

(5) “subsidiary” of the Company means any person as to which the Company, or another subsidiary of the Company, owns more than 50% of the equity interest or has the power to elect or otherwise designate a majority of the members of its board of directors or similar governing body.

(f) Notwithstanding any other provision of this Section, the revocable appointment of a proxy to vote shares of the Company’s capital stock at a particular meeting of shareholders shall not of itself be deemed to confer upon the holder of such proxy the beneficial ownership of such shares. If any person other than Harrison Family Interests would (but for this sentence) share beneficial ownership of any shares of the Company’s capital stock with any Harrison Family Interests, then such person shall be deemed the beneficial owner of such shares for purposes of this definition only if and to the extent such person has the power to vote or direct the voting of such shares otherwise than as directed by Harrison Family Interests and otherwise than for the benefit of Harrison Family Interests.

1.8. Code

The Internal Revenue Code of 1986, as amended. References thereto shall include the valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or rendered thereunder.

1.9. Committee

The Compensation Committee of the Board.

1.10. Company

Coca-Cola Bottling Co. Consolidated, a Delaware corporation, and where appropriate any subsidiary thereof, or any entity which succeeds to its rights and obligations with respect to the Plan; provided, however, that for purposes of the definition of “Board,” “Company” shall mean only Coca-Cola Bottling Co. Consolidated, a Delaware corporation, and any entity which succeeds to its rights and obligations with respect to the Plan.

1.11. Employee

A person who is a common-law employee of a Participating Company.

1.12. ERISA

The Employee Retirement Income Security Act of 1974, as amended. References thereto shall include the valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or rendered thereunder.

1.13. Investment Option

An investment option designated by the Plan Administrator pursuant to Section 3.2(a).

1.14. Investment Subaccount

One or more subaccounts kept as part of a Participant's Account which are deemed to be invested in the Investment Option to which the subaccount relates, and the Net Gain (Loss) Equivalent attributable thereto.

1.15. LTRP Agreement

The Agreement the Participating Company and the Participant enter into pursuant to Article II.

1.16. Net Gain (Loss) Equivalent

With respect to each Adjustment Date, the dollar amount equivalent to be credited to or debited from each of the Participant's Investment Subaccounts. The amount of the Net Gain (Loss) Equivalent of a particular Investment Subaccount shall equal the amount of investment gain or loss which would have been experienced had the Investment Subaccount balance been invested in the Investment Option to which it relates. As of each Adjustment Date, the Plan Administrator shall determine the Net Gain (Loss) Equivalent, taking into due account additions to and subtractions from the Investment Subaccount since the next preceding Adjustment Date.

1.17. Participant

An Employee who meets the requirements for participation in the Plan and has become a participant in the Plan, in accordance with the provisions of Article II.

1.18. Participating Company

Subject to the provisions of Article VII, "Participating Company" means the Company and any Affiliate which adopts the Plan for the benefit of its selected key Employees. Each Participating Company shall be deemed to appoint the Committee its exclusive agent to exercise on its behalf all of the power and authority conferred by the Plan upon the Company and accept the delegation to the Plan Administrator of all the power and authority conferred upon the Plan Administrator by the Plan. The authority of the Committee to act as such agent shall continue until the Plan is terminated as to the Participating Company. The term "Participating Company" shall be construed as if the Plan were solely the Plan of such Participating Company, unless the context plainly requires otherwise.

1.19. Plan

The Coca-Cola Bottling Co. Consolidated Long Term Retention Plan, as contained herein and as it may be amended from time to time hereafter.

1.20. Plan Administrator

The Executive Vice President and Assistant to the Chairman or such other person or persons designated by such individual or by the Chief Executive Officer of the Company.

1.21. Retirement

A Participant's Termination of Employment, other than on account of death, on or after age 60 or due to Total Disability.

1.22. Termination for Cause

Termination by a Participating Company prior to a Change in Control by reason of (a) the Employee's commission of an act of embezzlement, dishonesty, fraud, gross neglect of duties, or disloyalty to any Participating Company, (b) the Employee's commission of a felonious act or other crime involving moral turpitude or public scandal, (c) the Employee's alcoholism or drug addiction, or (d) the Employee's improper communication of confidential information about any Participating Company or other conduct committed which the Employee knew or should have known was not in any Participating Company's best interest.

1.23. Termination of Employment

The date on which the Participant is no longer employed by any Participating Company. For purposes of this Section, a Termination of Employment occurs on the earlier of:

(a) The date as of which the Employee quits, is discharged or terminates employment for any reason including due to Total Disability, Retirement or death, or

(b) The first day of absence of an Employee who fails to return to employment at the expiration of an Authorized Leave of Absence.

Notwithstanding the foregoing, the term "Termination of Employment" shall be interpreted to mean a "separation from service" as such term is used in Code Section 409A and the regulations thereunder.

1.24. Total Disability

A physical or mental condition under which the Participant qualifies as totally disabled under the group long-term disability plan of the Participating Company; provided, however, that if the Participant is not covered by such plan or if there is no such plan, the Participant shall be under a Total Disability if the Participant is determined to be disabled under the Social Security Act. Notwithstanding any other provisions of the Plan, a Participant shall not be considered Totally Disabled if such disability is due to (i) war, declared or undeclared, or any act of war, (ii) intentionally self-inflicted injuries, (iii) active participation in a riot or (iv) the Participant's intoxication or the Participant's illegal use of drugs.

1.25. Vested Percent

The percentage of a Participant's Account that is nonforfeitable as determined in accordance with Section 3.3(b).

ARTICLE II
ELIGIBILITY AND PARTICIPATION

2.1. Eligibility

An Employee (a) who is a member of the Participating Company's "select group of management or highly compensated employees," as defined in Sections 201(2), 301(a)(3) and 401(a) of ERISA, and (b) who is designated by the Committee, shall be eligible to become a Participant in the Plan.

2.2. Participation

An Employee who is eligible to become a Participant shall become a Participant upon the execution and delivery to the Plan Administrator of an LTRP Agreement substantially in the form attached hereto as Exhibit A. A Participant shall continue to be a Participant until the Participant is no longer entitled to a benefit under the Plan.

ARTICLE III
CONTRIBUTIONS AND BENEFITS

3.1. Accounts.

(a) **Establishment and Accounting of Accounts** . An Account shall be established and maintained on the books and records of the Plan for each Participant who has an amount credited in accordance with the provisions of this Article III. Within each Participant's Account there shall be one or more Investment Subaccounts. As of each Adjustment Date, the Plan Administer shall debit and credit each Participant's Account by the following:

(1) **Payments**. There shall be debited the amount of benefit payments made to or on behalf of the Participant or the Participant's Beneficiary since the last Adjustment Date.

(2) **Net Gain (Loss) Equivalent**. There shall be credited or debited, as the case may be, the Net Gain (Loss) Equivalent since the last Adjustment Date for each of the Participant's Investment Subaccounts.

(3) **Contributions**. There shall be credited the Company contributions made to the Account pursuant to Section 3.1(b) since the last Adjustment Date.

(b) **Company Contributions**. A Participant's Account shall be credited with an initial balance equal to zero and shall be credited with a contribution equal to the amount stated in the Participant's LTRP Agreement as of the time stated in such agreement.

3.2. Adjustment of Accounts.

(a) **Investment Options.** Subject to Subsection (c) of this Section, the Plan Administrator shall designate the Investment Options for the deemed investment of Participant Accounts and shall have the right to eliminate and add Investment Options from time to time. A Participant may elect to have the Participant's Account deemed to be invested in one or more of the Investment Options. If an Investment Option is eliminated, Participants' Investment Subaccount balances relating to such Investment Option shall be transferred to such other Investment Subaccounts as the Plan Administrator directs. All elections as to how Company contributions are allocated among Investment Subaccounts are subject to the Plan Administrator's approval. The Plan Administrator shall notify Participants if changes are made in the available Investment Options. The Plan Administrator may designate an Investment Option if and to the extent a Participant fails to make a valid or approved election.

(b) **Deemed Investment Elections**. A Participant shall specify how contributions credited to the Participant's Account pursuant to Section 3.1(b) shall be allocated among the Investment Options and related Investment Subaccounts. In accordance with such procedures and limitations as the Plan Administrator adopts, the Participant may change such specification with respect to contributions not yet credited to an Investment Subaccount. Any amounts allocated to the Participant's Account may be reallocated among the Investment Options at the election of the Participant not more frequently than once each calendar quarter. Any such request to have one or more Investment Subaccount balances transferred to one or more other Investment Subaccounts shall be made in accordance with and shall be subject to such procedures and limitations as the Plan Administrator adopts. Notwithstanding any contrary provision of this Subsection, all reallocations among Investment Options are subject to the trading rules, policies and procedures of the underlying mutual fund designated as an Investment Option.

(c) **Effect of Change in Control.** From and after a Change in Control, and notwithstanding any other provision of the Plan to the contrary, (1) the Investment Options in effect immediately prior to the Change in Control shall continue and not be eliminated, and (2) Participants shall continue to have the right to transfer their Investment Subaccount balances among the Investment Options in accordance with the same rules and procedures as were in effect immediately prior to the Change in Control. If an Investment Option is deemed invested in a particular mutual fund or other collective investment vehicle that is liquidated or terminated after the Change in Control or has its fundamental investment objective materially changed, then the Plan Administrator shall immediately substitute, as the deemed investment of such Investment Option, another mutual fund or other collective investment vehicle having substantially the same investment objectives and other material characteristics as the said mutual fund or collective investment vehicle had prior to its liquidation, termination or change in investment objective.

3.3. Distribution Provisions.

(a) **Amount of Benefit**. The amount of a Participant's Plan benefits shall equal the amount credited to the Participant's Account from time to time times the Vested Percent at such time, which benefit shall become payable as provided in this Section 3.3.

(b) **Vested Percent**. The Participant shall be 100% vested in his Account upon (i) Retirement, (ii) death while an Employee or while Totally Disabled but prior to Termination of Employment, or (iii) a Change in Control while an Employee or while Totally Disabled but prior to Termination of Employment. Unless otherwise provided in a Participant's LTRP Agreement, prior to the occurrence of any of the above events, the Participant's Vested Percent in his Account shall be determined according to the following schedule:

Age	Vested Percent
50 and before	50%
51	55%
52	60%
53	65%
54	70%
55	75%
56	80%
57	85%
58	90%
59	95%
60	100%

(c) **Timing of Distribution.** Except as otherwise provided in Section 3.3(f), the vested amount of a Participant's Account shall be paid, or begin to be paid, as of the earlier of (1) the Participant's Termination of Employment for any reason other than death, (2) the first day of the third month following receipt by the Plan Administrator of satisfactory proof of the Participant's death, or (3) the first day of the third month following a Change in Control of the Company. Payment shall be made in the form elected by the Participant in accordance with Section 3.3(d). Payment shall be deemed to be made as of the date described in this paragraph if it is made in the same calendar quarter as such date or as of the 15th day of the third calendar month following such date, if later.

(d) **Election of Payment Form.** Each Participant shall elect the form of payment of the Participant's vested Account and may elect a different form of payment to apply in the event of the Participant's death, Termination of Employment for any other reason or a Change in Control. Such election(s) must be filed with the Plan Administrator within 30 days following the date of the Participant's LTRP Agreement and may not thereafter be changed. The optional forms of payment available to the Participant are:

(1) equal monthly installments over 10, 15 or 20 years, or

(2) a single lump sum.

If a Participant fails to make a payment election, the Participant's Plan benefit shall be paid in equal monthly installments over 10 years. Any election made pursuant to this Section 3.3(d) shall be irrevocable 30 days following the date of the Participant's LTRP Agreement.

(e) **Death Benefit After Installment Payments Begin** . If a Participant who is receiving monthly installments dies before the last monthly installment is paid, then the remaining monthly installments shall be paid to the Participant's Beneficiary as and when such monthly installments would have otherwise been paid to the Participant had the Participant not died.

(f) **Code Section 409A Special Provisions** . Notwithstanding the foregoing provisions of this Section 3.3, in no event (a) shall any payment made pursuant to this Section 3.3 be made to a "specified employee" within the meaning of Code Section 409A earlier than 6 months after the date of the Participant's Termination of Employment except in connection with the Participant's death, and (b) will a distribution be made on account of a Change in Control unless such Change in Control constitutes a permissible payment event under Code Section 409A.

3.4. Reemployment

If a Participant has a Termination of Employment and then again becomes an Employee, such reemployment shall not affect in any way the Participant's benefit under the Plan that accrued prior to such reemployment. Unless the Plan Administrator otherwise decides, the Participant shall not accrue any additional benefit under the Plan on account of such reemployment.

ARTICLE IV
CONDITIONS

4.1. Suicide

Notwithstanding any provision in the Plan to the contrary, if any Participant dies as a result of suicide within 30 months of entering into an LTRP Agreement, then the Participant's benefits under the Plan shall be forfeited, and no benefit shall be paid to the Participant's Beneficiary.

4.2. Noncompetition

In the event a Participant, during the period of the Participant's employment and for 3 years following the Participant's Termination of Employment, (i) directly or indirectly, engages in the same or similar line of business carried on by any Participating Company in any territory in which any Participating Company is doing business during the period of one year preceding the Participant's Termination of Employment, (ii) directly or indirectly, either for the Participant's own account or for the account of any other person or entity, hires, solicits or attempts to persuade any employee, agent or consultant of any Participating Company to terminate or alter such person's relationship with any Participating Company to any Participating Company's detriment, or (iii) persuades, encourages or causes, directly or indirectly, any supplier or customer of any Participating Company, including but not limited to any supplier or customer with whom the Participant had or has material contacts in the course of the Participant's employment with any Participating Company, to terminate such person's relationship with any Participating Company or divert any business from any Participating Company, then the Participant shall forfeit any benefit to which the Participant may be entitled hereunder and within 30 days of a written request of the Company shall reimburse the Company for any benefit paid to Participant hereunder. This Section shall not apply to any actions which occur after both a Participant's Termination of Employment and a Change in Control.

4.3. Forfeiture for Cause

Notwithstanding any provision in the Plan to the contrary, a Participant shall forfeit all rights to any benefits under the Plan if the Participant has a Termination for Cause.

ARTICLE V
ADMINISTRATION OF THE PLAN

5.1. Powers and Duties of the Plan Administrator

The Plan Administrator shall have general responsibility for the administration of the Plan (including but not limited to complying with reporting and disclosure requirements and establishing and maintaining Plan records). In the exercise of the Plan Administrator's sole and absolute discretion, the Plan Administrator shall interpret the Plan's provisions (and all ambiguities) and, subject to the Committee's approval, determine the eligibility of individuals for benefits.

5.2. Agents

The Plan Administrator may engage such legal counsel, certified public accountants and other advisors and service providers, who may be advisors or service providers for one or more Participating Companies, and make use of such agents and clerical or other personnel, as it shall require or may deem advisable for purposes of the Plan. The Plan Administrator may rely upon the written opinion of any legal counsel or accountants engaged by the Plan Administrator, and may delegate to any person or persons the Plan Administrator's authority to perform any act hereunder, including, without limitation, those matters involving the exercise of discretion, provided that such delegation shall be subject to revocation at any time at the discretion of the Plan Administrator.

5.3. Reports to the Committee

The Plan Administrator shall report to the Committee as frequently as the Committee shall specify, with regard to the matters for which the Plan Administrator is responsible under the Plan.

5.4. Limitations on the Plan Administrator

The Plan Administrator shall not be entitled to act on or decide any matter relating solely to the Plan Administrator or any of the Plan Administrator's rights or benefits under the Plan. In the event the Plan Administrator is unable to act in any matter by reason of the foregoing restriction, the Committee shall act on such matter. The Plan Administrator shall not receive any special compensation for serving in such capacity but shall be reimbursed for any reasonable expenses incurred in connection therewith. Except as otherwise required by ERISA, no bond or other security shall be required of the Plan Administrator in any jurisdiction. The Plan Administrator or any agent to whom the Plan Administrator delegates any authority, and any other person or group of persons, may serve in more than one fiduciary capacity with respect to the Plan.

5.5. Benefit Elections, Procedures and Calculations

The Plan Administrator shall establish, and may alter, amend and modify from time to time, the procedures pursuant to which Participants may make their respective elections, requests and designations under the Plan. The Plan Administrator shall also establish the election and designation forms that Participants must use for such purposes. No election, request or designation by a Participant shall be effective unless and until it has been executed and delivered to the Plan Administrator (or the Plan Administrator's authorized representative) and has also satisfied any other conditions or requirements that may apply to such election, request or designation under any other applicable provision of the Plan.

5.6. Calculation of Benefits

The Plan Administrator shall promulgate and establish such written rules, charts, examples and other guidelines as the Plan Administrator deems necessary or advisable in order to precisely calculate the benefits due hereunder, and the same shall be filed with the records of the Plan Administrator and shall be binding and governing on Participants, their Beneficiaries and all other interested parties to the extent they represent a reasonable and consistent interpretation of the benefit calculation provisions of the Plan.

5.7. Instructions for Payments

All requests of or directions to any Participating Company for payment or disbursement shall be signed by the Plan Administrator or such other person or persons as the Plan Administrator may from time to time designate in writing. This person shall cause to be kept full and accurate accounts of payments and disbursements under the Plan.

5.8. Claims for Benefits

(a) **General.** In the event a claimant has a claim under the Plan, such claim shall be made by the claimant's filing a notice thereof with the Plan Administrator. (A claimant may authorize a representative to act on the claimant's behalf with respect to the claim.) Each such claim shall be referred to the Plan Administrator for the initial decision with respect thereto. Each claimant who has submitted a claim to the Plan Administrator shall be afforded a reasonable opportunity to state such claimant's position and to submit written comments, documents, records, and other information relating to the claim to the Plan Administrator for the Plan Administrator's consideration in rendering the Plan Administrator's decision with respect thereto. A claimant shall also be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim.

(b) **Plan Administrator's Decision.** The Plan Administrator will consider the claim and make a decision and notify the claimant in writing within a reasonable period of time but not later than 90 days after the Plan Administrator receives the claim. Under special circumstances, the Plan Administrator may take up to an additional 90 days to review the claim if the Plan Administrator determines that such an extension is necessary due to matters beyond the Plan Administrator's control. If this happens, the claimant will be notified before the end of the initial 90-day period of the circumstances requiring the extension and the date by which the Plan Administrator expects to render a decision. If any part of the claim is denied, the notice will include specific reasons for the denial and specific references to the pertinent Plan provisions on which the denial is based, describe any additional material or information necessary to file the claim properly and explain why this material or information is necessary, and describe the Plan's review procedures, including the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefits determination on review.

(c) **Review of Decision.** The claimant may have the denial of any part of the claim reviewed. The denial will be reviewed by the Committee. To obtain a review, the claimant must submit a written request for review to the Committee within 90 days after the claimant receives the written decision of the Plan Administrator. The written request may include written comments, documents, records, and other information relating to the claim. The claimant will be provided upon request and free of charge reasonable access to and copies of all documents, records, and other information relevant to the claim.

The Committee will review the case and notify the claimant of its decision, whether favorable or unfavorable, within a reasonable period of time, but no later than 60 days after it receives the claim. The review will take into account all comments, documents, records, and other information the claimant submits, without regard to whether such information was submitted or considered in the initial benefit determination. Under special circumstances, the Committee may take up to an additional 60 days to review the claim if it determines that such an extension is necessary due to matters beyond its control. If this happens, the claimant will be notified before the end of the initial 60-day period of the circumstances requiring the extension and the date by which the Committee expects to render a decision.

The notification to the claimant will be in writing, specify the reasons for its decision, make specific references to the Plan provisions on which the denial was based, and include a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim and a statement regarding the claimant's right to bring a civil action under Section 502(a) of ERISA.

The decision of the Committee will be final and conclusive upon all persons interested therein, except to the extent otherwise provided by applicable law.

5.9. **Hold Harmless**

To the maximum extent permitted by law, no member of the Committee or the Plan Administrator shall be personally liable by reason of any contract or other instrument executed by the Plan Administrator or a member of the Committee or on such member's behalf in such member's capacity as a member of the Committee nor for any mistake of judgment made in good faith, and each Participating Company shall indemnify and hold harmless, directly from its own assets (including the proceeds of any insurance policy the premiums of which are paid from the Company's own assets), the Plan Administrator and each member of the Committee and each other officer, employee, or director of any Participating Company to whom any duty or power relating to the administration or interpretation of the Plan against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of any Participating Company) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith or such indemnification is contrary to law.

5.10. **Service of Process**

The Secretary of the Company or such other person designated by the Board shall be the agent for service of process under the Plan.

ARTICLE VI
DESIGNATION OF BENEFICIARIES

6.1. **Beneficiary Designation**

Every Participant shall file with the Plan Administrator a written designation of one or more persons as the Beneficiary who shall be entitled to receive the benefits, if any, payable under the Plan after the Participant's death. A Participant may from time to time revoke or change such Beneficiary designation by filing a new designation with the Plan Administrator. The last such designation received by the Plan Administrator shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Plan Administrator prior to the Participant's death, and in no event shall it be effective as of any date prior to such receipt. All decisions of the Plan Administrator concerning the effectiveness of any

Beneficiary designation and the identity of any Beneficiary shall be final. If a Beneficiary dies after the death of the Participant and prior to receiving the payment(s) that would have been made to such Beneficiary had such Beneficiary's death not occurred, and if no contingent Beneficiary has been designated, then for the purposes of the Plan any remaining payments that would have been received by such Beneficiary shall be made to the Beneficiary's estate.

6.2. Failure to Designate Beneficiary

If no Beneficiary designation is in effect at the time of the Participant's death (including a situation where no designated Beneficiary is alive or in existence at the time of the Participant's death), the benefits, if any, payable under the Plan after the Participant's death shall be made to the Participant's surviving spouse, if any, or if the Participant has no surviving spouse, to the Participant's estate. For this purpose, "surviving spouse" means the survivor of a deceased Participant to whom such deceased Participant was legally married (as determined by the Plan Administrator) immediately before the Participant's death. If the Plan Administrator is in doubt as to the right of any person to receive such benefits, the Plan Administrator may direct the Participating Company to withhold payment, without liability for any interest thereon, until the rights thereto are determined, or the Plan Administrator may direct the Participating Company to pay any such amount into any court of appropriate jurisdiction; and such payment shall be a complete discharge of the liability of the Participating Company.

ARTICLE VII
WITHDRAWAL OF PARTICIPATING COMPANY

7.1. Withdrawal of Participating Company

A Participating Company (other than the Company) may withdraw from participation in the Plan by giving the Board prior written notice approved by resolution by its board of directors or similar governing body specifying a withdrawal date, which shall be the last day of a month at least 30 days subsequent to the date on which notice is received by the Board. The Participating Company shall withdraw from participating in the Plan if and when it ceases to be either a division of the Company or an Affiliate. The Committee may require the Participating Company to withdraw from the Plan, as of any withdrawal date the Committee specifies.

7.2. Effect of Withdrawal

A Participating Company's withdrawal from the Plan shall not in any way modify, reduce or otherwise affect a Participant's Account as of the date of withdrawal. Withdrawal from the Plan by any Participating Company shall not in any way affect any other Participating Company's participation in the Plan.

ARTICLE VIII
AMENDMENT OR TERMINATION OF THE PLAN

8.1. Right to Amend or Terminate Plan

(a) **By the Board or the Committee.** Subject to Subsection (c) of this Section, the Board or the Committee reserves the right at any time to amend or terminate the Plan, in whole or in part, and for any reason and without the consent of any Participating Company, Participant, or Beneficiary. Each Participating Company by its participation in the Plan shall be deemed to have delegated this authority to the Committee.

(b) **By the Plan Administrator.** Subject to Subsection (c) of this Section, the Plan Administrator may adopt any ministerial and nonsubstantive amendment which may be necessary or appropriate to facilitate the administration, management and interpretation of the Plan, provided the amendment does not materially affect the estimated cost to the Participating Companies of maintaining the Plan. Each Participating Company by its participation in the Plan shall be deemed to have delegated this authority to the Plan Administrator.

(c) **Limitations.** In no event shall an amendment or termination of the Plan modify, reduce or otherwise affect the value of Participant Accounts as of the date of the amendment or termination. Notwithstanding the preceding provisions of this Subsection, from and after the date of a Change in Control no amendment or termination may be made to the Plan that, without the express written consent of the affected Participant or Beneficiary (as the case may be), directly or indirectly changes the amount, time or method of payment of any benefit that had accrued by the date of the Change in Control.

8.2. **Notice**

Notice of any amendment or termination of the Plan shall be given by the Board or the Committee, whichever adopts the amendment, to the other and to all Participating Companies.

ARTICLE IX
GENERAL PROVISIONS AND LIMITATIONS

9.1. **No Right to Continued Employment**

Nothing contained in the Plan shall give any Employee the right to be retained in the employment of any Participating Company or Affiliate or affect the right of any such employer to dismiss any Employee with or without cause. The adoption and maintenance of the Plan shall not constitute a contract between any Participating Company and Employee or consideration for, or an inducement to or condition of, the employment of any Employee. Unless a written contract of employment has been executed by a duly authorized representative of a Participating Company, such Employee is an "employee at will."

9.2. **Payment on Behalf of Payee**

If the Plan Administrator finds that any person to whom any amount is payable under the Plan is unable to care for such person's affairs because of illness or accident, or is a minor, or has died, then any payment due such person or such person's estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Plan Administrator so elects, be paid to such person's spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Plan Administrator to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Plan and every Participating Company therefor.

9.3. **Nonalienation**

No interest, expectancy, benefit, payment, claim or right of any Participant or Beneficiary under the Plan shall be (a) subject in any manner to any claims of any creditor of the Participant or Beneficiary, (b) subject to the debts, contracts, liabilities or torts of the Participant or Beneficiary or (c) subject to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge or encumbrance of any kind. If any person attempts to take any action contrary to this Section, such action shall be null and void and of no effect; and the Plan Administrator and the Participating Company shall disregard such action and shall not in any manner be bound thereby and shall suffer no liability on account of its disregard thereof.

If any Participant or Beneficiary hereunder becomes bankrupt or attempts to anticipate, alienate, sell, assign, pledge, encumber, or charge any right hereunder, then such right or benefit shall, in the discretion of the Plan Administrator, cease and terminate; and in such event, the Plan Administrator may hold or apply the same or any part thereof for the benefit of the Participant or Beneficiary or the spouse, children, or other dependents of the Participant or Beneficiary, or any of them, in such manner and in such amounts and proportions as the Plan Administrator may deem proper.

9.4. **Required Information**

Each Participant shall file with the Plan Administrator such pertinent information concerning himself or herself, such Participant's Beneficiary, or such other person as the Plan Administrator may specify; and no Participant, Beneficiary, or other person shall have any rights or be entitled to any benefits under the Plan unless such information is filed by or with respect to the Participant.

9.5. **No Trust or Funding Created**

The obligations of each Participating Company to make payments hereunder constitute a liability of such Participating Company to a Participant or Beneficiary, as the case may be. Such payments shall be made from the general funds of the Participating Company; and the Participating Company shall not be required to establish or maintain any special or separate fund, or purchase or acquire life insurance on a Participant's life, or otherwise to segregate assets to assure that such payment shall be made; and neither a Participant nor a Beneficiary shall have any interest in any particular asset of the Participating Company by reason of its obligations hereunder. Nothing contained in the Plan shall create or be construed as creating a trust of any kind or any other fiduciary relationship between any Participating Company and a Participant or any other person, it being the intention of the parties that the Plan be unfunded for tax purposes and for Title I of ERISA. The rights and claims of a Participant or a Beneficiary to a benefit provided hereunder shall have no greater or higher status than the rights and claims of any other general, unsecured creditor of any Participating Company; and the Plan constitutes a mere promise to make benefit payments in the future.

9.6. **Binding Effect**

Obligations incurred by any Participating Company pursuant to the Plan shall be binding upon and inure to the benefit of such Participating Company, its successors and assigns, and the Participant and the Participant's Beneficiary.

9.7. **Merger or Consolidation**

In the event of a merger or a consolidation by any Participating Company with another corporation, or the acquisition of substantially all of the assets or outstanding stock of a Participating Company by another corporation, then and in such event the obligations and responsibilities of such Participating Company under the Plan shall be assumed by any such successor or acquiring corporation; and all of the rights, privileges and benefits of the Participants and Beneficiaries hereunder shall continue.

9.8. Entire Plan

This document, any elections provided for in the Plan, any written amendments hereto and the LTRP Agreements contain all the terms and provisions of the Plan and shall constitute the entire Plan, any other alleged terms or provisions being of no effect.

9.9. Withholding

Each Participating Company shall withhold from benefit payments all taxes required by law.

9.10. Compliance with Section 409A of the Code

The Plan is intended to comply with Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, the Plan shall be interpreted, operated and administered consistent with this intent.

9.11. Construction

Unless otherwise indicated, all references to articles, sections and subsections shall be to the Plan as set forth in this document. The titles of articles and the captions preceding sections and subsections have been inserted solely as a matter of convenience of reference only and are to be ignored in any construction of the provisions of the Plan. Whenever used herein, unless the context clearly indicates otherwise, the singular shall include the plural and the plural the singular.

9.12. Applicable Law

The Plan shall be governed and construed in accordance with the laws of the State of Delaware, except to the extent such laws are preempted by the laws of the United States of America.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed this 14th day of March, 2014.

COCA-COLA BOTTLING CO. CONSOLIDATED

By: /s/ Umesh M. Kasbekar

Officer's Name: Umesh M. Kasbekar
Officer's Title: Senior VP — Administration & Planning

EXHIBIT A

LTRP AGREEMENT

THIS LTRP AGREEMENT is made this day of , 20 , by and between Coca-Cola Bottling Co. Consolidated (the "Company") and , an employee of the Participating Company (the "Participant").

WITNESSETH:

WHEREAS, the Company has adopted the Coca-Cola Bottling Co. Consolidated Long Term Retention Plan (the "Plan") for the purpose of providing additional incentives to a select group of highly compensated or management employees of the Participating Company; and

WHEREAS, the Participant has been selected for participation in the Plan; and

WHEREAS, this Agreement is made to evidence the Participant's participation in the Plan and to set forth the amount the Company will contribute to the Participant's Account under the Plan.

NOW, THEREFORE, the Company and the Participant hereby agree as follows:

1. Incorporation of Plan. The Plan (and all its provisions), as it now exists and as it may be amended hereafter, is incorporated herein and made a part of this Agreement.

2. Definitions. When used herein, terms that are defined in the Plan shall have the meanings given them in the Plan unless a different meaning is clearly required by the context.

3. Company Contributions. The Participant's Account shall be credited with an initial balance equal to zero. As soon as administratively feasible after the end of each quarter, beginning with the first contribution on or about , the Participant's Account shall be credited with $. The Participant's Account will continue to be credited with contributions and shall vest in accordance with the Schedule attached hereto and made a part hereof.

4. Investment of Accounts. A Participant shall specify on a form or forms provided by the Plan Administrator or in such other manner designated by the Plan Administrator, how contributions credited to the Participant's Account shall be allocated among the available Investment Options and related Investment Subaccounts. The Participant's Account shall be adjusted each day that the financial markets are open to reflect the gains and losses attributable to such deemed investments.

5. No Interest Created. Neither the Participant, the Participant's Beneficiary, nor any other person claiming under the Participant shall have any interest in any assets of the Company, including policies of insurance. The Participant and such Beneficiary shall have only the right to receive benefits under and subject to the terms and provisions of the Plan and this Agreement.

6. Benefits. The Participant's benefit under the Plan shall equal the vested value of the Participant's Account. The vested portion of the Participant's Account shall be payable following the Participant's Termination of Employment or a Change in Control of the Company as provided in the Plan.

7. Benefit Elections. The Participant may make an election regarding the form of payment of the Participant's benefit following a Termination of Employment or a Change in Control on an election form provided by the Plan Administrator. To be effective, such elections must be filed with the Plan Administrator within 30 days following the date of this Agreement. Such elections shall become irrevocable 30 days from the date of this Agreement; no subsequent change to the election(s) is permitted.

8. Noncompetition. As provided in the Plan, the Company shall have no obligation to pay any benefits to or on behalf of the Participant if, within 3 years of Termination of Employment, the Participant competes with or becomes interested in a business which competes with any Participating Company. This provision shall not apply, however, if the Participant's Termination of Employment occurs after a Change in Control.

9. Suicide. As provided in the Plan, the Company shall have no obligation to pay any benefits on behalf of the Participant if the Participant commits suicide within 30 months of the date of this Agreement.

10. Governing Law. This Agreement and all rights thereunder shall be construed and enforced in accordance with the Employee Retirement Income Security Act of 1974, as amended, and, to the extent that state law is applicable, the laws of the State of Delaware.

11. Notices. Whenever notices are required by the Plan, they shall be deemed given if sent by first class mail, postage prepaid, to the parties of the following addresses or at such other addressee as may be designated in writing by the applicable party:

Coca-Cola Bottling Co. Consolidated
4100 Coca-Cola Plaza
Charlotte, North Carolina 28211
Attention: Plan Administrator

Participant: ______________________________

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12. Entire Agreement. This Agreement contains the entire agreement and understanding of the Company and the Participant with respect to the matters contained herein and supersedes and replaces all prior agreements and understandings, written or oral, with respect thereto.

13. Receipt of Plan. The Participant acknowledges the receipt of a copy of the Plan.

IN WITNESS WHEREOF, the Company and the Participant have caused this LTRP Agreement to be executed this day of , 20 .

COCA-COLA BOTTLING CO. CONSOLIDATED

By: ______________________________

Officer's Name: Umesh M. Kasbekar
Officer's Title: Senior VP — Administration & Planning

____

Participant

SAMPLE SCHEDULE TO LTRP AGREEMENT

Officer Name

DOB: 12/31/1968

Date Age 60: 12/31/2028

Plan Year	Age	Benefit Earned	Vesting	Vested Balance	Vested Funding	Non-Vested Funding	Total Annual Funding	Total Cumulative Funding
2014	46	$ 20,000.00	50%	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 20,000.00	$ 20,000.00
2015	46.9	$ 40,000.00	50%	$ 20,000.00	$ 10,000.00	$ 10,000.00	$ 20,000.00	$ 40,000.00
2016	47.9	$ 60,000.00	50%	$ 30,000.00	$ 10,000.00	$ 10,000.00	$ 20,000.00	$ 60,000.00
2017	48.9	$ 80,000.00	50%	$ 40,000.00	$ 10,000.00	$ 10,000.00	$ 20,000.00	$ 80,000.00
2018	49.9	$ 100,000.00	50%	$ 50,000.00	$ 10,000.00	$ 10,000.00	$ 20,000.00	$ 100,000.00
2019	50.9	$ 120,000.00	55%	$ 66,000.00	$ 10,250.00	$ 9,750.00	$ 20,000.00	$ 120,000.00
2020	51.9	$ 140,000.00	60%	$ 84,000.00	$ 11,250.00	$ 8,750.00	$ 20,000.00	$ 140,000.00
2021	52.9	$ 160,000.00	65%	$ 104,000.00	$ 12,250.00	$ 7,750.00	$ 20,000.00	$ 160,000.00
2022	53.9	$ 180,000.00	70%	$ 126,000.00	$ 13,250.00	$ 6,750.00	$ 20,000.00	$ 180,000.00
2023	54.9	$ 200,000.00	75%	$ 150,000.00	$ 14,250.00	$ 5,750.00	$ 20,000.00	$ 200,000.00
2024	55.9	$ 220,000.00	80%	$ 176,000.00	$ 15,250.00	$ 4,750.00	$ 20,000.00	$ 220,000.00
2025	56.9	$ 240,000.00	85%	$ 204,000.00	$ 16,250.00	$ 3,750.00	$ 20,000.00	$ 240,000.00
2026	57.9	$ 260,000.00	90%	$ 234,000.00	$ 17,250.00	$ 2,750.00	$ 20,000.00	$ 260,000.00
2027	58.9	$ 280,000.00	95%	$ 266,000.00	$ 18,250.00	$ 1,750.00	$ 20,000.00	$ 280,000.00
2028	59.9	$ 300,000.00	100%	$ 300,000.00	$ 19,250.00	$ 750.00	$ 20,000.00	$ 300,000.00
					$ 197,500.00	$ 102,500.00	$ 300,000.00	

Exhibit B-1

Exhibit 10.2

MANAGEMENT AGREEMENT

This Management Agreement (“**Agreement**”) made and entered into this 12th day of March, 2014, by and among CCBCC Operations, LLC (“**Manager**”), a Delaware limited liability company and a wholly-owned entity of Coca-Cola Bottling Co. Consolidated and South Atlantic Canners, Inc., a South Carolina corporation (“**SAC**”).

W I T N E S S E T H:

Pursuant to a management agreement dated August 1, 1994 (the “ **Original Agreement**”) and a management agreement dated June 30, 2004 (the “**Extended Agreement**”), SAC retained the parent of Manager and the Manager, respectively, for the purpose of managing its day-to- day operations, as is more fully described in the Original Agreement and the Extended Agreement. SAC’s Bylaws allow the SAC Board to assign some or all of the management responsibilities for SAC to a person or organization other than the officers of SAC. The parent of Manager and Manager has demonstrated managerial expertise, knowledge of the industry, access to certain raw materials, and other capabilities, which have been beneficial to SAC and its membership. Manager is an operating entity that is engaged in, in addition to the activities subject to this Agreement, the production and distribution of beverage products pursuant to a sub-license agreement with its parent. In connection with the conduct of its business, Manager owns significant production and distribution assets, including, but not limited to, production equipment, warehouse equipment, delivery fleet, vending machines and real estate.

The Original Agreement expired by its terms on its tenth anniversary and the Extended Agreement expires by its terms on its tenth anniversary. This Agreement serves as an extension of the Original Agreement and Extended Agreement pursuant to which Manager will supervise day-to-day operations, without material interference from the SAC Board of Directors (“ **SAC Board**”), although the SAC Board will generally perform the typical board functions of supervising the performance of management and establishing policy for SAC. The parties recognize, however, that the SAC Board has a legal obligation to SAC and its membership to oversee and direct the operations of SAC, and nothing contained in this Agreement shall remove from the SAC Board its obligations or ability to direct the business and affairs of SAC. It is anticipated that a smooth working relationship will be established through the adoption each year of an annual business plan (“**Annual Business Plan**”), under which Manager can perform its responsibilities as described herein.

The parties believe that the efficiencies to be derived from Manager’s supervisory capabilities and the additional purchasing volume Manager (and its subsidiaries and affiliates) bring to SAC in their various capacities (including as a member) will prove to be beneficial to SAC’s membership in general.

NOW, THEREFORE, in consideration of the mutual promises, obligations and agreements contained herein, the parties hereto, intending to be legally bound, do hereby agree as follows:

Section 1. Definitions.

1.01 Defined Terms. The following terms shall have the meanings set forth in the Section of this Agreement indicated below:

Defined Term	Section
Agreement	Preamble
Annual Business Plan	Preamble
Claimant	Section 10.03(a)
Claim	Section 10.02.
CPI	Section 6.01
SAC Bank Account	Section 6.03(d)
Disclosing Party	Section 9.04
Effective Date	Section 8.01
Environmental Manager	Section 3.01(c)(4)
Environmental Laws	Section 3.01(c) (4) (i)
Expansion	Section 3.01(c)(3)
Extended Agreement	Preamble
Facility	Section 2.01
FICA	Section 3.02
FUTA	Section 3.02
Indemnitee	Section 10.02
Losses	Section 10.02
Manager	Preamble
Manager’s Corporate Offices	Section 3.01
Manager Employee (s)	Section 3.01(c)(2)
Management Fee	Section 6-01
Notified Party	Section 10.03(a)
On Site Employees	Section 6.02(c)(1)
Original Agreement	Preamble
Physical Case	Section 6.01
Proposed Budget	Section 3.01(a)(2)
Receiving Party	Section 9.04
Reimbursable Expenses	Section 6.02
Rules	Section 10.02
SAC	Preamble
SAC Board	Preamble
SAC Business	Section 2.01
SAC Employee(s)	Section 3.01(c)(2)
SAC Executive Committee	Section 3.01(a)(5)
Summary of Major Operational and Business Items	Section 3.01(a)(2)
Term	Section 8.02

<u>Section 2</u>. <u>Appointment of Manager</u>.

2.01 Appointment of and Acceptance by Manager. SAC hereby appoints and retains Manager for the purpose of managing SAC's canning, bottling, and other soft drink packaging operations (the "**SAC Business**"), effective as of the Effective Date, and authorizes Manager to supervise, direct and control the day-to-day operation of the SAC Business at 601 Cousar Street, Bishopville, South Carolina (the "**Facility**") in accordance with this Agreement. In the appointment of Manager to handle day-to-day operations hereunder, both SAC and Manager understand and agree that the business and affairs of SAC shall be under the direction and control of the SAC Board, and Manager agrees to carry out the policies and directives of the SAC Board. Manager hereby accepts this appointment and agrees to perform its duties in accordance with this Agreement.

2.02 Standards of Performance. In providing services under this Agreement, Manager shall give the care and attention to its responsibilities that a reasonable business manager in its position would be expected to give. Manager agrees to provide and employ a sufficient number of personnel with adequate training and experience to perform such duties competently and in a businesslike manner in such a way as to cause the operations of SAC to be carried on efficiently and in the best interests of SAC. In its capacity as Manager under this Agreement, Manager shall perform its duties in good faith, and shall loyally seek to promote the best interests of SAC. Manager shall perform in a timely and cooperative manner.

2.03 Non-exclusive Service. It is understood and agreed that nothing in this Agreement shall confer upon SAC an exclusive right to Manager's service. Manager may contract with others for the provision of expertise and services similar to those to be provided to SAC as contemplated herein.

2.04 Services to be Performed by SAC's Officers and Others. SAC will continue to have as corporate officers a President, a Secretary and such other officers as may be determined by the SAC Board, who shall perform such functions as the SAC Board may assign to them. Nothing in this Agreement shall prevent SAC from obtaining services from others which are not assigned to Manager under Sections 3 and 4 of this Agreement.

<u>Section 3</u>. <u>Services and Responsibilities of Manager</u>.

3.01 Primary Services and Responsibilities. Within the scope of the authority granted to it under this Agreement and subject to any limitations provided herein, Manager will undertake to manage SAC in a manner such that it may meet its operating requirements. It is agreed by SAC that Manager may perform the services and functions required of it hereunder (in whole or in part) at Manager's corporate offices located at 4115 Coca-Cola Plaza, Charlotte, North Carolina ("**Manager's Corporate Offices**"). Manager is hereby authorized to and shall provide the following services or cause the following services to be performed:

(a) Annual Business Plan. Manager will develop an Annual Business Plan, based on its business judgment, to be adopted by the SAC Board prior to the beginning of each fiscal year, with such changes as the SAC Board deems necessary.

(1) Adoption. Manager will present the proposed plan to the SAC Board no later than thirty (30) days prior to the beginning of SAC's fiscal year that is the subject of such projections.

(2) General Contents. Manager's proposed Annual Business Plan will contain a proposed annual budget (" **Proposed Budget**"), a summary of major operational and financial items ("**Summary of Major Operational and Business Items**") projected for the year in sufficient detail for the SAC Board to determine the nature and extent of proposed operations, an estimate of the Management Fee and Reimbursable Expenses SAC will be asked to pay to Manager for the year, and such other items as the SAC Board may request.

(3) Projections, Developments, and Anticipated Events. The Proposed Budget will contain (i) annual projections of volumes, (ii) recommended pricing based on an estimated cost-plus margin authorized by the SAC Board, (iii) estimated operating revenues based upon pricing, (iv) required capital expenditures, (v) operating expenses and (vi) cash flow. The presentation of items will show a breakdown of each item for each of SAC's operating allocation units (cans, bottles, etc.). The Summary of Major Operational and Business Items will include (a) a description of proposed activities in areas for which Manager has operational responsibility under Section 3.01(c), (b) a description of significant developments relating to the business and financial, items for which Manager has responsibility under Section 3.01(b), and (c) a description of other major operational and business, items, if any, which Manager reasonably anticipates for the upcoming year.

(4) Effect of Not Adopting Business Plan Prior to the Commencement of the Fiscal Year. If the SAC Board has not adopted an Annual Business Plan prior to the commencement of any fiscal year, Manager shall continue to provide management functions for SAC based upon the most recently adopted Annual Business Plan, until such time as a new Annual Business Plan is adopted and takes effect for such fiscal year; provided, however, that (i) any CPI increases that will be due as part of the Management Fee under Section 6.01 for the new fiscal year and (ii) any previously approved increase in a normal, recurring operating expense (such as, personnel compensation) since the adoption of the most recent Annual Business Plan will take effect with the beginning of such year.

(5) Performance of Services Under the Annual Business Plan and Deviations Therefrom. In performing its services under this Agreement, Manager shall follow the Annual Business Plan adopted for the fiscal year, unless otherwise directed by the SAC Board. If Manager encounters a business situation which will require it to deviate from the Annual Business Plan or it discovers that it or SAC has inadvertently deviated from the plan, it shall immediately consult with the Executive Committee of the SAC Board (" **SAC Executive Committee**") about the situation and obtain approval for such deviation. If approval is given by the SAC Executive Committee, Manager shall be allowed to continue with such deviation until the next meeting of the SAC Board at which time the SAC Board can consider the matter. If the SAC Executive Committee does not approve of the deviation, the matter will immediately be brought to the attention of the SAC Board. Manager shall also consult with the SAC Executive Committee upon the occurrence of an unanticipated event or circumstance that has a material effect on the SAC Business, and seek approval of any actions that it recommends be taken in response to such new development. Notwithstanding the foregoing, Manager is authorized to incur expenses beyond those provided in the Annual Business Plan in order to meet the production requests of SAC members; provided, however, that such expenses shall be in line with the budgeted per-case rate.

(b) Business/Finance. Manager will be responsible for accounting, tax, treasury and internal policy auditing services in connection with the financial management of the SAC Business.

(1) Contracts. Manager shall have the right to enter into contracts in the ordinary course of business in accordance with the Annual Business Plan and thereby bind SAC; provided, however, that the SAC Board may set size limitations above which approval of the SAC Board is required. Any approved contracts whose terms extend beyond the current year will be included automatically in future Annual Business Plans.

(2) Treasury Management. Manager will provide necessary treasury management services for SAC including the arrangement and administration of financings (subject to SAC Board approval) and bank transactions and cash management services including receipt of and responsibility for all income realized by SAC and disbursement of funds for satisfaction of the debts, obligations and expenses of SAC and for distributions of patronage dividends as determined by the SAC Board.

(3) Accounting. Manager will maintain accounting systems and records for SAC which shall be sufficiently separate from Manager's other accounts for the SAC Board to have full access to its accounts without raising questions about the confidentiality of Manager's files. Manager shall provide the following functions or prepare the following reports:

(i) Accounts receivable, credit and collections including credit approval, billing, collection and cash application, as necessary.

(ii) Accounts payable functions including check writing and accounting for paid expense and capital items.

(iii) General accounting functions including maintenance of general ledger and monthly financial reporting to the SAC Board.

(iv) Fixed asset record maintenance and accounting.

(v) Annual budgets.

(vi) Monthly reports to the SAC Board (i) comparing actual operating and capital expenditures to those budgeted and set forth in the Annual Business Plan, (ii) detailing significant management actions taken by Manager, and (iii) such other matters as the SAC Board may request.

(4) Taxes. Manager shall handle the federal, state and local tax reporting and filing as well as the implementation of tax planning strategies relating to federal, state and local taxes and user fees. Manager will also handle any required tax audits and maintain all Department of Transportation files and furnish copies of federal income tax returns to the SAC Executive Committee prior to the filing of such returns.

(5) Internal Policy Audit. Manager will provide internal auditing services for monitoring compliance with SAC policies and procedures as Manager deems necessary.

(c) Operations. The major operational responsibilities of Manager shall be in the areas of Manufacturing and Purchasing; Human Resources; Fleet, Transportation and Facility Administration; Environmental Services; Data Processing and Risk Management as follows:

(1) Manufacturing and Purchasing. Manager will oversee the manufacturing of products which meet franchise company specifications and will deliver all products within reasonable age standards as established by the SAC Board. The initial product age and quality standards to be met by Manager are described in **Exhibit A** hereto. Manager will select and negotiate with vendors and purchase or, if in the best interest of SAC, lease on SAC's behalf all capital equipment from such vendors. If Manager selects itself as a vendor or lessor to SAC under this paragraph (or handles procurement through an entity in which Manager or its parent or subsidiaries or affiliates, own an equity interest), this arrangement must be disclosed to and approved by the SAC Board. Manager will, on behalf of SAC, procure all raw materials, supplies, utilities and services which are required for or incidental to, the operations of the SAC Business and may do so through such procurement channels and entities as it deems advisable. Manager will use its best efforts to make such procurement on a basis similar to that which is available to Manager; provided, however, that both Manager and SAC hereby acknowledge that differences may arise with respect to procurement channels, prices of concentrates and syrup or as a result of different specifications, sources of supply and freight costs.

(2) Human Resources.

(i) Manager shall have responsibility for supervising employees of SAC ("**SAC Employees**") and any employees of Manager (or of Manager's subsidiaries or affiliates performing services hereunder) providing services for SAC ("**Manager Employees**") under this Agreement. All such management and supervision by Manager for personnel at the Facility shall be within the parameters established in the Annual Business Plan. Manager shall provide overall pay and benefit administration for SAC Employees (if any) and Manager Employees in accordance with the Annual Business Plan. Any necessary labor contract negotiations will be performed by Manager, and Manager will handle the administration of any labor contract (including grievance procedures and arbitration) and any labor relations disputes or other labor matters, and the SAC Board will be advised thereof. Manager will have the authority and responsibility to enter into, amend or terminate any personnel agreements and consulting and agency agreements relating to SAC; provided, however, that the SAC Board shall determine who shall perform professional accounting and legal services for SAC and set the terms for their employment. To the extent permitted by the Annual Business Plan or otherwise approved by the SAC Board, Manager may supplement SAC with additional Manager Employees. For such purpose, Manager may utilize its employees or employees of a wholly owned subsidiary or affiliate of Manager which have adequate training and experience to perform their duties competently and in a businesslike manner. Manager shall have the authority to select, retain and dismiss all personnel performing services for SAC, whether they be SAC Employees or Manager Employees. Manager shall also have the right to substitute personnel for a Manager Employee whenever Manager deems such substitution appropriate. Each Manager Employee and SAC Employee shall be subject to all of Manager's applicable personnel policies and practices (unless otherwise restricted by union contracts), and SAC shall not have the right to subject any Manager Employees or SAC Employees to any additional employment policies or practices or other work related rules or regulations (except rules and regulations reasonably related to the health and safety of such personnel or required under applicable law) absent Manager's express consent to such action which shall not be unreasonably withheld. Manager shall provide substantially the same job-related education and training to Manager Employees and SAC Employees as Manager provides to its other personnel who perform the same or related tasks, and SAC shall reimburse Manager for the cost of the job related education and training provided by third parties to SAC Employees and On Site Employees of Manager (as hereinafter defined). Manager shall compensate Manager Employees in accordance with Manager's standard compensation policies and practices for personnel who perform the same or related tasks, subject to regional pay differences. Manager Employees shall be provided with personnel benefits no more favorable as a whole than those provided to Manager's other personnel performing the same or related tasks in addition to workers' compensation, unemployment compensation and all other benefits required to be provided for its personnel under applicable law. Manager will adopt and enforce Manager's Code of Business Conduct at the Facility.

(ii) In the event this Agreement is terminated or expires (without extension), all Manager Employees employed at the Facility at such time shall have the opportunity to be considered for employment by SAC as SAC Employees. SAC shall be entitled to approach all such persons and discuss future employment with SAC, and Manager shall not attempt to retain or continue such persons in its employment until they have first rejected an offer of employment with SAC or otherwise been informed by SAC that they will not be offered employment.

(3) Fleet, Transportation and Facility Administration. Manager will provide overall administration of fleet activities including assessment of required fleet expansion or replacement, acquisition of required equipment and direction of preventative maintenance programs in accordance with the Annual Business Plan. Manager will be responsible for the administration of all transportation activities including the receipt of raw materials by or on behalf of SAC and the delivery of full goods to SAC members. Manager will also provide for the administration of all facility activities including preventive and corrective maintenance and expansion.

(4) <u>Environmental Services</u>. Manager shall provide environmental management services sufficient to determine whether SAC operations at the Facility are in compliance with the requirements of applicable environmental laws, regulations, statutes, ordinances and permit conditions ("**Environmental Laws**"). Any known or suspected exceptions to environmental compliance requirements shall be reported immediately to the SAC Executive Committee, along with a recommendation for a compliance plan.

(5) <u>Data Processing</u>. Manager shall utilize its computer systems to provide computer services required to carry out its responsibilities under this Agreement.

(6) <u>Risk Management</u>. Manager shall contract for the purchase of insurance policies on behalf of SAC at coverage levels and from carriers as determined, from time to time, by the SAC Board, based on recommendations from Manager. Such policies shall name Manager as a named insured or as an additional insured, based upon the particulars of the insurance policy and shall require that Manager be notified at least thirty (30) days prior to any modification or cancellation of any policy. The initial policies and coverage are listed on **<u>Exhibit G</u>** hereto. SAC agrees that it will cause its officers to execute all documents and certificates necessary to implement those policies and coverages and will take any and all actions required to keep the same in full force and effect throughout the Term (amended, from time to time).

3.02 Manager's Personnel. All Manager Employees providing services hereunder shall be exclusively employed by Manager or its subsidiaries or affiliates, and Manager shall have the sole right to determine their conditions of service, working hours, personnel and vacation policies, seniority, promotions and assignments. Manager shall have the exclusive right to retain and remove any such personnel and shall comply with all the laws applicable to such personnel. Subject to the provisions of Section 6 below, Manager shall be solely responsible for the compensation of the personnel and for arranging all withholding taxes, Federal Insurance Contributions Act ("**FICA**") and Federal Unemployment Tax Act ("**FUTA**") taxes, unemployment, insurance, workmen's compensation and any other insurance and fringe benefits with respect to such personnel.

3.03 Accounts, Books and Records.

(1) Manager shall maintain separate accounts, books, and records for SAC with respect to services under Sections 3 and 4 of this Agreement, and these accounts, books and records shall be the property of SAC. Manager shall be responsible for maintaining SAC's accounts, books and records in good order and shall maintain them in a way that is sufficiently separate from Manager's own records so that SAC may have access to such documents during regular business hours upon request without raising an issue of confidentiality with respect to Manager's proprietary information. In the event this Agreement is terminated for any reason or expires, Manager, shall return all of SAC's accounts, books and records in its possession to SAC as provided in Section 8.05.

(2) Manager shall make such of Manager's books and records that relate to the SAC Business, including the pricing of raw materials to the extent such information relates to the SAC Business, available to independent auditors selected by the SAC Board, or such other person or persons who are mutually acceptable to the parties, as is necessary to audit the Management Fee and Expenses charged to SAC and Manager's compliance with its obligations under this Agreement. Such auditors or person(s) shall be bound by a confidentiality agreement not to disclose such information to persons outside SAC or its professional advisors. SAC shall bear the costs of any independent accounting firm engaged by it for the purpose of performing the review described in this paragraph.

3.04 Attendance at Meetings of SAC Board and SAC Executive Committee.

(1) Manager will attend all regularly scheduled meetings of the SAC Board and all special meetings of the SAC Board at which its attendance is requested as long as Manager has been given reasonable notice of the time and place of the special meeting. At regularly scheduled meetings of the SAC Board, Manager will present a detailed report on operations, including any deviations from the Annual Business Plan, and Manager shall advise the SAC Board of deviations from the Annual Business Plan which it reasonably anticipates in the future. Manager shall also provide a report on any other actions taken in response to unanticipated events or circumstances. At special meetings of the SAC Board, Manager shall provide such information with respect to the management of SAC as may be reasonably requested by the SAC Board.

(2) It is anticipated that the SAC Executive Committee will meet from time to time, as required. If requested by the SAC Executive Committee, Manager shall attend meetings of the SAC Executive Committee and provide a verbal report on operations and such other information as may be requested by the SAC Executive Committee.

Section 4. Additional Services Provided by Manager.

Manager shall also perform other management functions relating to the SAC Business as may be requested from time to time by the SAC Board and agreed to by Manager, provided that the parties can agree upon a price for such services. If additional services are requested under this Section, Manager agrees to offer SAC a price or fees (excluding applicable taxes and transportation costs, which shall be charged to SAC at cost) for such services which is no less favorable than those charged by Manager to other entities of a similar size and location; provided, however, that under no circumstances shall Manager charge SAC an amount which is less than Manager's actual cost. If SAC and Manager cannot agree on a price for additional services under this Section, SAC shall be free to obtain such services from others.

Section 5. Board Functions. In addition to SAC Board's general responsibilities of directing the business and affairs of the organization and approving the Annual Business Plan, the responsibilities of the SAC Board will include, but not be limited to, supervising the performance of SAC in accordance with the Annual Business Plan, establishing capital requirements for its members, reviewing and approving long-term business plans, approving major financial undertakings, and supervising the performance of Manager under this

Agreement. It will be the SAC Board's responsibility to assure that all costs are fairly allocated (as determined by the Board) to the various products produced at SAC. Product pricing and rebates will be at the discretion of the SAC Board.

Section 6. SAC Payments.

6.01 Management Fee. In consideration for the services to be provided by Manager pursuant to this Agreement, SAC shall pay to Manager a management services fee equal to $.2327 per physical case of bottles and cans, and $.2327 per unit of post mix bag-in-a-box as described in **Exhibit B** hereto (each such case or unit quantity of bottles, cans, or post-mix as described in **Exhibit B** being herein referred to for purposes hereof as "**Physical Case/Unit**") manufactured by SAC from and after the Effective Date (the "**Management Fee**"). No Management Fee shall be paid on shipments of bulk syrup. Subject to the provisions of Section 8.02, the Management Fee shall be increased effective as of the beginning of each fiscal year hereunder in accordance with the increase in the urban Wage Earners and Clerical Workers- South-ALL Items consumer price index published by the U.S. Department of Labor ("**CPI**") for the most recent twelve (12) month period for which statistics are available on January 1 of each year; provided, however that the Management Fee shall not exceed 30c per Physical Case/Unit during the Term of this Agreement.

6.02 Reimbursable Expenses. With respect to payments made by Manager from Manager's separate funds, SAC shall reimburse Manager for personnel costs incurred at the Facility and other charges for specific materials or service at the Facility as well as third party fees as long as such costs and charges are within the ranges established in the Annual Business Plan, or otherwise approved, by the SAC Board ("**Reimbursable Expenses**")

(a) No Reimbursable Expense other than those described in the Annual Business Plan shall be payable by SAC unless such expense is (1) less than $25,000, or (2) otherwise approved by the SAC Board or Executive Committee; provided, however, that the parties hereto recognize that ordinary operating expenses of the SAC Business paid by Manager on SAC's behalf that exceed amounts budgeted in the Annual Business Plan as a result of an increase in the sales volume shall be reimbursable to the extent such amounts are reasonably incurred.

(b) Manager shall be responsible for administrative costs it incurs to provide managerial services under this Agreement to the extent such services are not performed at the Facility. All functions that are currently being performed by Manager's personnel based at Manager's Corporate Offices will not be considered to be performed at the Facility and will be covered by the Management Fee. These functions are listed in **Exhibit D**. Manager may not shift functions or personnel to the Facility without approval of the SAC Board. Reimbursable Expenses will be included in the Annual Business Plan and are subject to audit at least annually at the request of SAC as provided in Section 3.03 hereof.

(c) The following expenses are examples of direct expenses of SAC to be paid by SAC as provided in the Annual Business Plan or otherwise approved by the Board of Directors. In the event Manager pays direct expenses of this type on SAC's behalf, such expenses shall be Reimbursable Expenses to Manager, if the expenses are within the Annual Business Plan or are approved by the SAC Board or SAC Executive Committee:

(1) Entity and On Site Expenses. SAC will incur direct expenses related to its form of entity or the SAC Business in the form of fees or taxes to third parties such as federal, state and local governments. In addition, SAC (or Manager on behalf of SAC) will incur certain expenses directly related to the routine operation of the Facility including the cost of On Site Employees of SAC or Manager. "**On Site Employees**" shall include all direct and indirect labor as well as management and administrative personnel based at the Facility whether such personnel are Manager Employees or SAC Employees. Examples of such expenses are set forth on **Exhibit C**.

(2) Miscellaneous Expense. Other reasonable and necessary expenses directly related to SAC's business operations or administration thereof which are set forth on **Exhibit E**.

6.03 Payments and Reimbursement.

(a) Management Fee Payments. Subject to the provisions of Section 8.01 hereof, the Management Fee, as determined from the Annual Business Plan shall be paid to Manager in a timely manner.

(b) Reimbursement of Expenses. SAC shall reimburse the Manager for all Reimbursable Expenses promptly. The Manager will provide SAC monthly with a detailed invoice for all expenses reimbursable under this Section 6.03(b). All such invoices shall be due and payable upon receipt thereof.

(c) SAC Bank Account/Check Signing Authority.

(1) The Manager will administer a separate bank account on behalf of SAC ("**SAC Bank Account**") into which sales revenue and all other monies of SAC shall be deposited and from which expenses and fees of and distributions from SAC shall be paid. The Manager shall be responsible for maintaining and administering the SAC Bank Account in accordance with this Agreement. With the consent of the SAC Board, Manager may change the financial institution in which the SAC Back Account is held or the branch location of the account.

(2) Within limitations established by the SAC Board, the Manager shall be authorized to sign all checks and drafts and execute all wire transfers for disbursements in satisfaction of all debts, obligations and expenses of SAC and the countersignature of another person shall not be required.

6.04 Management Fee Distinguished from Distributions. All fees and other payments paid by SAC to Manager under this Section 6 shall be treated as expenses of SAC and not part of a patronage distribution paid to Manager by SAC.

Section 7. Obligations of SAC.

7.01 Duties of SAC. To facilitate the performance of manager's services, SAC agrees to provide the following:

(a) to the extent approved by the SAC Board in the Annual Business Plan, provide or cause to be provided at no charge to Manager sufficient secure building space, furniture, facilities and office equipment to enable Manager's on site personnel to carry out their obligations under this Agreement;

(b) assist Manager in obtaining, or cause to be obtained, any permits, applications, authorizations or forms required by or from the federal, state or local governments for the specific services areas;

(c) afford Manager's personnel unlimited and unrestricted access to all areas of the Facility;

(d) cooperate with Manager and direct all SAC personnel (if any) to extend maximum cooperation to Manager in accordance with this Agreement;

(e) use its best efforts to support Manager's requests to SAC members for their estimates of annual volume requirements by brand and package for planning purposes each year and for use in preparing annual budgets;

(f) use its best efforts to support Manager's request to SAC members to provide product orders to Manager in a manner and within time parameters reasonably requested by Manager; and

(g) if approved by the SAC Board, maintain a revolving line of credit or other financing sufficient in the reasonable judgment of SAC to satisfy SAC's working capital needs.

In addition, SAC agrees that it will cause the SAC Board or its designee to consider approval of any capital expenditure requiring approval, not otherwise set forth in the Annual Business Plan, no later than fifteen (15) Business Days after receipt of written request for approval from Manager.

Section 8. Term

8.01 Effective Date. This Agreement shall become effective on June 30, 2014 (the " **Effective Date**"), the Extended Agreement having expired by its terms.

8.02 Duration. Unless terminated pursuant to Section 8.03 below, this Agreement shall continue in full force and effect for a term of ten (10) years following the Effective Date (the "**Term**"). The parties anticipate that they will negotiate an extension of this Agreement during the tenth (10th) year of the Term but acknowledge that neither party shall be bound by the provisions of this Agreement beyond the Term.

8.03 Early Termination. This Agreement shall terminate early as follows:

(a) Breach by Manager.

(1) If at any time Manager shall default in the performance of any of its obligations under this Agreement or otherwise fails to comply in all material respects with policies and directives of the SAC Board, and such default or breach shall continue for a period of ninety (90) days after SAC has given notice to Manager specifying such default or breach and requiring it to be remedied, then SAC shall have the right to terminate this Agreement, provided that SAC has determined in its reasonable business judgment that an alternative manager could have met the performance requirements during the period of manager's noncompliance, and further provided that the SAC Board requires similar performance requirements of the management its selects to replace Manager.

(2) During the Term, Manager (or its parent or its subsidiaries or affiliates) will maintain membership in SAC and a purchase agreement relationship with SAC for volume levels outlined on **Exhibit F**. If such membership is discontinued or such membership requirements in SAC are not met, SAC may terminate this Agreement. If such purchase requirements for any year are not met (or if it would be clear to a reasonable business person that the same cannot or will not be met for a particular year), SAC may terminate this Agreement.

(3) If the Agreement is terminated under Section 8.03(a), Manager agrees to continue to provide services pursuant to the terms described herein for a reasonable transition period following termination by SAC, if SAC so requests.

(b) Breach by SAC. If at any time SAC shall default in the performance of any of its material obligations under this Agreement and such default or breach shall continue for a period of ninety (90) days after Manager has given notice to SAC specifying such default or breach and requiring it to be remedied, then Manager shall have the right to terminate this Agreement. If the Agreement is terminated under this paragraph, Manager agrees to continue to provide services pursuant to the terms described herein for a reasonable transition period following termination by Manager, if SAC so requests.

(c) Bankruptcy Decree. If a decree or order of a court having jurisdiction has been entered adjudicating a party bankrupt, insolvent, or approving a petition seeking reorganization of such party under any bankruptcy act or any similar applicable law, and such decree or order has continued undischarged or unstayed for a period of sixty (60) days; or a decree or order of court having jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of such party or all or substantially all of its property, or for the winding up or liquidation of its affiliates, has been entered, and such decree or order has remained in force undischarged or unstayed for a period of sixty (60) days, then the other party shall have the right to terminate this Agreement by giving the first mentioned party notice to that effect within thirty (30) days after the expiration of such sixty-day period.

(d) Institution of Bankruptcy Proceedings. If a party institutes proceedings to be adjudicated voluntarily bankrupt or consents to the filing of bankruptcy proceedings against it, or files a petition for answer or consent seeking reorganization under any bankruptcy act or similar law or consents to the filing of any petition or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it, or all or substantially all of its property, or makes a general assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due, then the other party shall have the right to terminate this Agreement by giving the first mentioned party notice to that effect within thirty (30) days after the occurrence of such event.

8.04 Effect of Termination. Upon the termination of this Agreement, this Agreement shall be of no further force and effect, except that the provisions Section 8, 9, 10, and 11 shall continue in full force and effect indefinitely. Upon the termination of this Agreement, SAC shall immediately pay Manager the balance of the Management Fee accrued hereunder to the date of termination and all reimbursable expenses payable to Manager hereunder. Upon termination or expiration of this Agreement, Manager, shall immediately return to SAC all of SAC's accounts, books and records in Manager's possession as well as any other property belonging to SAC, and Manager shall remove all Manager Employees from the Facility and leave the Facility in good order, unless Manager has been requested by SAC to continue to provide services during a reasonable transition period under Sections 8.03(a) or 8.03(b) of this Agreement, in which case Manager shall return SAC's property and leave the premises in good order at the, end of the transition period.

Section 9. Confidentiality.

9.01 Confidential Information. The parties acknowledge that each of them may be required to disclose Confidential Information to government agencies or authorities by law, upon the advice of counsel, and each shall endeavor to limit disclosure to that purpose. Each Party will give the other prior written notice of any disclosure pursuant to this paragraph, which notice shall specify the substance of any such disclosure.

9.02 Identification. Each party hereto will take appropriate steps to enable the other party hereto to identify the information that should be protected as Confidential Information. Accordingly, each party shall legend or otherwise designate as proprietary any material furnished to the other party which it believes to be Confidential Information. In addition, any Confidential Information that is imparted orally shall be identified as proprietary. Information that is not so identified shall not be considered Confidential Information. Also, information that is generally known or that has been disclosed to a third party by the party claiming confidentiality shall not be considered Confidential Information for purposes of this Agreement.

9.03 Acknowledgment of Confidential Information. Each party recognizes and acknowledges (a) that Confidential Information of the other party may be commercially valuable proprietary products of such party, the design and development of which may have involved the expenditure of substantial amounts of money and the use of skilled development experts over a long period of time and which afford such party a commercial advantage over its competitors; (b) that the loss of this competitive advantage due to unauthorized disclosure or use of Confidential Information of such party may, cause great injury and harm to such party; (c) that the restrictions imposed upon the parties under this Agreement are necessary to protect the secrecy of Confidential Information and to prevent the occurrence of such injury and harm.

9.04 Nondisclosure. Each party who receives Confidential Information hereunder (the " **Receiving Party**") agrees that it will not, without the prior written consent of the party from whom such Confidential Information was obtained (the " **Disclosing Party**"), disclose, divulge or permit any unauthorized person to obtain any Confidential Information disclosed by the Disclosing Party (whether or not such Confidential Information is in written or tangible form) for as long as the pertinent information or data remain Confidential Information. The Receiving Party hereby agrees to indemnify and hold harmless the Disclosing Party from and against any and all damage, loss, liability and expense (including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses) arising from any such unauthorized disclosure by the Receiving Party or its personnel. The Receiving Party agrees that it will use any Confidential Information disclosed by the Disclosing Party hereunder (whether or not such Confidential Information is in written or tangible form) only for purposes of the business of SAC, for as long as the pertinent information or data remain Confidential Information. The Receiving Party hereby agrees to indemnify, defend and hold harmless the Disclosing Party from and against any Loss arising from any such unauthorized disclosure by the Receiving Party or its personnel.

9.05 Security. To protect the Confidential Information of the parties, each party shall adopt basic security measures of the kind commonly observed in industries in the United States of America that rely extensively on proprietary information. Security measures, to the extent appropriate, shall include physical security measures, restrictions on access by unauthorized personnel, use of confidentiality agreements with personnel, legending, systematic segregation, and appropriate record retention systems.

Section 10. Manager's Liability and Indemnification.

10.01 Limitation on Liability. Manager shall not be responsible for any errors in judgment made in good faith in the performance of its duties hereunder; provided, however, that nothing contained herein shall release Manager of any responsibility it may have for claims based on the gross negligence or willful misconduct of Manager.

10.02 Indemnification. To the extent agents of SAC are entitled to indemnification in SAC's Bylaws, SAC shall indemnify and hold Manager and its parent, subsidiaries, affiliates, directors, officers, employees and agents (each an " **Indemnitee**") harmless from any and all liabilities, losses, damages, suits, judgments, fines, demands and expenses ("**Losses**") arising in connection with the SAC Business (a "**Claim**"); provided, however, that any such Losses arising out of Manager's material breach of this Agreement, gross negligence, fraud or willful misconduct shall be the responsibility of Manager and Manager shall be liable to and indemnify SAC from and against any Losses incurred by SAC as a result thereof.

10.03 Indemnity Procedure for Third Party Claims. The obligations and liabilities of SAC to indemnify an Indemnitee or Manager to indemnify SAC, as applicable, for third party claims (including those by Manager Employees) under this section 10 shall be subject to the following terms and conditions:

(a) The person or entity (i.e., SAC, Manager or Indemnitee) making a claim (" **Claimant**") will give the party from whom indemnity is sought ("**Notified Party**") prompt notice of such Claim. The failure to promptly notify a party of any such Claim shall not relieve the party of its obligation hereunder, unless the failure to so notify such party materially prejudices such party's ability to defend such Claim.

(b) Following notice by the Claimant to the Notified Party of a Claim, the Notified Party shall be entitled at its cost and expense to contest and defend such Claim by all appropriate legal proceedings; provided, however, that notice of the intention so to contest shall be delivered by the Notified Party to the Claimant within thirty (30) days from the date of receipt by the Notified Party of notice from the Claimant of the assertion of such Claim. Any such contest may be conducted in the name and on behalf of the Notified Party or the Claimant, as may be appropriate. Such contest shall be conducted diligently by reputable counsel employed by the Notified Party, but the Notified Party shall keep the Claimant fully informed with respect to such Claim and the contest thereof and the Claimant shall have the right to engage its own counsel at its own expense. If the Claimant joins in any such contest, the Notified Party shall have full authority, in consultation with the Claimant, to determine all action to be taken with respect thereto provided, however, that in no event shall the Notified Party have authority to agree to any relief other than the payment of money damages by the Claimant unless agreed to by the Claimant. Each party shall bear its own expense of such representation. If any Claim is asserted and the Notified Party fails to contest and defend such Claim within a reasonable period of time, the Claimant may take such action in connection therewith as the Claimant deems necessary or desirable, including retention of counsel, and the Claimant shall be entitled to indemnification of the costs incurred in connection with such defense.

(c) If requested by the Notified Party, the Claimant shall cooperate with the Notified Party and its counsel, including permitting reasonable access to books and records, in contesting any Claim which the Notified Party elects to contest or, if appropriate, in making any counterclaim against the person asserting the Claim on behalf of Claimant or Notified Party, or any cross-complaint against any person, and the Notified Party will reimburse the Claimant for reasonable out-of-pocket costs (but not the cost of employee time expended) incurred by the Claimant in so cooperating.

(d) The Claimant agrees to afford the Notified Party and its counsel the opportunity to be present at, and to participate in, conferences with all persons, including governmental authorities, asserting any Claim against the Claimant or conferences with representatives or counsel for such persons. Unless the Notified Party approves in writing the settlement of a Claim, no right to indemnification under Section 9.02 shall be established by such settlement.

10.04 Force Majeure. Delay in performance or non-performance by Manager or SAC shall be excused to the extent such performance is prevented by an Act of God or other event beyond the reasonable control of the nonperforming party.

<u>Section 11</u>. <u>Dispute Resolution</u>.

11.01 Attempts to Resolve. All disputes and differences raised by any party to this Agreement which may arise out of or in connection with or with respect to this Agreement (including but not limited to any rights of indemnification under Section 10 hereof) will be settled as far as possible by means of negotiations between Manager and the SAC Executive Committee. If, any such dispute is not resolved by Manager and the SAC Executive Committee within five (5) business days of commencement of negotiations, then either party may submit the dispute to arbitration in accordance with Section 11.02 of this Agreement for a binding resolution thereof.

11.02 Arbitration. Except as provided in Section 11.05 hereof, any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or validity thereof which cannot be resolved by the parties pursuant to Section 11.01 hereof shall be settled by arbitration in accordance with the Arbitration Rules of the American Arbitration Association in effect on the date of this Agreement (the "**Rules**") as modified in this Article. The arbitration shall be held at a site mutually agreeable to the parties.

There shall be three arbitrators of whom each party shall select one within 15 days following respondent's receipt of claimant's notice of arbitration and statement of claim. The two party-appointed arbitrators shall select a third arbitrator to serve as presiding arbitrator within 15 days of the appointment of the second arbitrator. In the event one party fails to appoint an arbitrator within said 15 day period, then the arbitrator that has been selected by the other party shall select a second arbitrator and such arbitrators shall select a third arbitrator to be the presiding arbitrator.

11.03 Claims and Judgments. Within twenty (20) days of the respondent's receipt of the claimant's notice of arbitration and statement of claim, the respondent shall serve the claimant with its statement of defense and any counterclaims. Within twenty (20) days of claimant's receipt of the respondent's statement of defense and counterclaims, the claimant shall serve its statement of defense to any counterclaims or set-offs asserted by the respondent. The tribunal shall permit and facilitate such prehearing discovery and exchange of documents and information to which the parties in writing agree or which it determines is relevant to the dispute between the parties as is appropriate taking into account the needs of the parties and the desirability of making discovery expeditious and cost-effective. All discovery shall be completed within forty-five (45) days from the date on which the respondent communicates its statement of defense and counterclaims, if any, to the claimant. The hearing shall be held no later than ninety (90) days following the selection of the presiding arbitrator. Any arbitration award shall be rendered in U.S. dollars, with appropriate interest as determined by the tribunal. Judgment on any award shall be entered in any court having jurisdiction thereof.

11.04 Submission to Jurisdiction. For purposes of disputes arising under this Agreement, the parties hereto submit themselves to the jurisdiction of the state and federal courts located in North and South Carolina with respect to the enforcement of any arbitration award. Each of the parties hereby consents to the service of process by registered mail at its address set forth below and agrees that its submission to jurisdiction and its consent to service of process by mail is made for the express benefit of the other party. The arbitration shall be governed by the Federal Arbitration Act, 9. U.S.C. SS 116, 201-208.

11.05 Right to Additional Remedies. Notwithstanding anything to the contrary in this Article, in the event any intellectual property (including Confidential Information) is used in violation of the terms of this Agreement, each party shall be entitled, in addition to the remedy of arbitration set forth herein, to apply immediately to any court of competent jurisdiction for immediate injunctive relief. Each party hereby submits itself to the jurisdiction of the state and federal courts located in North and South Carolina for any such relief or for the enforcement of any arbitration award against such party.

Section 12. Press Release.

The parties hereto shall attempt to consult with each other, when possible, before issuing any press release or otherwise making any public statements with respect to this Agreement and the transactions contemplated hereby and shall not issue any such press release or make any public statement prior to such consultation, except as may be required by law.

Section 13. Independent Status of Parties.

Except as specifically provided herein, nothing contained in this Agreement shall be construed to constitute a party as agent for the other party. Except as specifically provided herein, neither party shall have the right to bind the other party, transact any business in the other party's name or on its behalf in any manner or form, or to make any promises or representations on behalf of the other party.

Section 14. Assignment.

Neither SAC nor Manager shall assign or transfer any right or obligation hereunder whether by operation of law, merger (which, for purposes hereof, shall constitute an assignment) or otherwise without the prior written consent of the other. Any such attempted assignment or transfer in violation of this Section 14 shall be void and without legal effect. Notwithstanding the foregoing, Manager may assign all or any of its rights and obligations hereunder to any wholly owned subsidiary (direct or indirect) of Coca-Cola Bottling Co. Consolidated; provided, however, that (a) Manager shall give SAC written notice of such assignment, (ii) any such assignee shall execute an agreement assuming such duties and obligations and deliver the same to SAC, and (iii) Manager shall deliver to SAC a written unconditional guaranty of the performance of the duties and obligations so assigned and assumed and (b) such rights and obligations shall revert back to Manager at such time as the assignee ceases to be a wholly owned subsidiary of Coca-Cola Bottling Co. Consolidated. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon, the successors and assigns of the parties hereto.

Section 15. Governing Law.

This agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, regardless of any conflicts of laws or rules which would require, the application of the laws of another jurisdiction.

Section 16. Miscellaneous.

16.01 Notices. Any notice, request, instruction or other document to be given hereunder by any party hereto to any other Person shall be in writing and delivered personally or by mail or any express mail service to the addresses set forth below.

(a) If to Manager:

CCBCC Operations, LLC
4115 Coca-Cola Plaza
Charlotte, NC 28211
Attention: Chief Financial Officer
Telecopy Number: (704) 557-4455

With a copy to:

Moore & Van Allen, PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202
Attention: Hal A. Levinson
Telecopy Number: (704) 378-2050

(b) If to SAC:

South Atlantic Canners, Inc.
601 Cousar Street
Bishopville, South Carolina 29010
Attention: Chairman, Board of Directors
Telecopy Number: (803) 484-5841

16.02 Nonwaiver of Default. Any failure by either party at any time or from time to time to enforce and require the strict keeping and performance of any of the terms and conditions of this Agreement shall not constitute a waiver of any such terms and conditions at any future time and shall not permit such party from insisting on the strict keeping and performance of such terms and conditions at any later time.

16.03 Interpretation. Should the provisions of this Agreement require judicial or arbitral interpretation, it is agreed that the judicial or arbitral body interpreting or construing the same shall not apply the assumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party which itself or through its agents prepared the same, it being agreed that the agents of both parties have participated in the preparation herein equally.

16.04 Partial Invalidity. If any portion of this Agreement is held invalid, illegal or unenforceable and such invalidity, illegality, or unenforceability shall not have a material adverse effect with respect to the transactions contemplated herein taken as a whole, such determination shall not impair the enforceability of the remaining terms and provisions contained herein. In such event, this Agreement shall be construed and interpreted as if such invalid, illegal or unenforceable terms were limited to the extent whereby such terms would be valid, legal and enforceable. If such limitation is not possible, this Agreement shall be construed and interpreted as if such invalid, illegal or unenforceable terms were severed and not included herein.

16.05 Amendment or Rescission. This Agreement shall not be modified or rescinded except by a written instrument setting forth such modification or rescission and signed by the parties hereto.

16.06 Duplicate Originals. For the convenience of the parties hereto, this Agreement may be executed in two counterparts, and each such counterpart shall be deemed to be an original instrument and together constitute one and the same Agreement.

16.07 Captions. The captions or headings of the Sections and other subdivisions hereof are inserted only as a matter of convenience or for reference and shall have no effect on the meaning of the provisions hereof.

16.08 Entirety of Agreement. This Agreement constitute the entire agreement between the parties hereto with respect to the, subject matter hereof, and there are no agreements, understandings, covenants, conditions or undertaking, oral or written, expressed or implied, concerning such subject matter that are not merged herein.

16.09 Plurals, Etc. As used herein or in any document which incorporates the terms hereof:

(a) the plural form of the noun shall include the singular and the singular shall include the plural, unless the context requires otherwise;

(b) each of the masculine, neuter and feminine forms of any pronoun shall include all forms unless the context otherwise requires; and

(c) words of inclusion shall not be construed as terms of limitation, so that references to included matters shall be regarded as non-exclusive, non-characterizing illustrations.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its duly authorized representative as the date first written above.

MANAGER;

CCBCC Operations, LLC

By: /s/ Henry W. Flint

Its: President

SAC:

South Atlantic Canners, Inc.

By: /s/ Charles R. Ingram

Its: Chairman of the Board

EXHIBIT A

Product Age and Quality Standards

All product provided to members of SAC shall meet quality standards established by The Coca-Cola Company or other franchise company for which products are produced.

Unless otherwise provided by the SAC Board, the following products shall not be shipped later than the time periods shown below:

Sugar products in cans or glass	63 days
Diet product in cans or glass	35 days
Two or three liter product (whether diet or sugar)	35 days
20 oz. PET	28 days

EXHIBIT B

Physical Cases/Units

For purposes of this Agreement, Physical Case/Unit shall consist of the following:

Type of Product	Description of Physical Case/Unit
12 oz. Std. can	18/20/24 can case
16 oz. PET bottle	24 bottle case
10.1 oz. PET bottle	12 bottle case
.5 liter PET bottle	24 bottle case
20 oz. PET bottle	24 bottle case
1 liter PET bottle	12 bottle case
2 liter PET bottle	8 bottle case

EXHIBIT C

Entity and On Site Expenses

SAC will incur certain specific expenses directly related to the routine operation of the SAC Business at the Facility. These expenses are as follows:

1. Raw, materials, manufacturing, labor and overhead costs at the Facility.
2. Payroll and benefit costs for all SAC Employees and Manager Employees at the Facility.
3. Insurance - Automobile, workers compensation, general liability, product liability, D&O, crime, property, boiler.
4. Utility costs.
5. Security.
6. Telephone.
7. Manufacturing supplies.
8. Building repairs.
9. Employee travel and entertainment, for employees based at the Facility.
10. Postage.
11. Garbage removal.
12. Janitorial maintenance.
13. Direct rent or lease expense.
14. Federal, state and local taxes related to the SAC Business and payable by SAC.
15. Business licenses and entity licenses and fees (i.e., annual report, foreign qualification, franchise fee, etc.) relating to SAC or the SAC Business.
16. Depository bank service charges.
17. Other Direct Expense line items designated as such in the Annual Business Plan which are not specifically stated herein.

EXHIBIT D

Administrative Services Performed by Manager

The following administrative services shall be performed by Manager and included in the Management Fee:

1. General accounting, billing, collections, accounts payable, payroll, maintenance of fixed asset records, tax accounting and return preparation,
2. Negotiation of and administration of all financings purchasing of raw materials, administration of benefit plans, acquisition of insurance policies, monitoring compliance with all relevant EPA and OSHA regulations, internal audit of policy compliance, and
3. Other services now or hereafter provided by Manager at its headquarters at Manager's Corporate Offices for Manager's manufacturing operations.

EXHIBIT E

Miscellaneous Expenses

The following expenses will constitute miscellaneous expenses under this Agreement to the extent included in the Annual Business Plan or otherwise approved by the SAC Board.

1. Legal fees and external accounting/audit and tax consulting fees and other professional fees related directly to the SAC Business.
2. Environmental remediation expenses, environmental manager's out-of-pocket and other environmental personnel services paid by Manager which benefit the SAC Business.
3. Umbrella insurance paid by Manager, if any, which benefits the SAC Business.
4. External training costs for SAC Employees and On Site Employees of Manager.
5. Recruiting expense/placement fees paid to third parties for recruitment of SAC Employees to work at the Facility.
6. All financing costs including fees, interest, documentation costs, etc., which relate to the SAC Business.
7. Relocation expenses paid by Manager, if any, which relate to moving employees to the Facility.
8. Reasonable costs for winding up SAC insurance programs.
9. Reasonable costs for winding up employee benefit plans for SAC Employees at the Facility (active/retired/disabled).
10. Any other expense or cost specifically approved by the SAC Board.

EXHIBIT F

Purchase Agreement Volume Levels

Canned Product	8.0 million cases
Bottled Product	8.0 million cases
Water Product	1.5 million cases

EXHIBIT G

Insurance Policies and Coverage

Coverage	Carrier	Amount of Coverage
		Included in CCBCC's program
General Liability	ACE American Insurance Company	$2,000,000 Occurrence $5,000,000 General Aggregate-Per Location $500,000 Deductible
Automobile Liability	ACE American Insurance Company	$5,000,000 Ea. Accident $1,000,000 Ded.
Workers' Compensation	ACE American Insurance Company	$1,000,000 Bodily Injury by Accident $1,000,000 Deductible
Umbrella	ACE Property and Casualty	$25,000,000 Aggregate xs $5,000,000 Primary $25,000,000 Each Incident xs $5,000,000 Primary
Excess Liability	Great American	$50,000,000 xs $25,000,000 Lead Umbrella
	Fireman's Fund	$25,000,000 xs $75,000,000
	Ohio Casualty	$25,000,000 xs $100,000,000
	American Guarantee/Zurich	$25,000,000 xs $125,000,000
	Navigators Insurance	$25,000,000 xs $150,000,000
	North River Insurance	$25,000,000 xs $175,000,000
	St. Paul Fire & Marine	$25,000,000 xs $200,000,000
	Fireman's Fund	$23,000,000 xs $225,000,000
Property	Zurich	$300,000,000 Flood $25,000,000 High Hazard Zone x $100,000 Deductible
		SAC Specific Program
Travel Accident	Hartford Insurance Company	$100,000,000 Per Person AD&D $500,000 Aggregate
Directors & Officers Liability	Federal Insurance Co. (Chubb)	$5,000,000 Aggregate $50,000 Deductible

Exhibit 12

RATIO OF EARNINGS TO FIXED CHARGES

Coca-Cola Bottling Co. Consolidated
Ratio of Earnings to Fixed Charges
(In Thousands, Except Ratios)

	First Quarter	
	2014	2013
Computation of Earnings:		
Income before income taxes	$ 4,893	$ 8,109
Add:		
Interest expense	6,746	6,893
Amortization of debt premium/discount and expenses	478	487
Interest portion of rent expense	618	520
Earnings as adjusted	$12,735	$16,009
Computation of Fixed Charges:		
Interest expense	$ 6,746	$ 6,893
Capitalized interest	62	54
Amortization of debt premium/discount and expenses	478	487
Interest portion of rent expense	618	520
Fixed charges	$ 7,904	$ 7,954
Ratio of Earnings to Fixed Charges	1.61	2.01

Exhibit 31.1

MANAGEMENT CERTIFICATION

I, J. Frank Harrison, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coca-Cola Bottling Co. Consolidated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. Frank Harrison, III

Date: May 9, 2014

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

Exhibit 31.2

MANAGEMENT CERTIFICATION

I, James E. Harris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coca-Cola Bottling Co. Consolidated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James E. Harris

Date: May 9, 2014

James E. Harris
Senior Vice President, Shared Services
and Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Coca-Cola Bottling Co. Consolidated (the “Company”) on Form 10-Q for the quarter ended March 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and James E. Harris, Senior Vice President Shared Services and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. Frank Harrison, III

J. Frank Harrison, III
Chairman of the Board of Directors and
Chief Executive Officer
May 9, 2014

/s/ James E. Harris

James E. Harris
Senior Vice President, Shared Services and
Chief Financial Officer
May 9, 2014