UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 29, 2019

or

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

For the transition period from ___________ to ___________

Commission File Number: 0-9286

COCA-COLA CONSOLIDATED, INC.

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**56-0950585** **(I.R.S. Employer Identification No.)**
4100 Coca-Cola Plaza **Charlotte, NC** **(Address of principal executive offices)**	**28211** **(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $1.00 Par Value	**COKE**	**The NASDAQ Global Select Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

	Market Value as of June 28, 2019
Common Stock, $l.00 Par Value	$1,394,350,587
Class B Common Stock, $l.00 Par Value	*

*No market exists for the Class B Common Stock, which is neither registered under Section 12 of the Act nor subject to Section 15(d) of the Act. The Class B Common Stock is convertible into Common Stock on a share-for-share basis at the option of the holder.

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

Class	Outstanding as of January 26, 2020
Common Stock, $1.00 Par Value	7,141,447
Class B Common Stock, $1.00 Par Value	2,232,242

Documents Incorporated by Reference

Portions of the registrant's definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the registrant's 2020 Annual Meeting of Stockholders are incorporated by reference in Part III.

COCA-COLA CONSOLIDATED, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 29, 2019

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PART I

Item 1. Business.

Introduction

Coca-Cola Consolidated, Inc., a Delaware corporation (together with its majority-owned subsidiaries, the “Company,” “we,” “our” or “us”), distributes, markets and manufactures nonalcoholic beverages in territories spanning 14 states and the District of Columbia. The Company was incorporated in 1980 and, together with its predecessors, has been in the nonalcoholic beverage manufacturing and distribution business since 1902. We are the largest Coca-Cola bottler in the United States. Approximately 85% of our total bottle/can sales volume to retail customers consists of products of The Coca-Cola Company, which include some of the most recognized and popular beverage brands in the world. We also distribute products for several other beverage companies, including BA Sports Nutrition, LLC (“BodyArmor”), Keurig Dr Pepper Inc. (“Dr Pepper”) and Monster Energy Company (“Monster Energy”). Our purpose is to honor God, to serve others, to pursue excellence and to grow profitably.

Ownership

J. Frank Harrison, III, the Chairman of the Board of Directors and Chief Executive Officer of the Company, together with the trustees of certain trusts established for the benefit of certain relatives of the late J. Frank Harrison, Jr., control shares representing approximately 86% of the total voting power of the Company’s total outstanding Common Stock and Class B Common Stock on a consolidated basis. As of December 29, 2019, The Coca-Cola Company owned approximately 27% of the Company’s total outstanding Common Stock and Class B Common Stock on a consolidated basis, representing approximately 5% of the total voting power of the Company’s Common Stock and Class B Common Stock voting together. As long as The Coca-Cola Company holds the number of shares of Common Stock it currently owns, it has the right to have its designee proposed by the Company for nomination to the Company’s Board of Directors, and J. Frank Harrison, III and the trustees of the J. Frank Harrison, Jr. family trusts described above, have agreed to vote the shares of the Company’s Class B Common Stock which they control in favor of such designee. The Coca-Cola Company does not own any shares of the Company’s Class B Common Stock.

Beverage Products

We offer a range of nonalcoholic beverage products and flavors designed to meet the demands of our consumers, including both sparkling and still beverages. Sparkling beverages are carbonated beverages and the Company’s principal sparkling beverage is Coca-Cola. Still beverages include energy products and noncarbonated beverages such as bottled water, tea, ready to drink coffee, enhanced water, juices and sports drinks.

Our sales are divided into two main categories: (i) bottle/can sales and (ii) other sales. Bottle/can sales include products packaged primarily in plastic bottles and aluminum cans. Other sales include sales to other Coca-Cola bottlers, “post-mix” products, transportation revenue and equipment maintenance revenue. Post-mix products are dispensed through equipment that mixes fountain syrups with carbonated or still water, enabling fountain retailers to sell finished products to consumers in cups or glasses.

The following table sets forth some of our principal products, including products of The Coca-Cola Company and products licensed to us by other beverage companies:

Sparkling Beverages		Still Beverages	
The Coca-Cola Company Products:			
Barqs Root Beer	Fanta	Core Power	Honest Tea
Cherry Coke	Fanta Zero	Dasani	Hubert’s Lemonade
Cherry Coke Zero	Fresca	Dasani Flavors	Minute Maid Juices To Go
Coca-Cola	Mello Yello	Dasani Sparkling	Peace Tea
Coca-Cola Life	Mello Yello Zero	FUZE	POWERade
Coca-Cola Orange Vanilla	Minute Maid Sparkling	glacéau smartwater	POWERade Zero
Coca-Cola Vanilla	Pibb Xtra	glacéau vitaminwater	Tum-E Yummies
Coca-Cola Zero Sugar	Seagrams Ginger Ale	Gold Peak Tea	Yup Milk
Diet Barqs Root Beer	Sprite	Hi-C	ZICO
Diet Coke	Sprite Zero		
Products Licensed to Us by Other Beverage Companies:			
Diet Dr Pepper		BodyArmor products	Monster Energy products
Dr Pepper		Dunkin’ Donuts Iced Coffee	NOS®
Sundrop		Full Throttle	Reign products

System Transformation

In October 2017, we completed a multi-year series of transactions with The Coca-Cola Company, Coca-Cola Refreshments USA, Inc. ("CCR"), a wholly owned subsidiary of The Coca-Cola Company, and Coca-Cola Bottling Company United, Inc., an independent bottler that is unrelated to us, to significantly expand our distribution and manufacturing operations (the "System Transformation"). The System Transformation included the acquisition and exchange of rights to serve distribution territories and related distribution assets, as well as the acquisition and exchange of regional manufacturing facilities and related manufacturing assets. Final post-closing adjustments in accordance with the terms and conditions of the applicable asset purchase agreement or asset exchange agreement were completed by 2018 for all System Transformation transactions.

Following the completion of the System Transformation, we are party to several key agreements that (i) provide us with rights to distribute, market and manufacture beverage products and (ii) coordinate our role in the North American Coca-Cola system. The following sections summarize certain of these key agreements.

Beverage Distribution and Manufacturing Agreements

We have rights to distribute, promote, market and sell certain nonalcoholic beverages of The Coca-Cola Company pursuant to a comprehensive beverage agreement with The Coca-Cola Company and CCR entered into on March 31, 2017 (as amended, the "CBA"). Pursuant to the CBA, the Company is required to make quarterly sub-bottling payments to CCR on a continuing basis in exchange for the grant of exclusive rights to distribute, promote, market and sell the authorized brands of The Coca-Cola Company and related products in distribution territories the Company acquired from CCR as part of the System Transformation, but excluding territories the Company acquired in an exchange transaction. In addition to customary termination and default rights, the CBA requires us to make ongoing capital expenditures in our distribution business and to meet certain minimum volume requirements, gives The Coca-Cola Company certain approval and other rights in connection with a sale of the Company or of the distribution business of the Company and prohibits us from producing, manufacturing, preparing, packaging, distributing, selling, dealing in or otherwise using or handling any beverages, beverage components or other beverage products other than the products of The Coca-Cola Company and expressly permitted cross-licensed brands without the consent of The Coca-Cola Company.

We also have rights to manufacture, produce and package certain beverages and beverage products bearing trademarks of The Coca-Cola Company at our manufacturing plants pursuant to a regional manufacturing agreement with The Coca-Cola Company entered into on March 31, 2017 (as amended, the "RMA"). These beverages may be distributed by us for our own account in accordance with the CBA or may be sold by us to certain other U.S. Coca-Cola bottlers and to the Coca-Cola North America division of The Coca-Cola Company ("CCNA") in accordance with the RMA. Pursuant to the RMA, the prices, or certain elements of the formulas used to determine the prices, that the Company charges for these sales to CCNA or other U.S. Coca-Cola bottlers are unilaterally established by CCNA from time to time. The RMA contains provisions restricting the sale of the Company or the manufacturing business of the Company, requiring minimum capital expenditures in our manufacturing business, limiting our ability to manufacture products other than the products of The Coca-Cola Company and expressly permitted cross-licensed brands without the consent of The Coca-Cola Company and allowing for the termination of the RMA which are similar to those contained in the CBA.

These agreements are the principal agreements we have with The Coca-Cola Company and its affiliates following completion of the System Transformation. In addition to our agreements with The Coca-Cola Company and CCR, we also have rights to manufacture and/or distribute certain beverage brands owned by other beverage companies, including Dr Pepper and Monster Energy, pursuant to agreements with such other beverage companies. Our distribution agreements with Dr Pepper permit us to distribute Dr Pepper beverage brands, as well as certain post-mix products of Dr Pepper. Certain of our agreements with Dr Pepper also authorize us to manufacture certain Dr Pepper beverage brands. Our distribution agreement with Monster Energy grants us the rights to distribute certain products offered, packaged and/or marketed by Monster Energy. Similar to the CBA, these beverage agreements contain restrictions on the use of trademarks, approved bottles, cans and labels and the sale of imitations or substitutes, as well as termination for cause provisions. Sales of beverages under these agreements with other beverage companies represented approximately 15%, 12% and 7% of our bottle/can sales volume to retail customers for 2019, 2018 and 2017, respectively.

Finished Goods Supply Arrangements

We have finished goods supply arrangements with other U.S. Coca-Cola bottlers to buy and sell finished products produced under trademarks owned by The Coca-Cola Company in accordance with the RMA, pursuant to which the prices, or certain elements of the formulas used to determine the prices, for such finished products are unilaterally established by CCNA from time to time. In most instances, the Company's ability to negotiate the prices at which it purchases finished goods bearing trademarks owned by

The Coca-Cola Company from, and the prices at which it sells such finished goods to, other U.S. Coca-Cola bottlers is limited pursuant to these pricing provisions.

Other Agreements Related to the Coca-Cola System

As part of the System Transformation process, we entered into agreements with The Coca-Cola Company, CCR and other Coca-Cola bottlers regarding product supply, information technology services and other aspects of the North American Coca-Cola system, as described below. Many of these agreements involve new system governance structures providing for greater participation and involvement by bottlers, which require increased demands on the Company's management and more collaboration and alignment by the participating bottlers in order to successfully implement Coca-Cola system plans and strategies.

Incidence-Based Pricing Agreement with The Coca-Cola Company

The Company has an incidence-based pricing agreement with The Coca-Cola Company, which establish the prices charged by The Coca-Cola Company to the Company for (i) concentrates of sparkling and certain still beverages produced by the Company and (ii) certain purchased still beverages. Under the incidence-based pricing agreement, the prices charged by The Coca-Cola Company are impacted by a number of factors, including the incidence rate in effect, our pricing and sales of finished products, the channels in which the finished products are sold and package mix and in the case of products sold by The Coca-Cola Company to us in finished form, the cost of goods for certain elements used in such products. The Coca-Cola Company has no rights under the incidence-based pricing agreement to establish the resale prices at which we sell products, but does have the right to establish certain pricing under other agreements, including the RMA.

National Product Supply Governance Agreement

We are a member of a national product supply group (the "NPSG"), comprised of The Coca-Cola Company and certain other Coca-Cola bottlers who are regional producing bottlers in The Coca-Cola Company's national product supply system (collectively with the Company, the "NPSG Members"), pursuant to a national product supply governance agreement executed in 2015 with The Coca-Cola Company and certain other Coca-Cola bottlers (as amended, the "NPSG Governance Agreement"). The stated objectives of the NPSG include, among others, (i) Coca-Cola system strategic infrastructure investment and divestment planning; (ii) network optimization of plant to distribution center sourcing; and (iii) new product/packaging infrastructure planning.

Under the NPSG Governance Agreement, the NPSG Members established certain governance mechanisms, including a governing board (the "NPSG Board") comprised of representatives of certain NPSG Members. The NPSG Board makes and/or oversees and directs certain key decisions regarding the NPSG. Pursuant to the decisions of the NPSG Board made from time to time and subject to the terms and conditions of the NPSG Governance Agreement, each NPSG Member is required to make certain investments in its respective manufacturing assets and to implement Coca-Cola system strategic investment opportunities consistent with the NPSG Governance Agreement. We are also obligated to pay a certain portion of the costs of operating the NPSG.

CONA Services LLC

We are a member of CONA Services LLC ("CONA"), an entity formed with The Coca-Cola Company and certain other Coca-Cola bottlers to provide business process and information technology services to its members. We are party to a master services agreement with CONA, pursuant to which CONA agreed to make available, and we became authorized to use, the Coke One North America system (the "CONA System"), a uniform information technology system developed to promote operational efficiency and uniformity among North American Coca-Cola bottlers. As part of making the CONA System available to us, CONA provides us with certain business process and information technology services, including the planning, development, management and operation of the CONA System in connection with our direct store delivery and manufacture of products. In exchange for our rights to use the CONA System and receive CONA-related services, we are charged service fees by CONA, which we are obligated to pay even if we are not using the CONA System for all or any portion of our distribution and manufacturing operations.

Amended and Restated Ancillary Business Letter

As part of the System Transformation, we entered into an amended and restated ancillary business letter with The Coca-Cola Company on March 31, 2017 (the "Ancillary Business Letter"), pursuant to which we were granted advance waivers to acquire or develop certain lines of business involving the preparation, distribution, sale, dealing in or otherwise using or handling of certain beverage products that would otherwise be prohibited under the CBA or any similar agreement.

Under the Ancillary Business Letter, subject to certain limited exceptions, we were prohibited from acquiring or developing any line of business inside or outside of our territories governed by the CBA or any similar agreement prior to January 1, 2020 without the

consent of The Coca-Cola Company. After January 1, 2020, the consent of The Coca-Cola Company, which consent may not be unreasonably withheld, would be required for us to acquire or develop (i) any grocery, quick service restaurant, or convenience and petroleum store business engaged in the sale of beverages, beverage components and other beverage products not otherwise authorized or permitted by the CBA or (ii) any other line of business for which beverage activities otherwise prohibited under the CBA represent more than a certain threshold of net sales (subject to certain limited exceptions).

Markets Served and Facilities

As of December 29, 2019, we served approximately 66 million consumers within our territories, which comprised five principal markets. Certain information regarding each of these markets follows:

Market	Description	Approximate Population	Manufacturing Plants	Number of Distribution Centers
Carolinas	The majority of North Carolina and South Carolina and portions of southern Virginia, including Boone, Hickory, Mount Airy, Charlotte, Raleigh, Winston-Salem, Greensboro, Fayetteville, Greenville and New Bern, North Carolina, Conway, Marion, Charleston, Columbia, Greenville and Ridgeland, South Carolina and surrounding areas.	15 million	Charlotte, NC	18
Central	A significant portion of northeastern Kentucky, the majority of West Virginia and portions of southern Ohio, southeastern Indiana and southwestern Pennsylvania, including Lexington, Louisville and Pikeville, Kentucky, Beckley, Bluefield, Clarksburg, Elkins, Parkersburg, Craigsville and Charleston, West Virginia, Cincinnati and Portsmouth, Ohio and surrounding areas.	8 million	Cincinnati, OH	13
Mid-Atlantic	The entire state of Maryland, the majority of Virginia and Delaware, the District of Columbia and a portion of south-central Pennsylvania, including Easton, Salisbury, Capitol Heights, Baltimore, Hagerstown and Cumberland, Maryland, Norfolk, Staunton, Alexandria, Roanoke, Richmond, Yorktown and Fredericksburg, Virginia and surrounding areas.	23 million	Baltimore, MD Silver Spring, MD Roanoke, VA Sandston, VA	12
Mid-South	A significant portion of central and southern Arkansas and Tennessee and portions of western Kentucky and northwestern Mississippi, including Little Rock and West Memphis, Arkansas, Cleveland, Cookeville, Johnson City, Knoxville, Memphis and Morristown, Tennessee, Paducah, Kentucky and surrounding areas.	7 million	West Memphis, AR Memphis, TN Nashville, TN	10
Mid-West	A significant portion of Indiana and Ohio and a portion of southeastern Illinois, including Anderson, Bloomington, Evansville, Fort Wayne, Indianapolis, Lafayette and South Bend, Indiana, Akron, Columbus, Dayton, Elyria, Lima, Mansfield, Toledo, Willoughby and Youngstown, Ohio and surrounding areas.	13 million	Indianapolis, IN Portland, IN Twinsburg, OH	18
Total		**66 million**	**12**	**71**

The Company is also a shareholder in South Atlantic Canners, Inc. (“SAC”), a manufacturing cooperative managed by the Company. SAC is located in Bishopville, South Carolina, and the Company utilizes a portion of the production capacity from the Bishopville manufacturing plant.

Raw Materials

In addition to concentrates purchased from The Coca-Cola Company and other beverage companies for use in our beverage manufacturing, we also purchase sweetener, carbon dioxide, plastic bottles, cans, closures and other packaging materials, as well as equipment for the distribution, marketing and production of nonalcoholic beverages.

We purchase all of our plastic bottles from Southeastern Container and Western Container, two manufacturing cooperatives we co-own with several other Coca-Cola bottlers, and all of our aluminum cans from two domestic suppliers.

Along with all other Coca-Cola bottlers in the United States, we are a member of Coca-Cola Bottlers' Sales & Services Company, LLC ("CCBSS"), which was formed to provide certain procurement and other services 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 our raw materials, excluding concentrate, and we receive a rebate from CCBSS for the purchase of these raw materials.

We are exposed to price risk on commodities such as aluminum, corn, PET resin (a petroleum- or plant-based product) and fuel, which affects the cost of raw materials used in the production of our finished products. Examples of the raw materials affected include aluminum cans and plastic bottles used for packaging and high fructose corn syrup used as a product ingredient. Further, we are exposed to commodity price risk on oil, which impacts our cost of fuel used in the movement and delivery of our products. We participate in commodity hedging and risk mitigation programs, including programs administered by CCBSS and programs we administer. In addition, there are no limits on the prices The Coca-Cola Company and other beverage companies can charge for concentrate.

Customers and Marketing

The Company's products are sold and distributed through various channels, which include selling directly to retail stores and other outlets such as food markets, institutional accounts and vending machine outlets. All of the Company's beverage sales are to customers in the United States.

The following table summarizes the percentage of the Company's total bottle/can sales volume to its largest customers, as well as the percentage of the Company's total net sales that such volume represents:

	Fiscal Year	
	2019	**2018**
Approximate percent of the Company's total bottle/can sales volume		
Wal-Mart Stores, Inc.	19%	19%
The Kroger Company	12%	11%
Total approximate percent of the Company's total bottle/can sales volume	**31%**	**30%**
Approximate percent of the Company's total net sales		
Wal-Mart Stores, Inc.	13%	14%
The Kroger Company	8%	8%
Total approximate percent of the Company's total net sales	**21%**	**22%**

The loss of Wal-Mart Stores, Inc. or The Kroger Company as a customer could have a material adverse effect on the operating and financial results of the Company. No other customer represented greater than 10% of the Company's total net sales or would impose a material adverse effect on the operating or financial results of the Company should they cease to be a customer of the Company.

New brand and product introductions, packaging changes and sales promotions are the primary sales and marketing practices in the nonalcoholic beverage industry and have required, and are expected to continue to require, substantial expenditures. Recent brand introductions include Reign High-Performance Energy Drink and glacéau smartwater alkaline and antioxidant. Recent product introductions in our business include new flavor varieties within certain brands such as Coca-Cola Orange Vanilla and Orange Vanilla Zero, Coca-Cola Cinnamon, Monster Ultra Paradise and Powerade White Cherry. Recent packaging introductions include mini can variety packs for club stores and certain 10-pack can configurations.

We sell our products primarily in non-refillable bottles and cans, in varying package configurations from market to market. For example, there may be as many as 26 different packages for Diet Coke within a single geographic area. Bottle/can sales volume to retail customers during 2019 was approximately 52% bottles and 48% cans.

We rely extensively on advertising in various media outlets, primarily online, television and radio, for the marketing of our products. The Coca-Cola Company, Dr Pepper and Monster Energy make substantial expenditures on advertising programs in our territories from which we benefit. Although The Coca-Cola Company and other beverage companies have provided us with marketing funding support in the past, our beverage agreements generally do not obligate such funding.

We also expend substantial funds on our own behalf for extensive local sales promotions of our products. Historically, these expenses have been partially offset by marketing funding support provided to us by The Coca-Cola Company and other beverage companies in support of a variety of marketing programs, such as point-of-sale displays and merchandising programs. We consider the funds we expend for marketing and merchandising programs necessary to maintain or increase revenue.

In addition to our marketing and merchandising programs, we believe a sustained and planned charitable giving program to support the communities we serve is an essential component to the success of our brand and, by extension, our net sales. In 2019, the Company made cash donations of approximately $8.5 million to various charities and donor-advised funds in light of the Company's financial performance, distribution territory footprint and future business prospects. The Company intends to continue its charitable contributions in future years, subject to the Company's financial performance and other business factors.

Seasonality

Business seasonality results primarily from higher unit sales of the Company's products in the second and third quarters of the fiscal year. We believe that we and other manufacturers from whom we purchase finished products have adequate production capacity to meet sales demand for sparkling and still beverages during these peak periods. See "Item 2. Properties" for information relating to utilization of our manufacturing plants. Sales volume can also be impacted by weather conditions. Fixed costs, such as depreciation expense, are not significantly impacted by business seasonality.

Competition

The nonalcoholic beverage industry is highly competitive for both sparkling and still beverages. Our competitors include bottlers and distributors of nationally and regionally advertised and marketed products, as well as bottlers and distributors of private label beverages. Our principal competitors include local bottlers of PepsiCo, Inc. products and, in some regions, local bottlers of Dr Pepper products.

The principal methods of competition in the nonalcoholic beverage industry are new brand and product introductions, point-of-sale merchandising, new vending and dispensing equipment, packaging changes, pricing, sales promotions, product quality, retail space management, customer service, frequency of distribution and advertising. We believe we are competitive in our territories with respect to these methods of competition.

Government Regulation

Our businesses are subject to various laws and regulations administered by federal, state and local governmental agencies of the United States, including laws and regulations governing the production, storage, distribution, sale, display, advertising, marketing, packaging, labeling, content, quality and safety of our products, our occupational health and safety practices, and the transportation and use of many of our products.

We are required to comply with a variety of U.S. laws and regulations, including, but not limited to: the Federal Food, Drug and Cosmetic Act and various state laws governing food safety; the Food Safety Modernization Act; the Occupational Safety and Health Act; the Clean Air Act; the Clean Water Act; the Resource Conservation and Recovery Act; the Comprehensive Environmental Response, Compensation and Liability Act; the Federal Motor Carrier Safety Act; the Lanham Act; various federal and state laws and regulations governing competition and trade practices; various federal and state laws and regulations governing our employment practices, including those related to equal employment opportunity, such as the Equal Employment Opportunity Act and the National Labor Relations Act; and laws regulating the sale of certain of our products in schools.

As a manufacturer, distributor and seller of beverage products of The Coca-Cola Company and other beverage companies in exclusive territories, we are subject to antitrust laws of general applicability. However, pursuant to the United States Soft Drink Interbrand Competition Act, soft drink bottlers, such as us, are permitted to have exclusive rights to manufacture, distribute and sell a soft drink product in a defined geographic territory if that soft drink product is in substantial and effective competition with other products of the same general class in the market. We believe such competition exists in each of the exclusive geographic territories in the United States in which we operate.

In response to growing health, nutrition and obesity concerns for today's youth, a number of states and local governments have regulations restricting the sale of soft drinks and other foods in schools, particularly elementary, middle and high schools. Many of these restrictions have existed for several years in connection with subsidized meal programs in schools. Restrictive legislation, if widely enacted, could have an adverse impact on our products, image and reputation.

Most beverage products sold by the Company are classified as food or food products and are therefore eligible for purchase using supplemental nutrition assistance program ("SNAP") benefits by consumers purchasing them for home consumption. Energy drinks with a nutrition facts label are also classified as food and are eligible for purchase for home consumption using SNAP benefits, whereas energy drinks classified as a supplement by the United States Food and Drug Administration (the "FDA") are not. Regulators may restrict the use of benefit programs, including SNAP, to purchase certain beverages and foods currently classified as food or food products.

Certain jurisdictions in which our products are sold have imposed, or are considering imposing, taxes, labeling requirements or other limitations on, or regulations pertaining to, the sale of certain of our products, ingredients or substances contained in, or attributes of, our products or commodities used in the manufacture of our products, including certain of our products that contain added sugars or sodium, exceed a specified caloric content or include specified ingredients such as caffeine.

Legislation has been proposed in Congress and by certain state and local governments which would prohibit the sale of soft drink products in non-refillable bottles and cans or require a mandatory deposit as a means of encouraging the return of such containers, each in an attempt to reduce solid waste and litter. Similarly, we are aware of proposed legislation that would impose fees or taxes on various types of containers that are used in our business. We are not currently impacted by the policies in these types of proposed legislation, but it is possible that similar or more restrictive legal requirements may be proposed or enacted within our territories in the future.

We are also subject to federal and local environmental laws, including laws related to water consumption and treatment, wastewater discharge and air emissions. Our facilities must comply with the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act and other federal and state laws regarding handling, storage, release and disposal of wastes generated on-site and sent to third-party owned and operated off-site licensed facilities.

Environmental Remediation

We do not currently have any material commitments for environmental compliance or environmental remediation for any of our properties. We do not believe compliance with enacted or adopted federal, state and local provisions pertaining to the discharge of materials into the environment or otherwise relating to the protection of the environment will have a material adverse impact on our consolidated financial statements or our competitive position.

Employees

As of December 29, 2019, we had approximately 16,900 employees, of which approximately 14,800 were full-time and 2,100 were part-time. Approximately 14% of our labor force is covered by collective bargaining agreements.

Exchange Act Reports

Our website is *www.cokeconsolidated.com* and we make available free of charge through the investor relations portion of our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to these reports, as well as proxy statements and other information. These documents are available on our website as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission (the "SEC"). The information provided on our website is not part of this report and is not incorporated herein by reference.

The SEC also maintains a website, *www.sec.gov*, that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors.

In addition to other information in this report, the following risk factors should be considered carefully in evaluating the Company's business. The Company's business, financial condition or results of operations could be materially and adversely affected by any of these risks.

The Company's business and results of operations may be adversely affected by increased costs, disruption of supply or shortages of raw materials, fuel and other supplies.

Raw material costs, including the costs for plastic bottles, aluminum cans, resin and high fructose corn syrup, have historically been subject to significant price volatility and may continue to be in the future. International or domestic geopolitical or other events, including the imposition of tariffs and/or quotas by the U.S. government on any of these raw materials, could adversely impact the supply and cost of these raw materials to the Company. In addition, there are no limits on the prices The Coca-Cola Company and other beverage companies can charge for concentrate. If the Company cannot offset higher raw material costs with higher selling prices, effective commodity price hedging, increased sales volume or reductions in other costs, the Company's results of operations and profitability could be adversely affected.

Continued consolidation among suppliers of certain of the Company's raw materials could have an adverse effect on the Company's ability to negotiate the lowest costs and, in light of the Company's relatively low in-plant raw material inventory levels, has the potential for causing interruptions in the Company's supply of raw materials and in its manufacture of finished goods.

The Company purchases all of its plastic bottles from Southeastern Container and Western Container, two manufacturing cooperatives the Company co-owns with several other Coca-Cola bottlers, and all of its aluminum cans from two domestic suppliers. The inability of these plastic bottle or aluminum can suppliers to meet the Company's requirements for containers could result in the Company not being able to fulfill customer orders and production demand until alternative sources of supply are located. The Company attempts to mitigate these risks by working closely with key suppliers and by purchasing business interruption insurance where appropriate. Failure of the plastic bottle or aluminum can suppliers to meet the Company's purchase requirements could negatively impact inventory levels, customer confidence and results of operations, including sales levels and profitability.

The Company uses a combination of internal and external freight shipping and transportation services to transport and deliver products. The Company's freight cost and the timely delivery of its products may be adversely impacted by a number of factors which could reduce the profitability of the Company's operations, including driver shortages, reduced availability of independent contractor drivers, higher fuel costs, weather conditions, traffic congestion, increased government regulation and other matters.

In addition, the Company uses significant amounts of fuel for its delivery fleet and other vehicles used in the distribution of its products. International or domestic geopolitical or other events could impact the supply and cost of fuel and the timely delivery of the Company's products to its customers. Although the Company strives to reduce fuel consumption and uses commodity hedges to manage the Company's fuel costs, there can be no assurance the Company will succeed in limiting the impact of fuel price volatility on the Company's business or future cost increases, which could reduce the profitability of the Company's operations.

The Company continues to make significant reinvestments in its business in order to evolve its operating model and to accommodate future growth and portfolio expansion, including supply chain optimization. The increased costs associated with these reinvestments, the potential for disruption in manufacturing and distribution and the risk the Company may not realize a satisfactory return on its investments could adversely affect the Company's business, financial condition or results of operations.

The reliance on purchased finished products from external sources could have an adverse impact on the Company's profitability.

The Company does not, and does not plan to, manufacture all products it distributes and, therefore, remains reliant on purchased finished products from external sources to meet customer demand. As a result, the Company is subject to incremental risk, including, but not limited to, product quality and availability, price variability and production capacity shortfalls for externally purchased finished products, which could have an impact on the Company's profitability and customer relationships. In most instances, the Company's ability to negotiate the prices at which it purchases finished products from other U.S. Coca-Cola bottlers is limited pursuant to The Coca-Cola Company's right to unilaterally establish the prices, or certain elements of the formulas used to determine the prices, for such finished products under the RMA, which could have an adverse impact on the Company's profitability.

Changes in public and consumer perception and preferences, including concerns related to obesity, artificial ingredients, product safety and sustainability and brand reputation, could reduce demand for the Company's products and reduce profitability.

The Company's business depends substantially on consumer tastes and preferences that change in often unpredictable ways. Over the past several years, consumer preferences have shifted from sugar-sweetened sparkling beverages to diet sparkling beverages, tea, sports drinks, enhanced water and bottled water as a result of certain health and wellness trends. In addition, consumers, public health officials, public health advocates and government officials have become increasingly concerned about the public health consequences associated with obesity. As the Company distributes, markets and manufactures beverage brands owned by others, the success of the Company's business depends in large measure on working with The Coca-Cola Company and other beverage companies. The Company is reliant upon the ability of The Coca-Cola Company and other beverage companies to develop and introduce product

innovations to meet the changing preferences of the broad consumer market, and failure to satisfy these consumer preferences could adversely affect the Company’s profitability.

Concerns about perceived negative safety and quality consequences of certain ingredients in the Company’s products, such as non-nutritive sweeteners, may erode consumers’ confidence in the safety and quality of the Company’s products, whether or not justified. The Company’s business is also impacted by changes in consumer concerns or perceptions surrounding the product manufacturing processes and packaging materials, including single-use and other plastic packaging, and the environmental and sustainability impact of such manufacturing processes and packaging. Any of these factors may reduce consumers’ willingness to purchase the Company’s products and any inability on the part of the Company to anticipate or react to such changes could result in reduced demand for the Company’s products or erode the Company’s competitive and financial position and could adversely affect the Company’s business, reputation, financial condition or results of operations.

The Company’s success depends on its ability to maintain consumer confidence in the safety and quality of all of its products. The Company has rigorous product safety and quality standards. However, if beverage products taken to market are or become contaminated or adulterated, the Company may be required to conduct costly product recalls and may become subject to product liability claims and negative publicity, which could cause its business and reputation to suffer.

The Company’s success also depends in large part on its ability and the ability of The Coca-Cola Company and other beverage companies it works with to maintain the brand image of existing products, build up brand image for new products and brand extensions and maintain its corporate reputation and social license to operate. Engagements by the Company’s executives in social and public policy debates may occasionally be the subject of criticism from advocacy groups that have differing points of view and could result in adverse media and consumer reaction, including product boycotts. Similarly, the Company’s sponsorship relationships and charitable giving program could subject the Company to negative publicity as a result of actual or perceived views of organizations the Company sponsors or supports financially. Likewise, negative postings or comments on social media or networking websites about the Company, The Coca-Cola Company or one of the products the Company carries, even if inaccurate or malicious, could generate adverse publicity that could damage the reputation of the Company’s brands or the Company.

Changes in government regulations related to nonalcoholic beverages, including regulations related to obesity, public health, artificial ingredients and product safety and sustainability, could reduce demand for the Company’s products and reduce profitability.

The Company’s business and properties are subject to various federal, state and local laws and regulations, including those governing the production, packaging, quality, labeling and distribution of beverage products. Compliance with or changes in existing laws or regulations could require material expenses and negatively affect our financial results through lower sales or higher costs.

The production and marketing of beverages are subject to the rules and regulations of the FDA and other federal, state and local health agencies, and extensive changes in these rules and regulations could increase the Company’s costs or adversely impact its sales. The Company cannot predict whether any such rules or regulations will be enacted or, if enacted, the impact that such rules or regulations could have on its business.

In response to growing health, nutrition and obesity concerns for today’s youth, a number of states and local governments have regulations restricting the sale of soft drinks and other foods in schools, particularly elementary, middle and high schools. Many of these restrictions have existed for several years in connection with subsidized meal programs in schools. Restrictive legislation, if widely enacted, could have an adverse impact on the Company’s products, image and reputation.

Legislation has been proposed in Congress and by certain state and local governments which would prohibit the sale of soft drink products in non-refillable bottles and cans or require a mandatory deposit as a means of encouraging the return of such containers, each in an attempt to reduce solid waste and litter. Similarly, the Company is aware of proposed legislation that would impose fees or taxes on various types of containers used in its business. The Company is not currently impacted by the policies in these types of proposed legislation, but it is possible that similar or more restrictive legal requirements may be proposed or enacted within its distribution territories in the future.

Concerns about perceived negative safety and quality consequences of certain ingredients in the Company’s products, such as non-nutritive sweeteners could result in additional governmental regulations concerning the production, marketing, labeling or availability of the Company’s products or the ingredients in such products, possible new taxes or negative publicity resulting from actual or threatened legal actions against the Company or other companies in the same industry, any of which could damage the reputation of the Company or reduce demand for the Company’s products, which could adversely affect the Company’s profitability.

The FDA occasionally proposes major changes to the nutrition labels required on all packaged foods and beverages, including those for most of the Company's products, which could require the Company and its competitors to revise nutrition labels to include updated serving sizes, information about total calories in a beverage product container and information about any added sugars or nutrients. Any pervasive nutrition label changes could increase the Company's costs and could inhibit sales of one or more of the Company's major products.

Most beverage products sold by the Company are classified as food or food products and are therefore eligible for purchase using SNAP benefits by consumers purchasing them for home consumption. Energy drinks with a nutrition facts label are also classified as food and are eligible for purchase for home consumption using SNAP benefits, whereas energy drinks classified as a supplement by the FDA are not. Regulators may restrict the use of benefit programs, including SNAP, to purchase certain beverages and foods currently classified as food or food products.

Technology failures or cyberattacks on the Company's technology systems or the Company's effective response to technology failures or cyberattacks on its customers, suppliers or other third parties technology systems could disrupt the Company's operations and negatively impact the Company's reputation, business, financial condition or results of operations.

The Company increasingly relies on information technology systems to process, transmit and store electronic information. Like most companies, the Company's information technology systems may be vulnerable to interruption due to a variety of events beyond the Company's control, including, but not limited to, power outages, computer and telecommunications failures, computer viruses, other malicious computer programs and cyberattacks, denial-of-service attacks, security breaches, catastrophic events such as fires, tornadoes, earthquakes and hurricanes, usage errors by employees and other security issues. In addition, third-party providers of data hosting or cloud services, as well as customers and suppliers, could experience cybersecurity incidents involving data the Company shares with them.

The Company depends heavily upon the efficient operation of technological resources and a failure in these technology systems or controls could negatively impact the Company's business, financial condition or results of operations. In addition, the Company continuously upgrades and updates current technology or installs new technology. In order to address risks to its technology systems, the Company continues to monitor networks and systems, upgrade security policies and train its employees, and it requires third-party service providers, customers, suppliers and other third parties to do the same. The inability to implement upgrades, updates or installations in a timely manner, to train employees effectively in the use of new or updated technology, or to obtain the anticipated benefits of the Company's technology could adversely impact the Company's business, financial condition, results of operations or profitability.

The Company has technology security initiatives and disaster recovery plans in place to mitigate its risk to these vulnerabilities; however, these measures may not be adequate or implemented properly to ensure that the Company's operations are not disrupted. If the Company's technology systems are damaged, breached or cease to function properly, it may incur significant financial and other resources to upgrade, repair or replace them, and the Company may suffer interruptions in its business operations, resulting in lost revenues and potential delays in reporting its financial results.

Further, misuse, leakage or falsification of the Company's information could result in violations of data privacy laws and regulations and damage the reputation and credibility of the Company. The Company may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to the Company, current or former employees, bottling partners, other customers, suppliers or consumers, and may become subject to legal action and increased regulatory oversight. The Company could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information technology systems, including liability for stolen information, increased cybersecurity protection costs, litigation expense and increased insurance premiums.

The Company relies on The Coca-Cola Company and other beverage companies to invest in the Company through marketing funding and to promote their own company brand identity through external advertising, marketing spending and product innovation. Decreases from historic levels of investment could negatively impact the Company's business, financial condition and results of operations or profitability.

The Coca-Cola Company and other beverage companies have historically provided financial support to the Company through marketing funding. While the Company does not believe there will be significant changes to the amount of marketing funding support provided by The Coca-Cola Company and other beverage companies, the Company's beverage agreements generally do not obligate such funding and there can be no assurance the historic levels will continue. Decreases in the level of marketing funding provided, material changes in the marketing funding programs' performance requirements or the Company's inability to meet the performance requirements for marketing funding could adversely affect the Company's business, financial condition and results of operations or profitability.

In addition, The Coca-Cola Company and other beverage companies have their own external advertising campaigns, marketing spending and product innovation programs, which directly impact the Company's operations. Decreases in marketing, advertising and product innovation spending by The Coca-Cola Company and other beverage companies, or advertising campaigns that are negatively perceived by the public, could adversely impact the sales volume growth and profitability of the Company. While the Company does not believe there will be significant changes in the level of external advertising and marketing spending by The Coca-Cola Company and other beverage companies, there can be no assurance the historic levels will continue or that advertising campaigns will be positively perceived by the public. The Company's volume growth is also dependent on product innovation by The Coca-Cola Company and other beverage companies, and their ability to develop and introduce products that meet consumer preferences.

The Company is a participant in several Coca-Cola system governance entities, and decisions made by these governance entities may be different than decisions that would have been made by the Company individually. Any failure of these governance entities to function efficiently or on the best behalf of the Company and any failure or delay of the Company to receive anticipated benefits from these governance entities could adversely affect the Company's business, financial condition and results of operations.

The Company is a member of CONA and party to a master services agreement with CONA, pursuant to which the Company is an authorized user of the CONA System, a uniform information technology system developed to promote operational efficiency and uniformity among all North American Coca-Cola bottlers. The Company relies on CONA to make necessary upgrades to and resolve ongoing or disaster-related technology issues with the CONA System, and it is limited in its authority and ability to timely resolve errors or to make changes to the CONA software. Any service interruptions of the CONA System could result in increased costs or adversely impact the Company's results of operations. In addition, because other Coca-Cola bottlers are also users of the CONA System and would likely experience similar service interruptions, the Company may not be able to have another bottler process orders on its behalf during any such interruption.

The Company is also member of the NPSG, which consists of The Coca-Cola Company, the Company and certain other Coca-Cola bottlers. Pursuant to the NPSG Governance Agreement, the Company has agreed to abide by decisions made by the NPSG Board, which include decisions regarding strategic infrastructure investment and divestment planning, optimal national product supply sourcing and new product or packaging infrastructure planning. Although the Company has a representative on the NPSG Board, the Company cannot exercise sole decision-making authority relating to the decisions of the NPSG Board, and the interests of other members of the NPSG Board may diverge from those of the Company. Any such divergence could have a material adverse effect on the operating and financial results of the Company.

Provisions in the CBA and the RMA with The Coca-Cola Company could delay or prevent a change in control of the Company or a sale of the Company's Coca-Cola distribution or manufacturing businesses.

Provisions in the CBA and the RMA require the Company to obtain The Coca-Cola Company's prior approval of a potential buyer of the Company's Coca-Cola distribution or manufacturing businesses, which could delay or prevent a change in control of the Company or the Company's ability to sell such businesses. The Company can obtain a list of pre-approved third-party buyers from The Coca-Cola Company annually. In addition, the Company can seek buyer-specific approval from The Coca-Cola Company upon receipt of a third-party offer to purchase the Company or its Coca-Cola related businesses. If a change in control or sale of one of our businesses is delayed or prevented by the provisions in the CBA and the RMA, the market price of our common stock could be negatively affected.

The concentration of the Company's capital stock ownership with the Harrison family limits other stockholders' ability to influence corporate matters.

Members of the Harrison family, including the Company's Chairman and Chief Executive Officer, J. Frank Harrison, III, beneficially own shares of Common Stock and Class B Common Stock representing approximately 86% of the total voting power of the Company's outstanding common stock. In addition, three members of the Harrison family, including Mr. Harrison, serve on the Company's Board of Directors.

As a result, members of the Harrison family have the ability to exert substantial influence or actual control over the Company's management and affairs and over substantially all matters requiring action by the Company's stockholders. This concentration of ownership may have the effect of delaying or preventing a change in control otherwise favored by the Company's other stockholders and could depress the stock price or limit other stockholders' ability to influence corporate matters, which could result in the Company making decisions that stockholders outside the Harrison family may not view as beneficial.

The Company's financial condition can be impacted by the stability of the general economy.

Unfavorable changes in general economic conditions or in the geographic markets in which the Company does business may have the temporary effect of reducing the demand for certain of the Company's products. For example, economic forces may cause consumers to shift away from purchasing higher-margin products and packages sold through immediate consumption and other highly profitable channels. Adverse economic conditions could also increase the likelihood of customer delinquencies and bankruptcies, which would increase the risk of uncollectibility of certain accounts. Each of these factors could adversely affect the Company's overall business, financial condition and results of operations.

The Company's capital structure, including its cash positions and borrowing capacity with banks or other financial institutions and financial markets, exposes it to the risk of default by or failure of counterparty financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of the Company's counterparties were to become insolvent or enter bankruptcy, the Company's ability to recover losses incurred as a result of default or to retrieve assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. Consequently, the Company's access to capital may be diminished. Any such event of default or failure could negatively impact the Company's business, financial condition and results of operations.

Changes in the Company's top customer relationships and marketing strategies could impact sales volume and revenues.

The Company faces concentration risks related to a few customers comprising a large portion of the Company's annual sales volume and net revenue. The Company's business, financial condition and results of operations could be adversely affected if revenue from one or more of these significant customers is materially reduced or if the cost of complying with the customers' demands is significant. Additionally, if receivables from one or more of these significant customers become uncollectible, the Company's financial condition and results of operations may be adversely impacted.

The Company's largest customers, Wal-Mart Stores, Inc. and The Kroger Company, accounted for approximately 31% of the Company's 2019 bottle/can sales volume to retail customers and approximately 21% of the Company's 2019 total net sales. These customers typically make purchase decisions based on a combination of price, product quality, consumer demand and customer service performance and generally do not enter into long-term contracts. The Company faces risks related to maintaining the volume demanded on a short-term basis from these customers, which can also divert resources away from other customers. The loss of Wal-Mart Stores, Inc. or The Kroger Company as a customer could have a material adverse effect on the business, financial condition and results of operations of the Company.

Further, the Company's revenue is affected by promotion of the Company's products by significant customers, such as in-store displays created by customers or the promotion of the Company's products in customers' periodic advertising. If the Company's significant customers change the manner in which they market or promote the Company's products, or if the marketing efforts by significant customers become ineffective, the Company's sales volume and revenue could be adversely impacted.

The Company may not be able to respond successfully to changes in the marketplace.

The Company operates in the highly competitive nonalcoholic beverage industry and faces strong competition from other general and specialty beverage companies. The Company's response to continued and increased customer and competitor consolidations and marketplace competition may result in lower than expected net pricing of the Company's products. The Company's ability to gain or maintain the Company's share of sales or gross margins may be limited by the actions of the Company's competitors, which may have advantages in setting prices due to lower raw material costs.

Competitive pressures in the markets in which the Company operates may cause channel and product mix to shift away from more profitable channels and packages. If the Company is unable to maintain or increase volume in higher-margin products and in packages sold through higher-margin channels, such as immediate consumption, pricing and gross margins could be adversely affected. Any related efforts by the Company to improve pricing and/or gross margin may result in lower than expected sales volume.

In addition, the Company's sales of finished goods to The Coca-Cola Company and other U.S. Coca-Cola bottlers are governed by the RMA, pursuant to which the prices, or certain elements of the formulas used to determine the prices, for such finished goods are unilaterally established by The Coca-Cola Company from time to time. This limits the Company's ability to adjust pricing in response to changes in the marketplace, which could have an adverse impact on the Company's business, financial condition and results of operations.

The Company’s inability to meet requirements under its beverage agreements could result in the loss of distribution and manufacturing rights.

Under the CBA and the RMA, which authorize the Company to distribute and/or manufacture products of The Coca-Cola Company, and pursuant to the Company’s distribution agreements with other beverage companies, the Company must satisfy various requirements, such as making minimum capital expenditures or maintaining certain performance rates. Failure to satisfy these requirements could result in the loss of distribution and manufacturing rights for the respective products under one or more of these beverage agreements. The occurrence of other events defined in these agreements could also result in the termination of one or more beverage agreements.

The RMA also requires the Company to provide and sell covered beverages to other U.S. Coca-Cola bottlers at prices established pursuant to the RMA. As the timing and quantity of such requests by other U.S. Coca-Cola bottlers can be unpredictable, any failure by the Company to adequately plan for such demand could also constrain the Company’s supply chain network.

Changes in the Company’s level of debt, borrowing costs and credit ratings could impact access to capital and credit markets, restrict the Company’s operating flexibility and limit the Company’s ability to obtain additional financing to fund future needs.

As of December 29, 2019, the Company had $1.03 billion of debt outstanding. The Company’s level of debt requires a substantial portion of future cash flows from operations to be dedicated to the payment of principal and interest, which reduces funds available for other purposes. The Company’s debt level can negatively impact its operations by limiting the Company’s ability to, and/or increasing its cost to, access credit markets for working capital, capital expenditures and other general corporate purposes; increasing the Company’s vulnerability to economic downturns and adverse industry conditions by limiting the Company’s ability to react to changing economic and business conditions; and exposing the Company to increased risk that the Company will not be able to refinance the principal amount of debt as it becomes due or that a significant decrease in cash flows from operations could make it difficult for the Company to meet its debt service requirements and to comply with financial covenants in its debt agreements.

The Company’s acquisition related contingent consideration, revolving credit facility, term loan facility and pension and postretirement medical benefits are subject to changes in interest rates. If interest rates increase in the future, the Company’s borrowing costs could increase, which could negatively impact the Company’s financial condition and results of operations and limit the Company’s ability to spend in other areas of the business. Further, a decline in the interest rates used to discount the Company’s pension and postretirement medical liabilities could increase the cost of these benefits and the amount of the liabilities.

In July 2017, the United Kingdom’s Financial Conduct Authority announced that it will not require banks to submit rates for the London InterBank Offered Rate (“LIBOR”) after 2021. The Company has identified its revolving credit facility as its only LIBOR-indexed financial instrument which extends after 2021. The use of alternative reference rates or other reforms could cause the interest rate calculated for our revolving credit facility to be materially different than expected. The Company continues to evaluate the impact of and mitigate the risk associated with the expected discontinuation of LIBOR on the Company’s business, financial condition and results of operations.

In assessing the Company’s credit strength, credit rating agencies consider the Company’s capital structure, financial policies, consolidated balance sheet and other financial information, and may also consider financial information of other bottling and beverage companies. The Company’s credit ratings could be significantly impacted by the Company’s operating performance, changes in the methodologies used by rating agencies to assess the Company’s credit ratings, changes in The Coca-Cola Company’s credit ratings and the rating agencies’ perception of the impact of credit market conditions on the Company’s current or future financial performance. Lower credit ratings could significantly increase the Company’s borrowing costs or adversely affect the Company’s ability to obtain additional financing at acceptable interest rates or to refinance existing debt.

Failure to attract, train and retain qualified employees while controlling labor costs, and other labor issues could have an adverse effect on the Company’s reputation, business, financial condition and results of operations or profitability.

The Company’s future growth and performance depend on its ability to attract, hire, train, develop, motivate and retain a highly skilled, diverse and properly credentialed workforce. The Company’s ability to meet its labor needs while controlling labor costs is subject to many external factors, including competition for and availability of qualified personnel in a given market, unemployment levels within those markets, prevailing wage rates, minimum wage laws, health and other insurance costs and changes in employment and labor laws or other workplace regulations. Any unplanned turnover or unsuccessful implementation of the Company’s succession plans could deplete the Company’s institutional knowledge base and erode its competitive advantage or result in increased costs due to increased competition for employees, higher employee turnover or increased employee benefit costs. Any of the foregoing could adversely affect the Company’s reputation, business, financial condition or results of operations.

The Company uses various insurance structures to manage costs related to workers' compensation, auto liability, medical and other insurable risks. These structures consist of retentions, deductibles, limits and a diverse group of insurers that serve to strategically finance, transfer and mitigate the financial impact of losses to the Company. Losses are accrued using assumptions and procedures followed in the insurance industry, then adjusted for company-specific history and expectations. Although the Company has actively sought to control increases in these costs, there can be no assurance the Company will succeed in limiting future cost increases, which could reduce the profitability of the Company's operations.

In addition, the Company's profitability is substantially affected by the cost of pension retirement benefits, postretirement medical benefits and current employees' medical benefits. Macro-economic factors beyond the Company's control, including increases in healthcare costs, declines in investment returns on pension assets and changes in discount rates used to calculate pension and related liabilities, could result in significant increases in these costs for the Company. Although the Company has actively sought to control increases in these costs, there can be no assurance the Company will succeed in limiting future cost increases, which could reduce the profitability of the Company's operations.

Failure to maintain productive relationships with our employees covered by collective bargaining agreements, including failing to renegotiate collective bargaining agreements, could have an adverse effect on the Company's business, financial condition and results of operations.

Approximately 14% of the Company's employees are covered by collective bargaining agreements. Any inability of the Company to renegotiate subsequent agreements with labor unions on satisfactory terms and conditions could result in work interruptions or stoppages, which could have a material adverse impact on the Company's profitability. In addition, the terms and conditions of existing or renegotiated agreements could increase costs or otherwise affect the Company's ability to fully implement operational changes to improve overall efficiency.

Certain employees of the Company whose employment is covered under collective bargaining agreements participate in a multiemployer pension plan, the Employers-Teamsters Local Union Nos. 175 and 505 Pension Fund (the "Teamsters Plan"). Participating in the Teamsters Plan involves certain risks in addition to the risks associated with single employer plans, as contributed assets are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the Teamsters Plan, the unfunded obligations of the Teamsters Plan may be borne by the remaining participating employers. If the Company chooses to stop participating in the Teamsters Plan, the Company could be required to pay the Teamsters Plan a withdrawal liability based on the underfunded status of the Teamsters Plan.

Changes in the inputs used to calculate the Company's acquisition related contingent consideration liability could have a material adverse impact on the Company's financial condition and results of operations.

The Company's acquisition related contingent consideration liability, which totaled $446.7 million as of December 29, 2019, consists of the estimated amounts due to The Coca-Cola Company as sub-bottling payments under the CBA over the remaining useful life of the related distribution rights, which is generally 40 years. Changes in business conditions or other events could materially change both the future cash flow projections and the discount rate used in the calculation of the fair value of contingent consideration under the CBA. These changes could materially impact the fair value of the related contingent consideration and the amount of noncash expense (or income) recorded each reporting period.

Changes in tax laws, disagreements with tax authorities or additional tax liabilities could have a material adverse impact on the Company's financial condition and results of operations.

The Company is subject to income taxes within the United States. The Company's annual income tax rate is based upon the Company's income, federal tax laws and various state and local tax laws within the jurisdictions in which the Company operates. Changes in federal, state or local income tax rates and/or tax laws could have a material adverse impact on the Company's financial results.

Excise or other taxes imposed on the sale of certain of the Company's products by the federal government and certain state and local governments, particularly any taxes incorporated into shelf prices and passed along to consumers, could cause consumers to shift away from purchasing products of the Company, which could have a material adverse impact on the Company's business and financial results.

In addition, an assessment of additional taxes resulting from audits of the Company's tax filings could have an adverse impact on the Company's profitability, cash flows and financial condition.

Litigation or legal proceedings could expose the Company to significant liabilities and damage the Company's reputation.

The Company is from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business, including, but not limited to, litigation claims and legal proceedings arising out of its advertising and marketing practices, product claims and labels, intellectual property and commercial disputes, and environmental and employment matters. With respect to all such lawsuits, claims and proceedings, the Company records reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. Although the Company does not believe a material amount of loss in excess of recorded amounts is reasonably possible as a result of these claims, the Company faces risk of an adverse effect on its results of operations, financial position or cash flows, depending on the outcome of the legal proceedings.

Natural disasters, changing weather patterns and unfavorable weather could negatively impact the Company's business, financial condition and future results of operations or profitability.

Natural disasters or unfavorable weather conditions in the geographic regions in which the Company or its suppliers operate could have an adverse impact on the Company's revenue and profitability. For instance, unusually cold or rainy weather during the summer months may have a temporary effect on the demand for the Company's products and contribute to lower sales, which could adversely affect the Company's profitability for such periods. Prolonged drought conditions could lead to restrictions on water use, which could adversely affect the Company's cost and ability to manufacture and distribute products. Hurricanes or similar storms may have a negative sourcing impact or cause shifts in product mix to lower-margin products and packages.

Climate change may have a long-term adverse impact on our business and results of operations.

There is concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere could cause significant changes in weather patterns and an increase in the frequency or duration of extreme weather and climate events. These changes could adversely impact some of the Company's facilities, the availability and cost of key raw materials used by the Company in production or the demand for the Company's products. Public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs, and may require the Company to make additional investments in facilities and equipment. In addition, federal, state or local governmental authorities may propose legislative and regulatory initiatives in response to concerns over climate change which could directly or indirectly adversely affect the Company's business, require additional investments or increase the cost of raw materials, fuel, ingredients and water. As a result, the effects of climate change could have a long-term adverse impact on the Company's business and results of operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of January 26, 2020, the principal properties of the Company included its corporate headquarters, subsidiary headquarters, 71 distribution centers and 12 manufacturing plants. The Company owns 53 distribution centers and 10 manufacturing plants, and leases its corporate headquarters, subsidiary headquarters, 18 distribution centers and two manufacturing plants. Following is a summary of the Company's manufacturing plants and certain other properties:

Facility Type	Location	Square Feet	Leased / Owned	Lease Expiration
Corporate Headquarters(1)(3)	Charlotte, NC	172,000	Leased	2029
Manufacturing Plant	Nashville, TN	330,000	Leased	2024
Distribution Center/Manufacturing Plant Combination(2)(3)	Charlotte, NC	647,000	Leased	2020
Distribution Center	Clayton, NC	233,000	Leased	2026
Distribution Center	Erlanger, KY	301,000	Leased	2034
Distribution Center	Hanover, MD	276,000	Leased	2034
Distribution Center	La Vergne, TN	220,000	Leased	2026
Distribution Center	Louisville, KY	300,000	Leased	2030
Distribution Center	Memphis, TN	266,000	Leased	2025
Warehouse	Charlotte, NC	380,000	Leased	2028
Warehouse	Hanover, MD	278,000	Leased	2022

Facility Type	Location	Square Feet	Leased / Owned	Lease Expiration
Manufacturing Plant	Baltimore, MD	158,000	Owned	—
Manufacturing Plant	Cincinnati, OH	368,000	Owned	—
Manufacturing Plant	Memphis, TN	271,000	Owned	—
Manufacturing Plant	Portland, IN	119,000	Owned	—
Manufacturing Plant	Roanoke, VA	316,000	Owned	—
Manufacturing Plant	Silver Spring, MD	104,000	Owned	—
Manufacturing Plant	Twinsburg, OH	287,000	Owned	—
Manufacturing Plant	West Memphis, AR	126,000	Owned	—
Distribution Center/Manufacturing Plant Combination	Indianapolis, IN	380,000	Owned	—
Distribution Center/Manufacturing Plant Combination	Sandston, VA	319,000	Owned	—

(1) Includes two adjacent buildings totaling approximately 172,000 square feet.
(2) Includes a 542,000-square foot manufacturing plant and adjacent 105,000-square foot distribution center.
(3) The leases for these facilities are with a related party.

The Company believes all of its facilities are in good condition and are adequate for the Company’s operations as presently conducted. The Company has production capacity to meet its current operational requirements. The estimated utilization percentage of the Company’s manufacturing plants, which fluctuates with the seasonality of the business, as of December 29, 2019, is indicated below:

Location	Utilization(1)	Location	Utilization(1)
Portland, Indiana	106%	Baltimore, Maryland	78%
Roanoke, Virginia	99%	Cincinnati, Ohio	77%
Silver Spring, Maryland	96%	Sandston, Virginia	67%
Nashville, Tennessee	91%	Twinsburg, Ohio	62%
Charlotte, North Carolina	89%	West Memphis, Arkansas	51%
Indianapolis, Indiana	80%	Memphis, Tennessee	49%

(1) Estimated production divided by capacity, based on operations of six days per week and 20 hours per day.

In addition to the facilities noted above, the Company utilizes a portion of the production capacity at SAC, a manufacturing cooperative located in Bishopville, South Carolina, that owns a 261,000-square foot manufacturing plant.

The Company’s products are generally transported to distribution centers for storage pending sale. There were no changes to the number of distribution centers by market area between December 29, 2019 and January 26, 2020.

As of January 26, 2020, the Company owned and operated approximately 4,400 vehicles in the sale and distribution of the Company’s beverage products, of which approximately 2,900 were route delivery trucks. In addition, the Company owned approximately 480,000 beverage dispensing and vending machines for the sale of beverage products in the Company’s territories as of January 26, 2020.

Item 3. Legal Proceedings.

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 that 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.

Item 4. Mine Safety Disclosures.

Not applicable.

Information About Our Executive Officers

The following information is provided with respect to each of the executive officers of the Company.

Name	Position and Office	Age
J. Frank Harrison, III	Chairman of the Board of Directors and Chief Executive Officer	65
David M. Katz	President and Chief Operating Officer	51
F. Scott Anthony	Executive Vice President and Chief Financial Officer	56
William J. Billiard	Senior Vice President and Chief Accounting Officer	53
Robert G. Chambless	Executive Vice President, Franchise Beverage Operations	54
Morgan H. Everett	Senior Vice President	38
E. Beauregarde Fisher III	Executive Vice President, General Counsel and Secretary	51
Umesh M. Kasbekar	Vice Chairman of the Board of Directors	62
Kimberly A. Kuo	Senior Vice President, Public Affairs, Communications and Communities	49
James L. Matte	Senior Vice President, Human Resources	60

Mr. J. Frank Harrison, III was elected Chairman of the Board of Directors in December 1996 and Chief Executive Officer in May 1994. Mr. Harrison served as Vice Chairman of the Board from November 1987 to December 1996. He was first employed by the Company in 1977 and also served as a Division Sales Manager and as a Vice President.

Mr. David M. Katz was elected President and Chief Operating Officer in December 2018. Prior to this, he served in various positions within the Company, including Executive Vice President and Chief Financial Officer from January 2018 to December 2018, Executive Vice President, Product Supply and Culture & Stewardship from April 2017 to January 2018, Executive Vice President, Human Resources from April 2016 to April 2017 and Senior Vice President from January 2013 to March 2016. He held the position of Senior Vice President, Midwest Region for CCR from November 2010 to December 2012. Prior to the formation of CCR, he was Vice President, Sales Operations for Coca-Cola Enterprises Inc.'s ("CCE") East Business Unit. From 2008 to 2010, he served as Chief Procurement Officer and as President and Chief Executive Officer of Coca-Cola Bottlers' Sales & Services Company, LLC. He began his Coca-Cola career in 1993 with CCE as a Logistics Consultant.

Mr. F. Scott Anthony was elected Executive Vice President and Chief Financial Officer in December 2018. Prior to that, he served as Senior Vice President, Treasurer from November 2018 to December 2018. Before joining the Company, Mr. Anthony served as Executive Vice President, Chief Financial Officer of Ventura Foods, LLC, a privately held food solutions company, from April 2011 to September 2018. Prior to that, Mr. Anthony spent 21 years with CCE in a variety of roles, including Vice President, Chief Financial Officer of CCE's North America division, Vice President, Investor Relations & Planning, and Director, Acquisitions & Investor Relations.

Mr. William J. Billiard was elected Chief Accounting Officer in February 2006 and Senior Vice President in April 2017. In addition to these roles, he also served as, Vice President, Corporate Controller from June 2013 to November 2014, Vice President, Operations Finance from November 2010 to June 2013 and Vice President, Controller from February 2006 to November 2010. Before joining the Company, he served in various senior financial roles including Chief Financial Officer, Treasurer, Corporate Controller and Vice President of Finance for companies in the Charlotte, North Carolina and Atlanta, Georgia areas and was an accountant with Deloitte.

Mr. Robert G. Chambless was elected Executive Vice President, Franchise Beverage Operations in January 2018. Prior to this, he served in various positions within the Company, including Executive Vice President, Franchise Strategy and Operations from April 2016 to January 2018, Senior Vice President, Sales, Field Operations and Marketing from August 2010 to March 2016, Senior Vice President, Sales from June 2008 to July 2010, Vice President - Franchise Sales from 2003 to 2008, Region Sales Manager for the Company's Southern Division from 2000 to 2003 and Sales Manager in the Company's Columbia, South Carolina branch from 1997 to 2000. He also served the Company in several other positions prior to 1997 and was first employed by the Company in 1986.

Ms. Morgan H. Everett was elected Senior Vice President in April 2019. Prior to that, she was Vice President, a position she held from January 2016 to March 2019, and Community Relations Director, a position she held from January 2009 to December 2015. Since December 2018, she has served as Chairman of Red Classic Services, LLC and Data Ventures, Inc., two of the Company's operating subsidiaries. She has been an employee of the Company since October 2004.

Mr. E. Beauregarde Fisher III was elected Executive Vice President, General Counsel in February 2017 and Secretary in May 2017. Before joining the Company, he was a partner with the law firm of Moore & Van Allen PLLC where he served on the firm's management committee and chaired its business law practice group. He was associated with the firm from 1998 to 2017 and

concentrated his practice on mergers and acquisitions, corporate governance and general corporate matters. From 2011 to 2017, he served as the Company's outside corporate counsel.

Mr. Umesh M. Kasbekar was elected Vice Chairman of the Board of Directors in January 2016. Previously, he served as the Secretary from August 2012 to May 2017 and as Senior Vice President, Planning and Administration from June 2005 to December 2015. Prior to that, he was the Company's Vice President, Planning, a position he was elected to in December 1988.

Ms. Kimberly A. Kuo was elected Senior Vice President, Public Affairs, Communications and Communities in January 2016. Before joining the Company, she operated her own communications and marketing consulting firm, Sterling Strategies, LLC, from January 2014 to December 2015. Prior to that, she served as Chief Marketing Officer at Baker & Taylor, Inc., a book and entertainment distributor, from February 2009 to July 2013. Prior to her experience at Baker & Taylor, Inc., she served in various communications and government affairs roles on Capitol Hill, in political campaigns, trade associations and corporations.

Mr. James L. Matte was elected Senior Vice President, Human Resources in April 2017 after joining the Company as Vice President of Human Resources in September 2015. Before joining the Company, Mr. Matte served as a labor and employee relations consultant to several private equity groups from January 2014 to August 2015. Prior to that, he was employed by CCE in North America and in Europe, holding a variety of human resources leadership positions related to human resource strategy, talent management, employee and labor relations, organizational development and employment practices from August 2004 to December 2013. Prior to his career at CCE, he was a partner with the law firm of McGuireWoods, LLP.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

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 under the symbol COKE. There is no established public trading market for the Class B Common Stock. Shares of Class B Common Stock are convertible on a share-for-share basis into shares of Common Stock at the option of the holder.

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

As of January 26, 2020, the number of stockholders of record of the Common Stock and Class B Common Stock was 1,291 and 10, respectively.

On March 5, 2019, the Compensation Committee of the Company's Board of Directors determined that 34,700 shares of restricted Class B Common Stock, $1.00 par value, should be issued to J. Frank Harrison, III, in connection with his services in 2018 as Chairman of the Board of Directors and Chief Executive Officer of the Company, pursuant to a performance unit award agreement approved in 2008 (the "Performance Unit Award Agreement"). As permitted under the terms of the Performance Unit Award Agreement, 15,476 of such shares were settled in cash to satisfy tax withholding obligations in connection with the vesting of the performance units. The shares issued to Mr. Harrison were issued without registration under the Securities Act of 1933, as amended, in reliance on Section 4(a)(2) therein. The Performance Unit Award Agreement expired with this award issuance. See Note 23 to the consolidated financial statements for additional information.

Stock Performance Graph

Presented below is a line graph comparing the yearly percentage change in the cumulative total return on the Company's Common Stock to the cumulative total return of the Standard & Poor's 500 Index and a peer group for the period commencing December 28, 2014 and ending December 29, 2019. The peer group is comprised of Keurig Dr Pepper Inc., National Beverage Corp., The Coca-Cola Company, Cott Corporation and PepsiCo, Inc.

The graph assumes $100 was invested in the Company's Common Stock, the Standard & Poor's 500 Index and each of the companies within the peer group on December 28, 2014, and that all dividends were reinvested on a quarterly basis. Returns for the companies included in the peer group have been weighted on the basis of the total market capitalization for each company.

* Assumes $100 invested on 12/28/2014 in stock or 12/31/2014 in index, including reinvestment of dividends. Index calculated on a month-end basis.

Item 6. Selected Financial Data.

The table below sets forth certain selected financial data concerning the Company for the five fiscal years ended December 29, 2019. The data is derived from consolidated financial statements of the Company. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the accompanying notes to the consolidated financial statements for additional information.

	Fiscal Year				
(in thousands, except per share data)	**2019(1)**	**2018**	**2017**	**2016**	**2015(2)**
Net sales	$ 4,826,549	$ 4,625,364	$ 4,287,588	$ 3,130,145	$ 2,287,707
Cost of sales	3,156,047	3,069,652	2,782,721	1,940,706	1,405,426
Gross profit	1,670,502	1,555,712	1,504,867	1,189,439	882,281
Selling, delivery and administrative expenses	1,489,748	1,497,810	1,403,320	1,058,240	784,137
Income from operations	180,754	57,902	101,547	131,199	98,144
Interest expense, net	45,990	50,506	41,869	36,325	28,915
Other expense, net	100,539	30,853	9,565	1,470	3,576
Gain (loss) on exchange transactions	-	10,170	12,893	(692)	8,807
Gain on sale of business	-	-	-	-	22,651
Bargain purchase gain, net of tax of $1,265	-	-	-	-	2,011
Income (loss) before income taxes	34,225	(13,287)	63,006	92,712	99,122
Income tax expense (benefit)	15,665	1,869	(39,841)	36,049	34,078
Net income (loss)	18,560	(15,156)	102,847	56,663	65,044
Less: Net income attributable to noncontrolling interest	7,185	4,774	6,312	6,517	6,042
Net income (loss) attributable to Coca-Cola Consolidated, Inc.	$ 11,375	$ (19,930)	$ 96,535	$ 50,146	$ 59,002
Basic net income (loss) per share based on net income attributable to Coca-Cola Consolidated, Inc.:					
Common Stock	$ 1.21	$ (2.13)	$ 10.35	$ 5.39	$ 6.35
Class B Common Stock	$ 1.21	$ (2.13)	$ 10.35	$ 5.39	$ 6.35
Diluted net income (loss) per share based on net income attributable to Coca-Cola Consolidated, Inc.:					
Common Stock	$ 1.21	$ (2.13)	$ 10.30	$ 5.36	$ 6.33
Class B Common Stock	$ 1.19	$ (2.13)	$ 10.29	$ 5.35	$ 6.31
Cash dividends per share - Common Stock	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Cash dividends per share - Class B Common Stock	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Net cash provided by operating activities	$ 290,370	$ 168,879	$ 307,816	$ 161,995	$ 108,290
Net cash used in investing activities	173,677	143,945	458,895	452,026	217,343
Net cash provided by (used in) financing activities	(120,627)	(28,288)	146,131	256,383	155,456
Total assets	3,126,926	3,009,928	3,072,960	2,449,484	1,846,565
Working capital	208,081	195,681	155,086	135,904	108,366
Acquisition related contingent consideration	446,684	382,898	381,291	253,437	136,570
Current portion of obligations under financing or capital leases	9,403	8,617	8,221	7,527	7,063
Noncurrent portion of obligations under financing or capital leases	17,403	26,631	35,248	41,194	48,721
Long-term debt	1,029,920	1,104,403	1,088,018	907,254	619,628
Total equity of Coca-Cola Consolidated, Inc.	346,952	358,187	366,702	277,131	243,056
Physical case volume	343,242	337,711	323,836	243,578	179,564

(1) In 2019, the Company adopted Accounting Standards Update 2016-02, “Leases,” using the optional transition method. As of December 29, 2019, the Company had $15.0 million in current obligations under operating leases and $97.8 million in noncurrent obligations under operating leases. See Note 10 to the consolidated financial statements for additional information on the Company’s adoption of the lease standard.

(2) All years presented are 52-week fiscal years except 2015 which was a 53-week fiscal year. The estimated net sales, gross margin and selling, delivery and administrative (“SD&A”) expenses for the additional week in 2015 of approximately $39 million, $14 million and $10 million, respectively, are included in the reported results for 2015.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company should be read in conjunction with the consolidated financial statements of the Company and the accompanying notes to the consolidated financial statements.

The Company's fiscal year generally ends on the Sunday closest to December 31 of each year. The fiscal years presented are the 52-week periods ended December 29, 2019 ("2019") and December 30, 2018 ("2018").

The consolidated financial statements include the consolidated operations of the Company and its majority-owned subsidiaries, including Piedmont Coca-Cola Bottling Partnership ("Piedmont"), the Company's only subsidiary that has a significant noncontrolling interest. Piedmont distributes and markets nonalcoholic beverages in portions of North Carolina and South Carolina. The Company provides a portion of these nonalcoholic beverage products to Piedmont at cost and receives a fee for managing the operations of Piedmont pursuant to a management agreement. Noncontrolling interest consists of The Coca-Cola Company's interest in Piedmont, which was 22.7% for all periods presented.

The Company manages its business on the basis of three operating segments. Nonalcoholic Beverages represents the vast majority of the Company's consolidated revenues and income from operations. The additional two operating segments do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate, and therefore have been combined into "All Other."

Management's Discussion and Analysis of Financial Condition and Results of Operations included in this report discusses the Company's financial condition and results of operations as of and for 2019 and 2018. Information concerning the fiscal year ended December 31, 2017 ("2017") and a comparison of 2018 and 2017 may be found under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for 2018, filed with the SEC on February 27, 2019.

Areas of Emphasis

Key priorities for the Company include commercial execution, revenue management, supply chain optimization and cash flow generation.

Commercial Execution: Our success is dependent on our ability to execute our commercial strategy within our customers' stores. Our ability to obtain shelf space within stores and remain in-stock across our portfolio of brands and packages in a profitable manner will have a significant impact on our results. We are focused on execution at every step in our supply chain, including raw material and finished goods procurement, manufacturing conversion, transportation, warehousing and distribution, to ensure in-store execution can occur. We are investing in tools and technology to enable our teammates to operate more effectively and efficiently with our customers and drive value in our business for the long term.

Revenue Management: Our revenue management strategy focuses on the optimal pricing of our brands and packages within product categories and channels, creating effective working relationships with our customers, and disciplined fact-based decision-making. Pricing decisions are made considering a variety of factors, including brand strength, competitive environment, input costs, the roles certain brands play in our product portfolio, and other market conditions.

Supply Chain Optimization: In October 2017, we completed the last of our acquisitions of our new distribution territories and manufacturing facilities in System Transaction. We are focused on optimizing our supply chain as we continue to integrate these new territories and facilities into our operations. During 2019, we opened a new automated distribution center in Erlanger, Kentucky which increased our operational capabilities and efficiencies and allows us to serve our customers in the Cincinnati, Ohio region at a lower cost. In addition, we are in the process of integrating our Memphis, Tennessee production center with our West Memphis, Arkansas operations. This project will greatly expand our West Memphis production capabilities and reduce our overall production costs. We will continue to look for opportunities to invest in our supply chain to optimize our costs.

Cash Flow Generation: Cash flow generation continues to be a key focus area for us. We have several initiatives in place to optimize cash flow, improve profitability and prudently manage capital expenditures, as we continue to prioritize debt repayment and focus on strengthening our balance sheet.

Results of Operations

The Company’s results of operations for 2019 and 2018 are summarized in the table below and discussed in the following paragraphs.

	Fiscal Year		
(in thousands)	2019	2018	Change
Net sales	$ 4,826,549	$ 4,625,364	$ 201,185
Cost of sales	3,156,047	3,069,652	86,395
Gross profit	1,670,502	1,555,712	114,790
Selling, delivery and administrative expenses	1,489,748	1,497,810	(8,062)
Income from operations	180,754	57,902	122,852
Interest expense, net	45,990	50,506	(4,516)
Other expense, net	100,539	30,853	69,686
Gain on exchange transactions	-	10,170	(10,170)
Income (loss) before income taxes	34,225	(13,287)	47,512
Income tax expense	15,665	1,869	13,796
Net income (loss)	18,560	(15,156)	33,716
Less: Net income attributable to noncontrolling interest	7,185	4,774	2,411
Net income (loss) attributable to Coca-Cola Consolidated, Inc.	**$ 11,375**	**$ (19,930)**	**$ 31,305**
Other comprehensive income (loss), net of tax	(18,017)	16,937	(34,954)
Comprehensive loss attributable to Coca-Cola Consolidated, Inc.	**$ (6,642)**	**$ (2,993)**	**$ (3,649)**

Items Impacting Operations and Financial Condition

2019

- $92.8 million recorded in other expense, net as a result of an increase in the fair value of the Company’s contingent consideration liability;
- $10.6 million adjustment related to the impairment and accelerated depreciation of property, plant and equipment within the Nonalcoholic Beverages segment as the Company continues to optimize efficiency opportunities across its business;
- $10.1 million pre-tax favorable mark-to-market adjustments related to the Company’s commodity hedging program;
- $7.3 million of additional expense to reflect the prospective change of increasing the capitalization thresholds on certain low-cost, short-lived assets; and
- $6.9 million of expenses related to the System Transformation.

2018

- $43.3 million of expenses related to the System Transformation;
- $28.8 million recorded in other expense, net as a result of an increase in the fair value of the Company’s contingent consideration liability;
- $14.7 million pre-tax unfavorable mark-to-market adjustments related to the Company’s commodity hedging program;
- $10.2 million net adjustment to the gain on exchange transactions as a result of final post-closing adjustments for the System Transformation transactions completed in 2017; and
- $8.6 million recorded in SD&A expenses related to severance and outplacement expenses incurred to optimize labor expense.

Net Sales

Net sales increased $201.2 million, or 4.3%, to $4.83 billion in 2019, as compared to $4.63 billion in 2018. The increase in net sales was primarily attributable to the following (in millions):

2019	Attributable to:
$ 155.9	Increase in net sales primarily related to an increase in average bottle/can sales price per unit to retail customers and the shift in product mix to higher revenue still products in order to meet consumer preferences
72.1	Increase in net sales related to increased sales volume
(45.7)	Decrease in sales volume to other Coca-Cola bottlers
20.0	Increase in volume of external freight revenue to external customers (other than nonalcoholic beverages)
(1.1)	Other
$ 201.2	**Total increase in net sales**

Net sales by product category were as follows:

	Fiscal Year		
(in thousands)	**2019**	**2018**	**% Change**
Bottle/can sales:			
Sparkling beverages	$ 2,582,478	$ 2,468,908	4.6%
Still beverages	1,558,944	1,441,783	8.1%
Total bottle/can sales	**4,141,422**	**3,910,691**	**5.9%**
Other sales:			
Sales to other Coca-Cola bottlers	342,062	387,716	(11.8)%
Post-mix and other	343,065	326,957	4.9%
Total other sales	**685,127**	**714,673**	**(4.1)%**
Total net sales	**$ 4,826,549**	**$ 4,625,364**	**4.3%**

Product category sales volume of physical cases as a percentage of total bottle/can sales volume and the percentage change by product category were as follows:

	Bottle/Can Sales Volume		Bottle/Can Sales
Product Category	**2019**	**2018**	**Volume Increase**
Sparkling beverages	70.7%	71.6%	0.4%
Still beverages	29.3%	28.4%	4.9%
Total bottle/can sales volume	**100.0%**	**100.0%**	**1.6%**

As the Company introduces new products, it reassesses the category assigned to its products at the SKU level, therefore categorization could differ from previously presented results to conform with current period categorization. Any differences are not material.

The following table summarizes the percentage of the Company's total bottle/can sales volume to its largest customers, as well as the percentage of the Company's total net sales that such volume represents:

	Fiscal Year	
	2019	**2018**
Approximate percent of the Company's total bottle/can sales volume		
Wal-Mart Stores, Inc.	19%	19%
The Kroger Company	12%	11%
Total approximate percent of the Company's total bottle/can sales volume	**31%**	**30%**
Approximate percent of the Company's total net sales		
Wal-Mart Stores, Inc.	13%	14%
The Kroger Company	8%	8%
Total approximate percent of the Company's total net sales	**21%**	**22%**

Cost of Sales

Inputs representing a substantial portion of the Company's cost of sales include: (i) purchases of finished products, (ii) raw material costs, including aluminum cans, plastic bottles and sweetener, (iii) concentrate costs and (iv) manufacturing costs, including labor, overhead and warehouse costs. In addition, cost of sales includes shipping, handling and fuel costs related to the movement of finished goods from manufacturing plants to distribution centers, amortization expense of distribution rights, distribution fees of certain products and marketing credits from brand companies. Raw material costs represent approximately 20% of total cost of sales on an annual basis.

Cost of sales increased $86.4 million, or 2.8%, to $3.16 billion in 2019, as compared to $3.07 billion in 2018. The increase in cost of sales was primarily attributable to the following (in millions):

2019	Attributable to:
$ 85.1	Increase in cost of sales primarily related to the change in product mix to meet consumer preferences and an increase in concentrate costs
(49.6)	Decrease in sales volume to other Coca-Cola bottlers
43.1	Increase in cost of sales related to increased sales volume
22.7	Increase in costs related to increased volume of external freight revenue to external customers (other than nonalcoholic beverages)
(14.9)	Other
$ 86.4	**Total increase in cost of sales**

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 Company's territories. Certain of the marketing expenditures by The Coca-Cola Company and other beverage companies are made pursuant to annual arrangements. The Company also benefits from national advertising programs conducted by The Coca-Cola Company and other beverage companies. Total marketing funding support from The Coca-Cola Company and other beverage companies, which includes both direct payments to the Company and payments to customers for marketing programs, was $131.5 million in 2019, as compared to $128.4 million in 2018.

The Company's cost of sales may not be comparable to other peer companies, as some peer companies include all costs related to their distribution network in cost of sales. The Company includes a portion of these costs in SD&A expenses, as described below.

SD&A Expenses

SD&A expenses include the following: sales management labor costs, distribution costs resulting from transporting finished products from distribution centers to customer locations, distribution center overhead including depreciation expense, distribution center warehousing costs, 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.

SD&A expenses decreased $8.1 million, or 0.5%, to $1.49 billion in 2019, as compared to $1.50 billion in 2018. SD&A expenses as a percentage of sales decreased to 30.9% in 2019 from 32.4% in 2018. The decrease in SD&A expenses was primarily attributable to the following (in millions):

2019		Attributable to:
$	(36.4)	Decrease in System Transformation expenses
	22.0	Increase in employee benefit costs including employee salaries primarily as a result of an increase in bonuses and incentives primarily related to improved financial results, partially offset by workforce optimization completed in 2018
	6.3	Other
$	**(8.1)**	**Total decrease in SD&A expenses**

The Company has three primary delivery systems: (i) bulk delivery for large supermarkets, mass merchandisers and club stores, (ii) advanced sale delivery for convenience stores, drug stores, small supermarkets and on-premise accounts and (iii) full-service delivery for its full-service vending customers. Shipping and handling costs related to the movement of finished goods from manufacturing locations to distribution centers are included in cost of sales. Shipping and handling costs related to the movement of finished goods from distribution centers to customer locations, including distribution center warehousing costs, totaled $623.4 million in 2019 and $610.7 million in 2018.

Interest Expense, Net

Interest expense, net decreased $4.5 million, or 8.9%, to $46.0 million in 2019, as compared to $50.5 million in 2018. The decrease was primarily a result of lower average debt balances and lower average interest rates.

Other Expense, Net

A summary of other expense, net is as follows:

	Fiscal Year			
(in thousands)	2019		2018	
Increase in the fair value of the acquisition related contingent consideration liability	$	92,788	$	28,767
Non-service cost component of net periodic benefit cost		7,907		2,525
Other		(156)		(439)
Total other expense, net	**$**	**100,539**	**$**	**30,853**

Each reporting period, the Company adjusts its contingent consideration liability related to the distribution territories subject to sub-bottling fees to fair value. The fair value is determined by discounting future expected sub-bottling payments required under the CBA, which extend through the life of the applicable distribution assets, using the Company's estimated weighted average cost of capital ("WACC"), which is impacted by many factors, including long-term interest rates and future cash flow projections. The life of these distribution asset is generally 40 years. The Company is required to pay the current portion of the sub-bottling fee on a quarterly basis.

The increase in the fair value of the acquisition related contingent consideration liability during 2019 was primarily driven by changes in future cash flow projections of the distribution territories subject to sub-bottling fees and a decrease in the discount rate used to calculate fair value. The increase in the fair value of the acquisition related contingent consideration liability during 2018 was primarily driven by changes in future cash flow projections of the distribution territories subject to sub-bottling fees.

Income Tax Expense (Benefit)

The Company's effective income tax rate, calculated by dividing income tax expense (benefit) by income (loss) before income taxes, was 45.8% in 2019 and (14.1)% in 2018. The change in the effective income tax rate was primarily driven by improved financial results. The Company's effective income tax rate, calculated by dividing income tax expense (benefit) by income (loss) before income taxes minus net income attributable to noncontrolling interest, was 57.9% in 2019 and (10.3)% in 2018.

Noncontrolling Interest

The Company recorded net income attributable to noncontrolling interest of $7.2 million in 2019 and $4.8 million in 2018 related to the portion of Piedmont owned by The Coca-Cola Company.

Other Comprehensive Income (Loss), Net of Tax

The Company had other comprehensive loss, net of tax of $18.0 million in 2019 and other comprehensive income, net of tax of $16.9 million in 2018. The decrease was primarily a result of actuarial losses on the Company's pension and postretirement plans.

Segment Operating Results

The Company evaluates segment reporting in accordance with the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification 280, Segment Reporting, each reporting period, including evaluating the reporting package reviewed by the Chief Operating Decision Maker (the "CODM"). The Company has concluded the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, as a group, represent the CODM. Asset information is not provided to the CODM. The Company believes three operating segments exist. Nonalcoholic Beverages represents the vast majority of the Company's consolidated revenues and income from operations. The additional two operating segments do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate, and therefore have been combined into "All Other."

The Company's segment results are as follows:

	Fiscal Year	
(in thousands)	2019	2018
Net sales:		
Nonalcoholic Beverages	$ 4,694,428	$ 4,512,318
All Other	345,005	358,625
Eliminations(1)	(212,884)	(245,579)
Consolidated net sales	**$ 4,826,549**	**$ 4,625,364**
Income from operations:		
Nonalcoholic Beverages	$ 174,133	$ 45,519
All Other	6,621	12,383
Consolidated income from operations	**$ 180,754**	**$ 57,902**

(1) The entire net sales elimination for each period presented represents net sales from the All Other segment to the Nonalcoholic Beverages segment. Sales between these segments are recognized at either fair market value or cost depending on the nature of the transaction.

Adjusted Non-GAAP Results

The Company reports its financial results in accordance with GAAP. However, management believes that certain non-GAAP financial measures provide users with additional meaningful financial information that should be considered when assessing the Company's ongoing performance. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance.

Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP. The Company's non-GAAP financial information does not represent a comprehensive basis of accounting. The following tables reconcile reported results (GAAP) to adjusted results (non-GAAP):

	Fiscal Year 2019					
(in thousands, except per share data)	**Gross profit**	**SD&A expenses**	**Income from operations**	**Income before income taxes**	**Net income**	**Basic net income per share**
Reported results (GAAP)	**$ 1,670,502**	**$ 1,489,748**	**$ 180,754**	**$ 34,225**	**$ 11,375**	**$ 1.21**
System Transformation expenses(1)	-	(6,915)	6,915	6,915	5,200	0.56
Fair value adjustment of acquisition related contingent consideration(2)	-	-	-	92,788	69,591	7.43
Fair value adjustments for commodity hedges(3)	(6,602)	3,536	(10,138)	(10,138)	(7,604)	(0.81)
Capitalization threshold change for certain assets(4)	-	(7,305)	7,305	7,305	5,479	0.58
Supply chain and asset optimization(5)	5,625	(4,952)	10,577	10,577	7,933	0.85
Total reconciling items	**(977)**	**(15,636)**	**14,659**	**107,447**	**80,599**	**8.61**
Adjusted results (non-GAAP)	**$ 1,669,525**	**$ 1,474,112**	**$ 195,413**	**$ 141,672**	**$ 91,974**	**$ 9.82**

	Fiscal Year 2018					
(in thousands, except per share data)	**Gross profit**	**SD&A expenses**	**Income from operations**	**Income (loss) before income taxes**	**Net income (loss)**	**Basic net income (loss) per share**
Reported results (GAAP)	**$ 1,555,712**	**$ 1,497,810**	**$ 57,902**	**$ (13,287)**	**$ (19,930)**	**$ (2.13)**
System Transformation expenses(1)	1,174	(42,162)	43,336	43,336	33,022	3.53
Gain on exchange transactions(6)	-	-	-	(10,170)	(7,648)	(0.82)
Workforce optimization expenses(7)	-	(8,555)	8,555	8,555	6,519	0.70
Fair value adjustment of acquisition related contingent consideration(2)	-	-	-	28,767	21,920	2.34
Fair value adjustments for commodity hedges(3)	10,376	(4,349)	14,725	14,725	11,220	1.20
Total reconciling items	**11,550**	**(55,066)**	**66,616**	**85,213**	**65,033**	**6.95**
Adjusted results (non-GAAP)	**$ 1,567,262**	**$ 1,442,744**	**$ 124,518**	**$ 71,926**	**$ 45,103**	**$ 4.82**

Following is an explanation of non-GAAP adjustments:

(1) Adjustment reflects expenses related to the System Transformation, which primarily includes information technology system conversions and professional fees and expenses related to due diligence.

(2) This non-cash, fair value adjustment of acquisition related contingent consideration fluctuates based on factors such as long-term interest rates and future cash flow projections of distribution territories acquired in the System Transformation.

(3) The Company enters into derivative instruments from time to time to hedge some or all of its projected purchases of aluminum, PET resin, diesel fuel and unleaded gasoline in order to mitigate commodity risk. The Company accounts for commodity hedges on a mark-to-market basis.

(4) Adjustment reflects additional expense for the prospective change of increasing the capitalization thresholds on certain low-cost, short-lived assets. This change is not expected to be material to the consolidated financial statements.

(5) Adjustment reflects expenses within the Nonalcoholic Beverages segment related to the impairment and accelerated depreciation of property, plant and equipment as the Company continues to optimize efficiency opportunities across its business.

(6) Adjustment reflects gain on exchange transactions as a result of final post-closing adjustments made during 2018 for the System Transformation transactions that closed during 2017.

(7) Adjustment reflects severance and outplacement expenses relating to the Company's optimization of its labor expense in the Nonalcoholic Beverages segment.

Financial Condition

Total assets increased $117.0 million to $3.13 billion on December 29, 2019, as compared to $3.01 billion on December 30, 2018. Net working capital, defined as current assets less current liabilities, was $208.1 million on December 29, 2019, which was an increase of $12.4 million from December 30, 2018.

Significant changes in net working capital on December 29, 2019 from December 30, 2018 were as follows:

- An increase in accounts receivable from The Coca-Cola Company of $17.5 million primarily as a result of the timing of cash receipts.
- An increase in accounts receivable, other of $12.6 million primarily as a result of increased balances due from manufacturing cooperatives stemming from favorable commodity price variances.
- An increase in inventories of $15.9 million primarily as a result of inventory builds to support expanded product selections offered by the Company.
- The addition of the current portion of obligations under operating leases of $15.0 million as a result of the Company recording balances for operating leases on its consolidated balance sheets.
- An increase in accounts payable, trade of $35.4 million primarily as a result of the timing of payments.
- A decrease in other accrued liabilities of $41.4 million primarily as a result of the timing of payments.
- An increase in accrued compensation of $15.5 million primarily as a result of increased incentive compensation accruals resulting from the Company's financial performance.

Liquidity and Capital Resources

Capital Resources

The Company's sources of capital include cash flows from operations, available credit facilities and the issuance of debt and equity securities. The Company has obtained its long-term debt from public markets, private placements and bank facilities. Management believes the Company has sufficient sources of capital available to refinance its maturing debt, finance its business plan, meet its working capital requirements and maintain an appropriate level of capital spending for at least the next 12 months from the issuance of these consolidated financial statements. The amount and frequency of future dividends will be determined by the Company's Board of Directors in light of the earnings and financial condition of the Company at such time, and no assurance can be given that dividends will be declared or paid in the future.

The Company's total debt as of December 29, 2019 and December 30, 2018 was as follows:

(in thousands)	Maturity Date	December 29, 2019	December 30, 2018
Senior notes and unamortized discount on senior notes(1)(2)	4/15/2019	$ -	$ 109,922
Term loan facility(1)	6/7/2021	262,500	292,500
Senior notes	2/27/2023	125,000	125,000
Revolving credit facility	6/8/2023	45,000	80,000
Senior notes and unamortized discount on senior notes(2)	11/25/2025	349,948	349,939
Senior notes	10/10/2026	100,000	-
Senior notes	3/21/2030	150,000	150,000
Debt issuance costs		(2,528)	(2,958)
Long-term debt		**$ 1,029,920**	**$ 1,104,403**

(1) The senior notes due in 2019 were refinanced using proceeds from the issuance of the senior notes due in 2026 (as discussed below). The Company intends to refinance principal payments due in the next 12 months under the term loan facility and has the capacity to do so under its revolving credit facility, which is classified as long-term debt. As such, any amounts due in the next 12 months were classified as noncurrent.

(2) The senior notes due in 2019 were issued at 98.238% of par and the senior notes due in 2025 were issued at 99.975% of par.

The Company's term loan facility matures on June 7, 2021. The original aggregate principal amount borrowed by the Company under the facility was $300 million and repayment of principal amounts outstanding began in 2018. The Company may request additional term loans under the term loan facility, provided the Company's aggregate borrowings under the facility do not exceed $500 million.

In July 2019, the Company entered into a $100 million fixed rate swap maturing June 7, 2021, to hedge a portion of the interest rate risk on the Company's term loan facility. This interest rate swap is designated as a cash flow hedging instrument and is not expected

to be material to the consolidated balance sheets. Changes in the fair value of this interest rate swap were classified as accumulated other loss on the consolidated balance sheets and included in the consolidated statements of comprehensive income.

As discussed below under “Cash Flows From Financing Activities,” in April 2019, the Company sold $100 million aggregate principal amount of senior unsecured notes due in 2026 to MetLife Investment Advisors, LLC (“MetLife”) and certain of its affiliates. The Company may request that MetLife consider the purchase of additional senior unsecured notes of the Company under the agreement in an aggregate principal amount of up to $200 million.

The Company’s revolving credit facility matures on June 8, 2023 and has an aggregate maximum borrowing capacity of $500 million, which may be increased at the Company’s option to $750 million, subject to obtaining commitments from the lenders and satisfying other conditions specified in the credit agreement. The Company currently believes all banks participating in the revolving credit facility have the ability to and will meet any funding requests from the Company. As of December 29, 2019, the Company had outstanding borrowings of $45.0 million under the revolving credit facility, and therefore had $455.0 million borrowing capacity available.

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. The Company’s nonpublic debt facilities include two financial covenants: a consolidated cash flow/fixed charges ratio and a consolidated funded indebtedness/cash flow ratio, each as defined in the respective agreements. The Company was in compliance with these covenants as of December 29, 2019. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources.

All outstanding long-term debt has been issued by the Company and none has been issued by any of its subsidiaries. There are no guarantees of the Company’s debt.

The Company’s credit ratings are reviewed periodically by certain nationally recognized 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 adverse impact on the Company’s financial position or results of operations. Subsequent to year-end, on January 17, 2020, Standard & Poor’s reaffirmed the Company’s BBB rating and revised the Company’s rating outlook to stable from negative. Moody’s rating outlook for the Company is stable. As of December 29, 2019, the Company’s credit ratings were as follows:

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

The Company is subject to interest rate risk on its variable rate debt, including the revolving credit facility and the term loan facility. Assuming no changes in the Company’s capital structure, if market interest rates average 1% more over the next 12 months than the interest rates as of December 29, 2019, interest expense for the next 12 months would increase by approximately $2.1 million. See Item 7A for additional information.

The Company’s only Level 3 asset or liability is the acquisition related contingent consideration liability. There were no transfers from Level 1 or Level 2. Fair value adjustments were noncash, and therefore did not impact the Company’s liquidity or capital resources. Following is a summary of the Level 3 activity:

	Fiscal Year	
(in thousands)	**2019**	**2018**
Beginning balance - Level 3 liability	**$ 382,898**	**$ 381,291**
Measurement period adjustments[1]	-	813
Payment of acquisition related contingent consideration	(27,182)	(24,683)
Reclassification to current payables	(1,820)	(3,290)
Increase in fair value	92,788	28,767
Ending balance - Level 3 liability	**$ 446,684**	**$ 382,898**

(1) Measurement period adjustments relate to post-closing adjustments made in accordance with the terms and conditions of the applicable asset purchase agreement or asset exchange agreement for distribution territories acquired or exchanged by the Company in April 2017 and October 2017 as part of the System Transformation. All final post-closing adjustments for these transactions were completed during 2018.

Cash Sources and Uses

A summary of cash-based activity is as follows:

(in thousands)	Fiscal Year 2019	Fiscal Year 2018
Cash Sources:		
Borrowings under revolving credit facility	$ 515,339	$ 356,000
Net cash provided by operating activities(1)	290,370	168,879
Proceeds from issuance of senior notes	100,000	150,000
Proceeds from the sale of property, plant and equipment	4,064	5,259
Proceeds from cold drink equipment	-	3,789
Acquisition of distribution territories and regional manufacturing plants, net of cash acquired and purchase price settlements	-	456
Total cash sources	**$ 909,773**	**$ 684,383**
Cash Uses:		
Payments on revolving credit facility	$ 550,339	$ 483,000
Additions to property, plant and equipment (exclusive of acquisitions)	171,374	138,235
Payments on term loan facility and senior notes	140,000	7,500
Payments of acquisition related contingent consideration	27,182	24,683
Net cash paid for exchange transactions	-	13,116
Cash dividends paid	9,369	9,353
Payments on financing or capital lease obligations	8,656	8,221
Other distribution agreements	4,654	-
Investment in CONA Services LLC	1,713	2,098
Debt issuance fees	420	1,531
Total cash uses	**$ 913,707**	**$ 687,737**
Decrease in cash	**$ (3,934)**	**$ (3,354)**

(1) Net cash provided by operating activities in 2019 included net income tax payments of $6.3 million and pension plan contributions of $4.9 million. Net cash provided by operating activities in 2018 included net income tax refunds of $37.0 million, pension plan contributions of $20.0 million and proceeds from the Legacy Facilities Credit of $1.3 million.

Based on current projections, which include a number of assumptions such as the Company's pre-tax earnings, the Company anticipates its cash payments for income taxes will be between $18 million and $28 million in fiscal year 2020 ("2020").

Cash Flows From Operating Activities

During 2019, cash provided by operating activities was $290.4 million, which was an increase of $121.5 million, as compared to 2018. The increase was primarily a result of improved financial results and continued focus on working capital needs.

Cash Flows From Investing Activities

During 2019, cash used in investing activities was $173.7 million, which was an increase of $29.8 million, as compared to 2018. The increase was driven primarily by increased additions to property, plant and equipment. Additions to property, plant and equipment during 2019 were $171.4 million. As of December 29, 2019, $19.5 million of additions to property, plant and equipment were accrued in accounts payable, trade. Additions to property, plant and equipment during 2018 were $138.2 million. As of December 30, 2018, $13.7 million of additions to property, plant and equipment were accrued in accounts payable, trade.

The Company anticipates additions to property, plant and equipment in 2020 to be in the range of $180 million to $210 million.

Cash Flows From Financing Activities

During 2019, cash used in financing activities was $120.6 million, which was an increase of $92.3 million, as compared to 2018. The increase was primarily driven by net repayments of debt in 2019, stemming from improved financial results.

The Company had cash payments for acquisition related contingent consideration of $27.2 million during 2019 and $24.7 million during 2018. The Company anticipates that the amount it could pay annually under the acquisition related contingent consideration arrangements for the distribution territories subject to sub-bottling fees will be in the range of $27 million to $51 million.

In April 2019, the Company sold $100 million aggregate principal amount of senior unsecured notes due in 2026 to MetLife and certain of its affiliates pursuant to a Note Purchase and Private Shelf Agreement dated January 23, 2019 between the Company, MetLife and the other parties thereto. These notes bear interest at 3.93%, payable quarterly in arrears, and will mature on October 10, 2026, unless earlier redeemed by the Company. The Company used the proceeds to refinance the senior notes due on April 15, 2019. The Company may request that MetLife consider the purchase of additional senior unsecured notes of the Company under the agreement in an aggregate principal amount of up to $200 million.

In 2018, the Company sold $150 million aggregate principal amount of senior unsecured notes due in 2030 to NYL Investors LLC (“NYL”) and certain of its affiliates pursuant to a Note Purchase and Private Shelf Agreement dated March 6, 2018 between the Company, NYL and the other parties thereto. These notes bear interest at 3.96%, payable quarterly in arrears, and will mature on March 21, 2030, unless earlier redeemed by the Company. The Company used the proceeds for general corporate purposes.

Off-Balance Sheet Arrangements

The Company is a member of, and has equity ownership in, SAC, a manufacturing cooperative comprised of Coca-Cola bottlers. As of December 29, 2019, the Company guaranteed $14.7 million of SAC’s debt. In the event SAC fails to fulfill its commitments under the related debt, the Company would be responsible for payment to the lenders up to the level of the guarantee. The Company does not anticipate SAC will fail to fulfill its commitments related to the debt. The Company further believes SAC 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 guarantee. See Note 21 to the consolidated financial statements for additional information.

Aggregate Contractual Obligations

The following table summarizes the Company’s contractual obligations and commercial commitments as of December 29, 2019:

	Contractual Obligation Payments Due During						
(in thousands)	**Total**	**Fiscal 2020**	**Fiscal 2021**	**Fiscal 2022**	**Fiscal 2023**	**Fiscal 2024**	**Thereafter**
Total debt, net of interest	$ 1,032,500	$ 45,000	$ 217,500	$ -	$ 170,000	$ -	$ 600,000
Estimated interest on debt obligations(1)	193,173	35,601	31,328	28,468	24,353	23,170	50,253
SAC purchase obligation(2)	449,159	99,813	99,813	99,813	99,813	49,907	-
Acquisition related contingent consideration	446,684	41,087	28,855	26,946	27,468	27,998	294,330
Long-term marketing contractual arrangements(3)	195,409	39,098	33,518	28,687	19,915	15,716	58,475
Executive benefit plans	166,208	26,705	20,897	14,204	10,217	9,610	84,575
Operating lease obligations	140,316	19,236	16,815	14,016	11,704	10,989	67,556
Postretirement obligations(4)	62,056	2,831	3,003	3,122	3,169	3,439	46,492
Financing lease obligations	30,484	10,611	6,215	2,694	2,750	2,808	5,406
Obligation for exiting multiemployer pension plan	6,390	974	974	974	974	974	1,520
Purchase orders(5)	68,636	68,636	-	-	-	-	-
Total contractual obligations	**$ 2,791,015**	**$ 389,592**	**$ 458,918**	**$ 218,924**	**$ 370,363**	**$ 144,611**	**$ 1,208,607**

(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 from SAC on an annual basis through June 2024.
(3) Includes long-term marketing contractual arrangements with certain prestige properties, athletic venues and other locations.
(4) Includes the liability for postretirement benefit obligations only. The unfunded portion of the Company’s pension plan is excluded as the timing and/or amount of any cash payment is uncertain.
(5) 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 performed.

The Company had uncertain tax positions, including accrued interest, of $2.5 million on December 29, 2019, all of which would affect the Company’s effective income tax rate if recognized. While it is expected the amount of uncertain tax positions may change in the

next 12 months, the Company does not expect such change would have a significant impact on the consolidated financial statements. See Note 17 to the consolidated financial statements for additional information.

The Company is a shareholder 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 as there are no minimum purchase requirements. See Note 21 to the consolidated financial statements for additional information related to Southeastern.

The Company has standby letters of credit, primarily related to its property and casualty insurance programs. These letters of credit totaled $35.6 million on December 29, 2019. See Note 21 to the consolidated financial statements for additional information related to commercial commitments, guarantees, legal and tax matters.

The Company contributed $4.9 million to the two Company-sponsored pension plans during 2019. Contributions to the two Company-sponsored pension plans are expected to be in the range of $7 million to $12 million in 2020.

Postretirement medical care payments are expected to be approximately $2.8 million in 2020. See Note 18 to the consolidated financial statements for additional information related to pension and postretirement obligations.

Hedging Activities

The Company uses derivative financial instruments to manage its exposure to movements in certain commodity prices. 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 to cost of sales or SD&A expenses.

The Company uses several different financial institutions for commodity derivative instruments to minimize the concentration of credit risk. The Company has master agreements with the counterparties to its derivative financial agreements that provide for net settlement of derivative transactions. The net impact of the commodity hedges on the consolidated statements of operations was as follows:

	Fiscal Year	
(in thousands)	**2019**	**2018**
Increase in cost of sales	$ 8,318	$ 10,788
Increase (decrease) in SD&A expenses	(1,922)	3,530
Net impact	**$ 6,396**	**$ 14,318**

Discussion of Critical Accounting Policies and Estimates and Recent 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 GAAP. Actual results could differ significantly from those estimates under different assumptions and conditions. The Company believes the following discussion addresses 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 inherently uncertain matters.

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 contemplated and prior to making such change.

Revenue Recognition

The Company’s products are sold and distributed in the United States through various channels, which include selling directly to retail stores and other outlets such as food markets, institutional accounts and vending machine outlets. The Company typically collects payment from customers within 30 days from the date of sale.

The Company’s contracts are derived from customer orders, including customer sales incentives, generated through an order processing and replenishment model. Generally, the Company’s service contracts and contracts related to the delivery of specifically identifiable products have a single performance obligation. Revenues do not include sales or other taxes collected from customers. The

Company has defined its performance obligations for its contracts as either at a point in time or over time. Bottle/can sales, sales to other Coca-Cola bottlers and post-mix sales are recognized when control transfers to a customer, which is generally upon delivery and is considered a single point in time (“point in time”). Substantially all of the Company’s revenue is recognized at a point in time and is included in the Nonalcoholic Beverages segment.

Other sales, which include revenue for service fees related to the repair of cold drink equipment and delivery fees for freight hauling and brokerage services, are recognized over time (“over time”). Revenues related to cold drink equipment repair are recognized as the respective services are completed using a cost-to-cost input method. Repair services are generally completed in less than one day but can extend up to one month. Revenues related to freight hauling and brokerage services are recognized as the delivery occurs using a miles driven output method. Generally, delivery occurs and freight charges are recognized in the same day.

The Company participates in various sales programs with The Coca-Cola Company, other beverage companies and customers to increase the sale of its products. Programs negotiated with customers include arrangements under which allowances can be earned for attaining agreed-upon sales levels. The cost of these various sales incentives is not considered a separate performance obligation and is included as a deduction to net sales.

Allowance payments made to customers can be conditional on the achievement of volume targets and/or marketing commitments. Payments made in advance are recorded as prepayments and amortized in the consolidated statements of operations over the relevant period for which the customer commitment is made. In the event there is no separate identifiable benefit or the fair value of such benefit cannot be established, the amortization of the prepayment is included as a reduction to net sales.

The Company sells its products and extends credit, generally without requiring collateral, based on an ongoing evaluation of the customer’s business prospects and financial condition. The Company evaluates the collectibility of its trade accounts receivable based on a number of factors, including the Company’s historic collections pattern and changes to a specific customer’s ability to meet its financial obligations. The Company has established an allowance for doubtful accounts to adjust the recorded receivable to the estimated amount the Company believes will ultimately be collected.

The nature of the Company’s contracts gives rise to several types of variable consideration, including prospective and retrospective rebates. The Company accounts for its prospective and retrospective rebates using the expected value method, which estimates the net price to the customer based on the customer’s expected annual sales volume projections.

The Company experiences customer returns primarily as a result of damaged or out-of-date product. The Company’s reserve for customer returns is included in the allowance for doubtful accounts in the consolidated balance sheets. Returned product is recognized as a reduction of net sales. See Note 4 to the consolidated financial statements for additional information.

Valuation of Long-Lived Assets, Goodwill and Other Intangibles

Management performs recoverability and impairment tests of long-lived assets, goodwill and other intangibles in accordance with GAAP, during which management makes numerous assumptions which involve a significant amount of judgment. When performing impairment tests, management estimates the fair values of the assets using its best assumptions, which management believes would be consistent with what a hypothetical marketplace participant would use. Estimates and assumptions used in these tests are evaluated and updated as appropriate. For certain assets, recoverability and/or impairment tests are required only when conditions exist that indicate the carrying value may not be recoverable. For other assets, impairment tests are required at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

The Company evaluates the recoverability of the carrying amount of its property, plant and equipment and other intangibles when events or circumstances indicate the carrying amount of an asset or asset group may not be recoverable. These evaluations are performed at a level where independent cash flows may be attributed to either an asset or an asset group. If the Company determines the carrying amount of an asset or asset group is not recoverable based upon the expected undiscounted future cash flows of the asset or asset group, an impairment loss is recorded equal to the excess of the carrying amounts over the estimated fair value of the long-lived assets. During 2019 and 2018, the Company performed periodic reviews of property, plant and equipment and other intangibles and determined no material impairment existed.

All business combinations are accounted for using the acquisition method. All of the Company’s goodwill resides within one reporting unit within the Nonalcoholic Beverages reportable segment, and, therefore, the Company has determined it has one reporting unit for the purpose of assessing goodwill for potential impairment. The Company performs its annual goodwill impairment test as of the first day of the fourth quarter, or more frequently if facts and circumstances indicate such assets may be impaired, including significant declines in actual or future projected cash flows and significant deterioration of market conditions.

The Company uses its overall market capitalization as part of its estimate of fair value of the reporting unit and in assessing the reasonableness of the Company's internal estimates of fair value. The Company's goodwill impairment assessment includes a qualitative assessment to determine whether it is more likely than not that the fair value of the goodwill is below its carrying value, each year, and more often if there are significant changes in business conditions that could result in impairment. When a quantitative analysis is considered necessary for the annual impairment analysis of goodwill, the Company develops an estimated fair value for the reporting unit considering three different approaches: 1) market value, using the Company's stock price plus outstanding debt; 2) discounted cash flow analysis; and 3) multiple of earnings before interest, taxes, depreciation and amortization based upon relevant industry data.

The estimated fair value of the reporting unit is compared to its carrying amount, including goodwill. If the estimated fair value exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount, including goodwill, exceeds its estimated fair value, any excess of the carrying value of goodwill of the reporting unit over its fair value is recorded as an impairment. The Company performed its annual impairment test of goodwill as of the first day of the fourth quarter during both 2019 and 2018 and determined there was no impairment of the carrying value of these assets. The Company has determined there has not been an interim impairment trigger since the first day of the fourth quarter of 2019 annual test date. See Note 11 to the consolidated financial statements for additional information.

Acquisition Related Contingent Consideration Liability

The acquisition related contingent consideration liability consists of the estimated amounts due to The Coca-Cola Company under the CBA over the remaining useful life of the related distribution rights. Under the CBA, the Company makes quarterly sub-bottling payments to CCR on a continuing basis in exchange for the grant of exclusive rights to distribute, promote, market and sell certain beverages and beverage products in the distribution territories acquired in the System Transformation, but excluding territories the Company acquired in an exchange transaction. This acquisition related contingent consideration is valued using a probability weighted discounted cash flow model based on internal forecasts and the WACC derived from market data, which are considered Level 3 inputs.

Each reporting period, the Company adjusts its acquisition related contingent consideration liability related to the distribution territories acquired in the System Transformation, excluding territories the Company acquired in an exchange transaction, to fair value by discounting future expected sub-bottling payments required under the CBA using the Company's estimated WACC. These future expected sub-bottling payments extend through the life of the related distribution assets acquired in each distribution territory, which is generally 40 years. As a result, the fair value of the acquisition related contingent consideration liability is impacted by the Company's WACC, management's estimate of the amounts that will be paid in the future under the CBA and current sub-bottling payments (all Level 3 inputs). Changes in any of these Level 3 inputs, particularly the underlying risk-free interest rate used to estimate the Company's WACC, could result in material changes to the fair value of the acquisition related contingent consideration and could materially impact the amount of noncash expense (or income) recorded each reporting period. See Note 16 to the consolidated financial statements for additional information.

Income Tax Estimates

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to operating losses and tax credit carryforwards, as well as differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. See Note 17 to the consolidated financial statements for additional information.

Pension and Postretirement Benefit Obligations

There are two Company-sponsored pension plans. The primary Company-sponsored pension plan (the "Primary Plan") was frozen as of June 30, 2006 and no benefits accrued to participants after this date. The second Company-sponsored pension plan (the "Bargaining Plan") is for certain employees under collective bargaining agreements. Benefits under the Bargaining Plan are determined in accordance with negotiated formulas for the respective participants. Contributions to the plans are based on actuarial determined amounts and are limited to the amounts currently deductible for income tax purposes. The Company also sponsors a postretirement healthcare plan for employees meeting specified criteria.

Several statistical and other factors, which attempt to anticipate future events, are used in calculating the expense and liability related to the plans. These factors include assumptions about the discount rate, expected return on plan assets, employee turnover and age at retirement, as determined by the Company, within certain guidelines. In addition, the Company uses subjective factors such as mortality rates to estimate the projected benefit obligation. The actuarial assumptions used by the Company may differ materially

from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of net periodic pension cost recorded by the Company in future periods. See Note 18 to the consolidated financial statements for additional information.

The discount rate used in determining the actuarial present value of the projected benefit obligation for the Primary Plan and the Bargaining Plan was 3.36% and 3.61%, respectively, in 2019 and 4.47% and 4.63%, respectively, in 2018. The discount rate assumption is generally the estimate which can have the most significant impact on net periodic pension cost and the projected benefit obligation for these pension plans. The Company determines an appropriate discount rate annually based on the annual yield on long-term corporate bonds as of the measurement date and reviews the discount rate assumption at the end of each year.

Pension costs were $10.6 million in 2019 and $5.3 million in 2018.

A 0.25% increase or decrease in the discount rate assumption would have impacted the projected benefit obligation and net periodic pension cost of the Company-sponsored pension plans as follows:

(in thousands)	**0.25% Increase**	**0.25% Decrease**
Increase (decrease) in:		
Projected benefit obligation at December 29, 2019	$ (11,957)	$ 12,681
Net periodic pension cost in 2019	(391)	410

The weighted average expected long-term rate of return of plan assets used in computing net periodic pension costs for the Primary Plan was 5.00% in 2019 and 6.00% in 2018. The weighted average expected long-term rate of return of plan assets used in computing net periodic pension costs for the Bargaining Plan was 5.25% in 2019 and 6.00% in 2018. These rates reflect an estimate of long-term future returns for the pension plan assets. This estimate is primarily a function of the asset classes (equities versus fixed income) in which the pension plan assets are invested and the analysis of past performance of these asset classes over a long period of time. This analysis includes expected long-term inflation and the risk premiums associated with equity and fixed income investments. See Note 18 to the consolidated financial statements for the details by asset type of the Company’s pension plan assets and the weighted average expected long-term rate of return of each asset type. The actual return on pension plan assets was a gain of 12.8% for the Primary Plan and a gain of 15.3% for the Bargaining Plan in 2019 and a loss of 3.0% for both the Primary Plan and the Bargaining Plan in 2018.

The Company sponsors a postretirement healthcare plan for employees meeting specified qualifying criteria. Several statistical and other factors, which attempt to anticipate future events, are used in calculating the net periodic postretirement benefit cost and postretirement benefit obligation for this plan. These factors include assumptions about the discount rate and the expected growth rate for the cost of healthcare benefits. In addition, the Company uses subjective factors such as withdrawal and mortality rates to estimate the projected liability under this plan. The actuarial assumptions used by the Company may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. The Company does not pre-fund its postretirement benefits and has the right to modify or terminate certain of these benefits in the future.

The discount rate assumption, the annual healthcare cost trend and the ultimate trend rate for healthcare costs are key estimates which can have a significant impact on the net periodic postretirement benefit cost and postretirement obligation in future periods. The Company annually determines the healthcare cost trend based on recent actual medical trend experience and projected experience for subsequent years.

The discount rate assumptions used to determine the pension and postretirement benefit obligations are based on the annual yield on long-term corporate bonds as of each plan’s measurement date. The discount rate used in determining the postretirement benefit obligation was 3.32% in 2019 and 4.41% in 2018. The discount rate was derived using the Aon/Hewitt AA above median yield curve. Projected benefit payouts for each plan were matched to the Aon/Hewitt AA above median yield curve and an equivalent flat rate was derived.

A 0.25% increase or decrease in the discount rate assumption would have impacted the postretirement benefit obligation and service cost and interest cost of the Company’s postretirement benefit plan as follows:

(in thousands)	**0.25% Increase**	**0.25% Decrease**
Increase (decrease) in:		
Postretirement benefit obligation at December 29, 2019	$ (1,865)	$ 1,968
Service cost and interest cost in 2019	(135)	141

A 1% increase or decrease in the annual healthcare cost trend would have impacted the postretirement benefit obligation and service cost and interest cost of the Company's postretirement benefit plan as follows:

(in thousands)	1% Increase	1% Decrease
Postretirement benefit obligation at December 29, 2019	$ 8,128	$ (7,123)
Service cost and interest cost in 2019	548	(489)

Recently Adopted Accounting Pronouncements

In February 2018, the FASB issued Accounting Standards Update ("ASU") 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," which provides the option to reclassify stranded tax effects resulting from the Tax Cuts and Jobs Act (the "Tax Act") from accumulated other comprehensive income to retained earnings. This standard is required to be applied either in the period of adoption or retrospectively to each period in which the changes in the U.S. federal corporate income tax rate pursuant to the Tax Act are recognized. The new guidance was effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted ASU 2018-02 in 2019 and recognized a cumulative effect adjustment to the opening balance of retained earnings in 2019. The cumulative effect adjustment increased retained earnings by $19.7 million.

In February 2016, the FASB issued ASU 2016-02, "Leases" (the "lease standard"). The lease standard requires lessees to recognize a right of use asset and a lease liability for virtually all leases (other than leases meeting the definition of a short-term lease). The new guidance was effective for fiscal years beginning after December 15, 2018 and interim periods beginning the following fiscal year. The Company adopted the lease standard in 2019 using the optional transition method, as discussed in Note 10 to the consolidated financial statements.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which requires measurement and recognition of expected credit losses at the point a loss is probable to occur, rather than expected to occur, which will generally result in earlier recognition of allowances for credit losses. The new guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company plans to adopt ASU 2016-13 in the first quarter of 2020 and does not expect the impact of adoption to have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes," which will simplify the accounting for income taxes by removing certain exceptions to the general principles in income tax accounting and improve consistent application of and simplify GAAP for other areas of income tax accounting by clarifying and amending existing guidance. The new guidance is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently evaluating the impact ASU 2019-12 will have on its consolidated financial statements.

Cautionary Information Regarding Forward-Looking Statements

Certain statements contained in this report, or in other public filings, press releases, or other written or oral communications made by the Company or its representatives, which are not historical facts, are forward-looking statements subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements address, among other things, Company plans, activities or events which the Company expects will or may occur in the future and may include express or implied projections of revenue or expenditures; statements of plans and objectives for future operations, growth or initiatives; statements of future economic performance, including, but not limited to, the state of the economy, capital investment and financing plans, net sales, cost of sales, SD&A expenses, gross profit, income tax rates, earnings per diluted share, dividends, pension plan contributions and estimated acquisition related contingent consideration payments; or statements regarding the outcome or impact of certain new accounting pronouncements and pending or threatened litigation. These statements include:

- the Company's beliefs and estimates regarding the impact of the adoption of certain new accounting pronouncements;
- the Company's belief that, at any given time, less than 1% of bottle/can sales and post-mix sales could be at risk for return by customers;
- the Company's belief that SAC, whose debt the Company guarantees, has sufficient assets and the ability to adjust selling prices of its products to adequately mitigate the risk of material loss from the Company's guarantee and that the cooperative will perform its obligations under its debt commitments;
- the Company's belief that it has, and that other manufacturers from whom the Company purchases finished products have, adequate production capacity to meet sales demand for sparkling and still beverages during peak periods;
- the Company's belief that the ultimate disposition of various claims and legal proceedings which have arisen in the ordinary course of its business will not have a material adverse effect on its financial condition, cash flows or results of operations and that no material amount of loss in excess of recorded amounts is reasonably possible as a result of these claims and legal proceedings;
- the Company's belief that it is competitive in its territories with respect to the principal methods of competition in the nonalcoholic beverage industry and that sufficient competition exists in each of the exclusive geographic territories in which it operates to permit exclusive manufacturing, distribution and sales rights under the United States Soft Drink Interbrand Competition Act;
- the Company's belief that all of its facilities are in good condition and are adequate for the Company's operations as presently conducted;
- the Company's belief that it has sufficient sources of capital available to refinance its maturing debt, 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 Company's belief that a sustained and planned charitable giving program to support communities is an essential component of the success of its brand and, by extension, its sales, and the Company's intention to continue its charitable contributions in future years, subject to its financial performance and other business factors;
- the Company's belief that it will adopt ASU 2016-13 in the first quarter of 2020 and the impact to its consolidated financial statements will not be material;
- the Company's expectation that one real estate lease commitment will commence in 2020, have lease terms of 10 years and that the additional lease liability associated with this future lease commitment is expected to be $40.2 million;
- the Company's intention to refinance amounts due in the next twelve months under the term loan facility using the capacity under the revolving credit facility;
- the Company's belief that all the banks participating in the revolving credit facility have the ability to and will meet any funding requests from the Company;
- the Company's estimate that a 10% increase in the market price of certain commodities included as part of its raw materials over the current market prices would cumulatively increase costs during the next 12 months by approximately $58.2 million, assuming no change in volume;
- the Company's expectation that the amount of uncertain tax positions may change over the next 12 months but that such changes will not have a significant impact on the consolidated financial statements;
- the Company's belief that certain system governance initiatives will benefit the Company and the Coca-Cola system, but that the failure of such mechanisms to function efficiently could impair the Company's ability to realize the intended benefits of such initiatives;
- the Company's belief that innovation of both new brands and packages will continue to be important to the Company's overall revenue;
- the Company's estimates of certain inputs used in its calculations, including estimated rates of return, estimates of bad debts and amounts that will ultimately be collected, and estimates of inputs used in the calculation and adjustment of the fair value of its acquisition related contingent consideration liability related to the distribution territories acquired as part of the System Transformation, such as the amounts that will be paid by the Company in the future under the CBA and the Company's WACC;

- the Company’s belief that, assuming no impairment of distribution agreements, net, amortization expense in future years based upon recorded amounts as of December 29, 2019 will be $24.3 million for each fiscal year 2020 through 2024;
- the Company’s belief that, assuming no impairment of customer lists and other identifiable intangible assets, net, amortization expense in future years based upon recorded amounts as of December 29, 2019 will be approximately $1.8 million for each fiscal year 2020 through 2024;
- the Company’s belief that the range of undiscounted amounts it could pay annually under the acquisition related contingent consideration arrangements for the distribution territories acquired in the System Transformation, excluding territories the Company acquired in exchange transactions, is expected to be between $27 million and $51 million;
- the Company’s belief that the range of its income tax payments is expected to be between $18 million and $28 million in 2020;
- the Company’s expectations as to the amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic cost during 2020;
- the Company’s belief that the covenants in its nonpublic debt will not restrict its liquidity or capital resources;
- the Company’s belief that, based upon its periodic assessments of the financial condition of the institutions with which it maintains cash deposits, its risk of loss from the use of such major banks is minimal;
- the Company’s belief that the counterparties to its contractual arrangements will perform their obligations;
- the Company’s belief that contributions to the two Company-sponsored pension plans is expected to be in the range of $7 million to $12 million in 2020;
- the Company’s belief that postretirement medical care payments are expected to be approximately $2.8 million in 2020;
- the Company’s expectation that it will not withdraw from its participation in the Employers-Teamsters Local Union Nos. 175 and 505 Pension Fund;
- the Company’s belief that additions to property, plant and equipment are expected to be in the range of $180 million to $210 million in 2020;
- the Company’s belief that it has adequately provided for any assessments likely to result from audits by tax authorities in the jurisdictions in which the Company conducts business;
- the Company’s expectations regarding potential changes in the levels of marketing funding support, external advertising and marketing spending from The Coca-Cola Company and other beverage companies;
- the Company’s expectation that new brand and product introductions, packaging changes and sales promotions will continue to require substantial expenditures;
- the Company’s belief that compliance with environmental laws will not have a material adverse impact on its consolidated financial statements or competitive position;
- the Company’s belief that the majority of its deferred tax assets will be realized;
- the Company’s belief that key priorities include commercial execution, revenue management, supply chain optimization and cash flow generation;
- the Company’s belief that its success is dependent on its ability to execute its commercial strategy within its customers’ stores;
- the Company’s belief that integrating its Memphis, Tennessee production center with its West Memphis, Arkansas operations will greatly expand its West Memphis production capabilities and reduce its overall production costs; and
- the Company’s hypothetical calculation that, if market interest rates average 1% more over the next twelve months than the interest rates as of December 29, 2019, interest expense for the next twelve months would increase by approximately $2.1 million, assuming no changes in the Company’s capital structure.

These forward-looking statements may be identified by the use of the words “will,” “may,” “believe,” “plan,” “estimate,” “expect,” “anticipate,” “probably,” “should,” “project,” “intend,” “continue,” “could,” and other similar terms and expressions. Various risks, uncertainties and other factors may cause the Company’s actual results to differ materially from those expressed or implied in any forward-looking statements. Factors, uncertainties and risks that may result in actual results differing from such forward-looking information include, but are not limited to, those listed in “Item 1A. Risk Factors” of this report, as well as other factors discussed throughout this report, including, without limitation, the factors described under “Critical Accounting Policies and Estimates” in Item 7 of this report, or in other filings or statements made by the Company. All of the forward-looking statements in this report and other documents or statements are qualified by these and other factors, risks and uncertainties.

Caution should be taken not to place undue reliance on the forward-looking statements included in this report. The Company assumes no obligation to update any forward-looking statements, even if experience or future changes make it clear that projected results expressed or implied in such statements will not be realized, except as may be required by law. In evaluating forward-looking statements, these risks and uncertainties should be considered, together with the other risks described from time to time in the Company’s other reports and documents filed with the SEC.

Item 7A. 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 or speculative 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 variable rate debt, including its revolving credit facility and term loan facility. Assuming no changes in the Company's capital structure, if market interest rates average 1% more over the next 12 months than the interest rates as of December 29, 2019, interest expense for the next 12 months would increase by approximately $2.1 million. This amount was determined by calculating the effect of the hypothetical interest rate on the unhedged portion of the Company's variable rate debt. This calculated, hypothetical increase in interest expense for the following 12 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 variable rate debt.

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

Raw Material and Commodity Prices

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 to hedge commodity purchases. The Company periodically uses derivative commodity instruments in the management of this risk. The Company estimates a 10% increase in the market prices of commodities included as part of its raw materials over the current market prices would cumulatively increase costs during the next 12 months by approximately $58.2 million assuming no change in volume.

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

Effect of Changing Prices

The annual rate of inflation in the United States, as measured by year-over-year changes in the Consumer Price Index (the "CPI"), was 2.3% in 2019 and 2.4% in 2018. Inflation in the prices of those commodities important to the Company's business is reflected in changes in the CPI, but commodity prices are volatile and in recent years have moved at a faster rate of change than the CPI.

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 SD&A expenses. 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 8. Financial Statements and Supplementary Data.

COCA-COLA CONSOLIDATED, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year		
(in thousands, except per share data)	**2019**	**2018**	**2017**
Net sales	$ 4,826,549	$ 4,625,364	$ 4,287,588
Cost of sales	3,156,047	3,069,652	2,782,721
Gross profit	1,670,502	1,555,712	1,504,867
Selling, delivery and administrative expenses	1,489,748	1,497,810	1,403,320
Income from operations	180,754	57,902	101,547
Interest expense, net	45,990	50,506	41,869
Other expense, net	100,539	30,853	9,565
Gain on exchange transactions	-	10,170	12,893
Income (loss) before income taxes	34,225	(13,287)	63,006
Income tax expense (benefit)	15,665	1,869	(39,841)
Net income (loss)	18,560	(15,156)	102,847
Less: Net income attributable to noncontrolling interest	7,185	4,774	6,312
Net income (loss) attributable to Coca-Cola Consolidated, Inc.	**$ 11,375**	**$ (19,930)**	**$ 96,535**
Basic net income (loss) per share based on net income (loss) attributable to Coca-Cola Consolidated, Inc.:			
Common Stock	$ 1.21	$ (2.13)	$ 10.35
Weighted average number of Common Stock shares outstanding	7,141	7,141	7,141
Class B Common Stock	$ 1.21	$ (2.13)	$ 10.35
Weighted average number of Class B Common Stock shares outstanding	2,229	2,209	2,188
Diluted net income (loss) per share based on net income (loss) attributable to Coca-Cola Consolidated, Inc.:			
Common Stock	$ 1.21	$ (2.13)	$ 10.30
Weighted average number of Common Stock shares outstanding – assuming dilution	9,417	9,350	9,369
Class B Common Stock	$ 1.19	$ (2.13)	$ 10.29
Weighted average number of Class B Common Stock shares outstanding – assuming dilution	2,276	2,209	2,228

See accompanying notes to consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Net income (loss)	$ 18,560	$ (15,156)	$ 102,847
Other comprehensive income (loss), net of tax:			
Defined benefit plans reclassification including pension costs:			
Actuarial gain (loss)	(20,484)	5,928	(6,225)
Prior service credits	17	19	18
Postretirement benefits reclassification including benefit costs:			
Actuarial gain	3,711	12,397	6,812
Prior service costs	(975)	(1,393)	(1,935)
Interest rate swap	(270)	-	-
Foreign currency translation adjustment	(16)	(14)	25
Other comprehensive income (loss), net of tax	(18,017)	16,937	(1,305)
Comprehensive income	543	1,781	101,542
Less: Comprehensive income attributable to noncontrolling interest	7,185	4,774	6,312
Comprehensive income (loss) attributable to Coca-Cola Consolidated, Inc.	**$ (6,642)**	**$ (2,993)**	**$ 95,230**

See accompanying notes to consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)	December 29, 2019	December 30, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 9,614	$ 13,548
Accounts receivable, trade	433,552	436,890
Allowance for doubtful accounts	(13,782)	(9,141)
Accounts receivable from The Coca-Cola Company	62,411	44,915
Accounts receivable, other	43,094	30,493
Inventories	225,926	210,033
Prepaid expenses and other current assets	69,461	70,680
Total current assets	**830,276**	**797,418**
Property, plant and equipment, net	997,403	990,532
Right of use assets - operating leases	111,376	-
Leased property under financing or capital leases, net	17,960	23,720
Other assets	113,269	115,490
Goodwill	165,903	165,903
Distribution agreements, net	876,096	900,383
Customer lists and other identifiable intangible assets, net	14,643	16,482
Total assets	**$ 3,126,926**	**$ 3,009,928**
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of obligations under operating leases	$ 15,024	$ -
Current portion of obligations under financing or capital leases	9,403	8,617
Accounts payable, trade	187,476	152,040
Accounts payable to The Coca-Cola Company	108,699	112,425
Other accrued liabilities	208,834	250,246
Accrued compensation	87,813	72,316
Accrued interest payable	4,946	6,093
Total current liabilities	**622,195**	**601,737**
Deferred income taxes	125,130	127,174
Pension and postretirement benefit obligations	114,831	85,682
Other liabilities	668,566	609,135
Noncurrent portion of obligations under operating leases	97,765	-
Noncurrent portion of obligations under financing or capital leases	17,403	26,631
Long-term debt	1,029,920	1,104,403
Total liabilities	**2,675,810**	**2,554,762**
Commitments and Contingencies		
Equity:		
Convertible Preferred Stock, $100.00 par value: authorized - 50,000 shares; issued - none		
Nonconvertible Preferred Stock, $100.00 par value: authorized - 50,000 shares; issued - none		
Preferred Stock, $0.01 par value: authorized - 20,000,000 shares; issued - none		
Common Stock, $1.00 par value: authorized - 30,000,000 shares; issued - 10,203,821 shares	10,204	10,204
Class B Common Stock, $1.00 par value: authorized - 10,000,000 shares; issued - 2,860,356 and 2,841,132 shares, respectively	2,860	2,839
Class C Common Stock, $1.00 par value: authorized - 20,000,000 shares; issued - none		
Capital in excess of par value	128,983	124,228
Retained earnings	381,161	359,435
Accumulated other comprehensive loss	(115,002)	(77,265)
Treasury stock, at cost: Common Stock - 3,062,374 shares	(60,845)	(60,845)
Treasury stock, at cost: Class B Common Stock - 628,114 shares	(409)	(409)
Total equity of Coca-Cola Consolidated, Inc.	**346,952**	**358,187**
Noncontrolling interest	104,164	96,979
Total equity	**451,116**	**455,166**
Total liabilities and equity	**$ 3,126,926**	**$ 3,009,928**

See accompanying notes to consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Cash Flows from Operating Activities:			
Net income (loss)	$ 18,560	$ (15,156)	$ 102,847
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation expense from property, plant and equipment and financing or capital leases	156,886	164,502	150,422
Amortization of intangible assets and deferred proceeds, net	23,030	22,754	18,419
Fair value adjustment of acquisition related contingent consideration	92,788	28,767	3,226
Impairment of property, plant and equipment	8,798	453	-
Loss on sale of property, plant and equipment	6,498	7,103	4,492
Deferred income taxes	3,987	9,366	(58,111)
Stock compensation expense	2,045	5,606	7,922
Amortization of debt costs	1,313	1,477	1,082
Gain on exchange transactions	-	(10,170)	(12,893)
Proceeds from Legacy Facilities Credit	-	1,320	30,647
Proceeds from Territory Conversion Fee	-	-	91,450
System Transformation transactions settlements	-	-	(6,996)
Gain on acquisition of Southeastern Container preferred shares in CCR redistribution	-	-	(6,012)
Change in current assets less current liabilities (exclusive of acquisitions)	(31,681)	(26,387)	259
Change in other noncurrent assets (exclusive of acquisitions)	15,201	4,347	(17,916)
Change in other noncurrent liabilities (exclusive of acquisitions)	(7,203)	(25,122)	(1,100)
Other	148	19	78
Total adjustments	271,810	184,035	204,969
Net cash provided by operating activities	**$ 290,370**	**$ 168,879**	**$ 307,816**
Cash Flows from Investing Activities:			
Additions to property, plant and equipment (exclusive of acquisitions)	$ (171,374)	$ (138,235)	$ (176,601)
Other distribution agreements	(4,654)	-	-
Proceeds from the sale of property, plant and equipment	4,064	5,259	608
Investment in CONA Services LLC	(1,713)	(2,098)	(3,615)
Net cash paid for exchange transactions	-	(13,116)	(19,393)
Proceeds from cold drink equipment	-	3,789	8,400
Acquisition of distribution territories and manufacturing plants, net of cash acquired and purchase price settlements	-	456	(265,060)
Glacéau distribution agreement consideration	-	-	(15,598)
Portion of Legacy Facilities Credit related to Mobile, Alabama facility	-	-	12,364
Net cash used in investing activities	**$ (173,677)**	**$ (143,945)**	**$ (458,895)**
Cash Flows from Financing Activities:			
Payments on revolving credit facility	$ (550,339)	$ (483,000)	$ (393,000)
Borrowing under revolving credit facility	515,339	356,000	448,000
Payments on term loan facility and senior notes	(140,000)	(7,500)	-
Proceeds from issuance of senior notes	100,000	150,000	125,000
Payments of acquisition related contingent consideration	(27,182)	(24,683)	(16,738)
Cash dividends paid	(9,369)	(9,353)	(9,328)
Payments on financing or capital lease obligations	(8,656)	(8,221)	(7,485)
Debt issuance fees	(420)	(1,531)	(318)
Net cash provided by (used in) financing activities	**$ (120,627)**	**$ (28,288)**	**$ 146,131**
Net decrease in cash	$ (3,934)	$ (3,354)	$ (4,948)
Cash at beginning of year	13,548	16,902	21,850
Cash at end of year	**$ 9,614**	**$ 13,548**	**$ 16,902**

See accompanying notes to consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(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 - Common Stock	Treasury Stock - Class B Common Stock	Total Equity of Coca-Cola Consolidated, Inc.	Non-controlling Interest	Total Equity
Balance on January 1, 2017	**$ 10,204**	**$ 2,798**	**$ 116,769**	**$ 301,511**	**$ (92,897)**	**$ (60,845)**	**$ (409)**	**$ 277,131**	**$ 85,893**	**$ 363,024**
Net income	-	-	-	96,535	-	-	-	96,535	6,312	102,847
Other comprehensive loss, net of tax	-	-	-	-	(1,305)	-	-	(1,305)	-	(1,305)
Cash dividends paid:										
Common Stock ($1.00 per share)	-	-	-	(7,141)	-	-	-	(7,141)	-	(7,141)
Class B Common Stock ($1.00 per share)	-	-	-	(2,187)	-	-	-	(2,187)	-	(2,187)
Issuance of 21,020 shares of Class B Common Stock	-	21	3,648	-	-	-	-	3,669	-	3,669
Balance on December 31, 2017	**$ 10,204**	**$ 2,819**	**$ 120,417**	**$ 388,718**	**$ (94,202)**	**$ (60,845)**	**$ (409)**	**$ 366,702**	**$ 92,205**	**$ 458,907**
Net income (loss)	-	-	-	(19,930)	-	-	-	(19,930)	4,774	(15,156)
Other comprehensive income, net of tax	-	-	-	-	16,937	-	-	16,937	-	16,937
Cash dividends paid:										
Common Stock ($1.00 per share)	-	-	-	(7,141)	-	-	-	(7,141)	-	(7,141)
Class B Common Stock ($1.00 per share)	-	-	-	(2,212)	-	-	-	(2,212)	-	(2,212)
Issuance of 20,296 shares of Class B Common Stock	-	20	3,811	-	-	-	-	3,831	-	3,831
Balance on December 30, 2018	**$ 10,204**	**$ 2,839**	**$ 124,228**	**$ 359,435**	**$ (77,265)**	**$ (60,845)**	**$ (409)**	**$ 358,187**	**$ 96,979**	**$ 455,166**
Net income	-	-	-	11,375	-	-	-	11,375	7,185	18,560
Other comprehensive loss, net of tax	-	-	-	-	(18,017)	-	-	(18,017)	-	(18,017)
Cash dividends paid:										
Common Stock ($1.00 per share)	-	-	-	(7,141)	-	-	-	(7,141)	-	(7,141)
Class B Common Stock ($1.00 per share)	-	-	-	(2,228)	-	-	-	(2,228)	-	(2,228)
Issuance of 19,224 shares of Class B Common Stock	-	21	4,755	-	-	-	-	4,776	-	4,776
Reclassification of stranded tax effects	-	-	-	19,720	(19,720)	-	-	-	-	-
Balance on December 29, 2019	**$ 10,204**	**$ 2,860**	**$ 128,983**	**$ 381,161**	**$ (115,002)**	**$ (60,845)**	**$ (409)**	**$ 346,952**	**$ 104,164**	**$ 451,116**

See accompanying notes to consolidated financial statements.

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Coca-Cola Consolidated, Inc. (the "Company") produces, markets and distributes nonalcoholic beverages, primarily products of The Coca-Cola Company, and is the largest Coca-Cola bottler in the United States. Approximately 85% of the Company's total bottle/can sales volume to retail customers consists of products of The Coca-Cola Company, which include some of the most recognized and popular beverage brands in the world. The Company also distributes products for several other beverage companies, including BA Sports Nutrition, LLC ("BodyArmor"), Keurig Dr Pepper Inc. ("Dr Pepper") and Monster Energy Company ("Monster Energy").

The Company manages its business on the basis of three operating segments. Nonalcoholic Beverages represents the vast majority of the Company's consolidated revenues and income from operations. The additional two operating segments do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate, and therefore have been combined into "All Other."

Piedmont Coca-Cola Bottling Partnership ("Piedmont") is the Company's only subsidiary that has a significant third-party noncontrolling interest. Piedmont distributes and markets nonalcoholic beverages in portions of North Carolina and South Carolina. The Company provides a portion of these nonalcoholic beverage products to Piedmont at cost and receives a fee for managing the operations of Piedmont pursuant to a management agreement. See Note 2 for additional information.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") 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.

Fiscal Year

The Company's fiscal year generally ends on the Sunday closest to December 31 of each year. The fiscal years presented are the 52-week periods ended December 29, 2019 ("2019"), December 30, 2018 ("2018") and December 31, 2017 ("2017").

Cash and Cash Equivalents

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

Accounts Receivable, Trade

The Company sells its products to mass merchandisers, supermarkets, convenience stores and other customers and extends credit, generally without requiring collateral, based on an ongoing evaluation of the customer's business prospects and financial condition. The Company's trade accounts receivable are typically collected within 30 days from the date of sale.

Allowance for Doubtful Accounts

The Company sells its products and extends credit, generally without requiring collateral, based on an ongoing evaluation of the customer's business prospects and financial condition. The Company evaluates the collectibility of its trade accounts receivable based on a number of factors, including the Company's historic collections pattern and changes to a specific customer's ability to meet its

financial obligations. The Company has established an allowance for doubtful accounts to adjust the recorded receivable to the estimated amount the Company believes will ultimately be collected.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method for finished products and manufacturing materials and on the average cost method for plastic shells, plastic pallets and other inventories.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements on operating leases are depreciated over the shorter of the estimated useful lives or the term of the lease, including renewal options the Company determines are reasonably assured. Additions and major replacements or betterments are added to the assets at cost. Maintenance and repair costs and minor replacements are charged to expense when incurred. When assets are replaced or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and the gains or losses, if any, are reflected in the statements of operations. Gains or losses on the disposal of manufacturing equipment and manufacturing plants are included in cost of sales. Gains or losses on the disposal of all other property, plant and equipment are included in selling, delivery and administrative (“SD&A”) expenses.

The Company evaluates the recoverability of the carrying amount of its property, plant and equipment when events or circumstances indicate the carrying amount of an asset or asset group may not be recoverable. These evaluations are performed at a level where independent cash flows may be attributed to either an asset or an asset group. If the Company determines the carrying amount of an asset or asset group is not recoverable based upon the expected undiscounted future cash flows of the asset or asset group, an impairment loss is recorded equal to the excess of the carrying amounts over the estimated fair value of the long-lived assets.

Leases

See Note 10 for information on the Company’s operating lease and financing lease policies.

Internal Use Software

The Company capitalizes costs incurred in the development or acquisition of internal use software. The Company expenses costs incurred in the preliminary project planning stage. Costs, such as maintenance and training, are also expensed as incurred. Capitalized costs are amortized over their estimated useful lives using the straight-line method. Amortization expense, which is included in depreciation expense, for internal-use software was $7.7 million in 2019, $10.0 million in 2018 and $11.9 million in 2017.

Goodwill

All business combinations are accounted for using the acquisition method. Goodwill is tested for impairment annually, or more frequently if facts and circumstances indicate such assets may be impaired. The Company performs its annual impairment test, which includes a qualitative assessment to determine whether it is more likely than not that the fair value of the goodwill is below its carrying value, as of the first day of the fourth quarter each year, and more often if there are significant changes in business conditions that could result in impairment.

All of the Company’s goodwill resides within one reporting unit within the Nonalcoholic Beverages reportable segment, and, therefore, the Company has determined it has one reporting unit for the purpose of assessing goodwill for potential impairment. The Company uses its overall market capitalization as part of its estimate of fair value of the reporting unit and in assessing the reasonableness of the Company’s internal estimates of fair value.

When a quantitative analysis is considered necessary for the annual impairment analysis of goodwill, the Company develops an estimated fair value for the reporting unit considering three different approaches:

- market value, using the Company’s stock price plus outstanding debt;
- discounted cash flow analysis; and
- multiple of earnings before interest, taxes, depreciation and amortization based upon relevant industry data.

The estimated fair value of the reporting unit is then compared to its carrying amount, including goodwill. If the estimated fair value exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount, including goodwill, exceeds its estimated fair value, any excess of the carrying value of goodwill of the reporting unit over its fair value is recorded as an impairment.

To the extent the actual and projected cash flows decline in the future or if market conditions or market capitalization significantly deteriorate, the Company may be required to perform an interim impairment analysis that could result in an impairment of goodwill.

Distribution Agreements, Customer Lists and Other Identifiable Intangible Assets

The Company's definite-lived intangible assets primarily consist of distribution rights and customer relationships, which have estimated useful lives of 10 to 40 years and five to 12 years, respectively. These assets are amortized on a straight-line basis over their estimated useful lives.

Acquisition Related Contingent Consideration Liability

The acquisition related contingent consideration liability consists of the estimated amounts due to The Coca-Cola Company under the Company's comprehensive beverage agreement with The Coca-Cola Company and Coca-Cola Refreshments, USA, Inc. ("CCR"), a wholly owned subsidiary of The Coca-Cola Company, (the "CBA") over the remaining useful life of the related distribution rights. Under the CBA, the Company makes quarterly sub-bottling payments to CCR on a continuing basis in exchange for the grant of exclusive rights to distribute, promote, market and sell certain beverages and beverage products in the distribution territories acquired in the System Transformation (as defined in Note 3), but excluding territories the Company acquired in an exchange transaction. This acquisition related contingent consideration is valued using a probability weighted discounted cash flow model based on internal forecasts and the weighted average cost of capital ("WACC") derived from market data, which are considered Level 3 inputs.

Each reporting period, the Company adjusts its acquisition related contingent consideration liability related to the distribution territories acquired in the System Transformation, excluding territories the Company acquired in an exchange transaction, to fair value by discounting future expected sub-bottling payments required under the CBA using the Company's estimated WACC. These future expected sub-bottling payments extend through the life of the related distribution assets acquired in each distribution territory, which is generally 40 years. As a result, the fair value of the acquisition related contingent consideration liability is impacted by the Company's WACC, management's estimate of the amounts that will be paid in the future under the CBA and current sub-bottling payments (all Level 3 inputs). Changes in any of these Level 3 inputs, particularly the underlying risk-free interest rate used to estimate the Company's WACC, could result in material changes to the fair value of the acquisition related contingent consideration and could materially impact the amount of noncash expense (or income) recorded each reporting period.

Pension and Postretirement Benefit Plans

There are two Company-sponsored pension plans. The primary Company-sponsored pension plan (the "Primary Plan") was frozen as of June 30, 2006 and no benefits accrued to participants after this date. The second Company-sponsored pension plan (the "Bargaining Plan") is for certain employees under collective bargaining agreements. Benefits under the Bargaining Plan are determined in accordance with negotiated formulas for the respective participants. Contributions to the plans are based on actuarial determined amounts and are limited to the amounts currently deductible for income tax purposes. The Company also sponsors a postretirement healthcare plan for employees meeting specified criteria.

The expense and liability amounts recorded for the benefit plans reflect estimates related to interest rates, investment returns, employee turnover and age at retirement, mortality rates and healthcare costs. The discount rate assumptions used to determine the pension and postretirement benefit obligations are based on yield rates available on double-A bonds as of each plan's measurement date. The service cost components of the net periodic benefit cost of the plans are charged to current operations, and the non-service cost components of net periodic benefit cost of the plans are classified as other expense, net. In addition, certain other union employees are covered by plans provided by their respective union organizations and the Company expenses amounts as paid in accordance with union agreements.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to operating losses and tax credit carryforwards, as well as differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

A valuation allowance will be provided against deferred tax assets if the Company determines it is more likely than not such assets will not ultimately be realized.

The Company does not recognize a tax benefit unless it concludes that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Company recognizes a tax benefit measured at the largest amount of the tax benefit that, in the Company's judgment, is greater than 50 percent likely to be realized. The Company records interest and penalties related to uncertain tax positions in income tax expense.

Revenue Recognition

See Note 4 for information on the Company's revenue recognition policy.

Marketing Programs and Sales Incentives

The Company participates in various marketing and sales programs with The Coca-Cola Company, other beverage companies and customers to increase the sale of its products. In addition, coupon programs are deployed on a territory-specific basis. The cost of these various marketing programs and sales incentives with The Coca-Cola Company and other beverage companies is included as a deduction to net sales. Programs negotiated with customers include arrangements under which allowances can be earned for attaining agreed-upon sales levels and/or for participating in specific marketing programs.

Marketing Funding Support

The Company receives marketing funding support payments in cash from The Coca-Cola Company and other beverage companies. Payments to the Company for marketing programs to promote bottle/can sales volume and fountain syrup sales volume are recognized as a reduction of cost of sales, primarily on a per unit basis, as the product is sold. Payments for periodic programs are recognized in the period during which they are earned.

Cash consideration received by a customer from a vendor is presumed to be a reduction of the price of the vendor's products or services. As such, the cash received is accounted for as a reduction of cost of sales unless it is a specific reimbursement of costs or payments for services. Payments the Company receives from The Coca-Cola Company and other beverage companies for marketing funding support are classified as reductions of cost of sales.

Derivative Financial Instruments

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

The Company uses several different financial institutions for commodity derivative instruments to minimize the concentration of credit risk. The Company generally pays a fee for these instruments, which is 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 related costs which are included in either cost of sales or SD&A expenses.

Risk Management Programs

The Company uses various insurance structures to manage its workers' compensation, auto liability, medical and other insurable risks. These structures consist of retentions, deductibles, limits and a diverse group of insurers that serve to strategically finance, transfer and mitigate the financial impact of losses to the Company. Losses are accrued using assumptions and procedures followed in the insurance industry, adjusted for company-specific history and expectations.

Cost of Sales

Inputs representing a substantial portion of the Company's cost of sales include: (i) purchases of finished products, (ii) raw material costs, including aluminum cans, plastic bottles and sweetener, (iii) concentrate costs and (iv) manufacturing costs, including labor, overhead and warehouse costs. In addition, cost of sales includes shipping, handling and fuel costs related to the movement of finished goods from manufacturing plants to distribution centers, amortization expense of distribution rights, distribution fees of certain products and marketing credits from brand companies.

Selling, Delivery and Administrative Expenses

SD&A expenses include the following: sales management labor costs, distribution costs resulting from transporting finished products from distribution centers to customer locations, distribution center overhead including depreciation expense, distribution center warehousing costs, 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.

The Company has three primary delivery systems: (i) bulk delivery for large supermarkets, mass merchandisers and club stores, (ii) advanced sale delivery for convenience stores, drug stores, small supermarkets and on-premise accounts and (iii) full-service delivery for its full-service vending customers.

Shipping and Handling Costs

Shipping and handling costs related to the movement of finished goods from manufacturing locations to distribution centers are included in cost of sales. Shipping and handling costs related to the movement of finished goods from distribution centers to customer locations, including distribution center warehousing costs, are included in SD&A expenses and totaled $623.4 million in 2019, $610.7 million in 2018 and $550.9 million in 2017.

Stock Compensation

In 2008, the stockholders of the Company approved a performance unit award agreement (the “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”) subject to vesting in annual increments over a 10-year period starting in fiscal year 2009. The Performance Unit Award Agreement expired at the end of 2018, with the final award issued in the first quarter of 2019 in connection with Mr. Harrison’s services during 2018.

In 2018, the Compensation Committee of the Company’s Board of Directors (the “Compensation Committee”) and the Company’s stockholders approved a long-term performance equity plan (the “Long-Term Performance Equity Plan”) to succeed the Performance Unit Award Agreement. Awards granted to Mr. Harrison under the Long-Term Performance Equity Plan will be earned based on the Company’s attainment during a performance period of performance measures specified by the Compensation Committee. Mr. Harrison may elect to have awards earned under the Long-Term Performance Equity Plan settled in cash and/or shares of Class B Common Stock. See Note 23 for additional information on Mr. Harrison’s stock compensation programs.

Net Income Per Share

The Company applies the two-class method for calculating and presenting net income per share. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared or accumulated and participation rights in undistributed earnings. Under this method:

(a) Income from continuing operations (“net income”) is reduced by the amount of dividends declared in the current period for each class of stock and by the contractual amount of dividends that must be paid for the current period.
(b) The remaining earnings (“undistributed earnings”) are allocated to Common Stock and Class B Common Stock to the extent each security may share in earnings as if all the earnings for the period had been distributed. The total earnings allocated to each security is determined by adding together the amount allocated for dividends and the amount allocated for a participation feature.
(c) The total earnings allocated to each security is then divided by the number of outstanding shares of the security to which the earnings are allocated to determine the earnings per share for the security.
(d) Basic and diluted net income per share data are presented for each class of common stock.

In applying the two-class method, the Company determined undistributed earnings should be allocated equally on a per share basis between the Common Stock and Class B Common Stock due to the aggregate participation rights of the Class B Common Stock (i.e., the voting and conversion rights) and the Company’s history of paying dividends equally on a per share basis on the Common Stock and Class B Common Stock.

Under the Company’s certificate of incorporation, the Board of Directors may declare dividends on Common Stock without declaring equal or any dividends on the Class B Common Stock. Notwithstanding this provision, Class B Common Stock has voting and conversion rights that allow the Class B Common Stock to participate equally on a per share basis with the Common Stock.

The Class B Common Stock is entitled to 20 votes per share and the Common Stock is entitled to one vote per share with respect to each matter to be voted upon by the stockholders of the Company. Except as otherwise required by law, the holders of the Class B Common Stock and Common Stock vote together as a single class on all matters submitted to the Company's stockholders, including the election of the Board of Directors. As a result, the holders of the Class B Common Stock control approximately 86% of the total voting power of the stockholders of the Company and control the election of the Board of Directors. The Board of Directors has declared, and the Company has paid, dividends on the Class B Common Stock and Common Stock and each class of common stock has participated equally in all dividends declared by the Board of Directors and paid by the Company since 1994.

The Class B Common Stock conversion rights allow the Class B Common Stock to participate in dividends equally with the Common Stock. The Class B Common Stock is convertible into Common Stock on a one-for-one per share basis at any time at the option of the holder. Accordingly, the holders of the Class B Common Stock can participate equally in any dividends declared on the Common Stock by exercising their conversion rights.

Basic net income per share excludes potential common shares that were dilutive and is computed by dividing net income available for common stockholders by the weighted average number of Common and Class B Common shares outstanding. Diluted net income per share for Common Stock and Class B Common Stock gives effect to all securities representing potential common shares that were dilutive and outstanding during the period. The Company does not have anti-dilutive shares.

Recently Adopted Accounting Pronouncements

In February 2018, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," which provides the option to reclassify stranded tax effects resulting from the Tax Cuts and Jobs Act (the "Tax Act") from accumulated other comprehensive income to retained earnings. This standard is required to be applied either in the period of adoption or retrospectively to each period in which the changes in the U.S. federal corporate income tax rate pursuant to the Tax Act are recognized. The new guidance was effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted ASU 2018-02 in 2019 and recognized a cumulative effect adjustment to the opening balance of retained earnings in 2019. The cumulative effect adjustment increased retained earnings by $19.7 million.

In February 2016, the FASB issued ASU 2016-02, "Leases" (the "lease standard"). The lease standard requires lessees to recognize a right of use asset and a lease liability for virtually all leases (other than leases meeting the definition of a short-term lease). The new guidance was effective for fiscal years beginning after December 15, 2018 and interim periods beginning the following fiscal year. The Company adopted the lease standard in 2019 using the optional transition method. See Note 10 for additional information on the Company's adoption of the lease standard.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which requires measurement and recognition of expected credit losses at the point a loss is probable to occur, rather than expected to occur, which will generally result in earlier recognition of allowances for credit losses. The new guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company plans to adopt ASU 2016-13 in the first quarter of 2020 and does not expect the impact of adoption to have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes," which will simplify the accounting for income taxes by removing certain exceptions to the general principles in income tax accounting and improve consistent application of and simplify GAAP for other areas of income tax accounting by clarifying and amending existing guidance. The new guidance is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently evaluating the impact ASU 2019-12 will have on its consolidated financial statements.

2. Piedmont Coca-Cola Bottling Partnership

The Company and The Coca-Cola Company formed 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 that Piedmont distributes and markets to Piedmont at cost and receives a fee for managing Piedmont's operations pursuant to a management agreement. All transactions with Piedmont, including the financing arrangements described below, are intercompany transactions and are eliminated in the Company's consolidated financial statements.

Noncontrolling interest represents the portion of Piedmont owned by The Coca-Cola Company, which was 22.7% for all periods presented. Noncontrolling interest income of $7.2 million in 2019, $4.8 million in 2018 and $6.3 million in 2017 is included in net

income on the Company's consolidated statements of operations. In addition, the amount of consolidated net income attributable to both the Company and noncontrolling interest are shown on the Company's consolidated statements of operations. Noncontrolling interest is included in the equity section of the Company's consolidated balance sheets and totaled $104.2 million on December 29, 2019 and $97.0 million on December 30, 2018.

The Company has agreed to provide financing to Piedmont up to $100.0 million under an agreement that expires on December 31, 2020 with automatic one-year renewal periods unless either the Company or Piedmont provides 10 days' prior written notice of cancellation to the other party before any such one-year renewal period begins. Piedmont pays the Company interest on its borrowings at the Company's average monthly cost of borrowing, taking into account all indebtedness of the Company and its consolidated subsidiaries and as determined as of the last business day of each calendar month, plus 0.5%. There were no amounts outstanding under this agreement at December 29, 2019.

Piedmont has agreed to provide financing to the Company up to $200.0 million under an agreement that expires December 31, 2022 with automatic one-year renewal periods unless a demand for payment of any amount borrowed by the Company is made by Piedmont prior to any such termination date. Borrowings under the revolving loan agreement bear interest on a monthly basis at a rate that is the average rate for the month on A1/P1-rated commercial paper with a 30-day maturity, which was 1.74% at December 29, 2019. As of December 29, 2019, there was a balance outstanding under this agreement of $163.3 million, which has been eliminated in the consolidated financial statements.

3. Related Party Transactions

The Coca-Cola Company

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 formulas under which the primary components of its soft drink products, either concentrate or syrup, are manufactured.

J. Frank Harrison, III, the Chairman of the Board of Directors and Chief Executive Officer of the Company, together with the trustees of certain trusts established for the benefit of certain relatives of the late J. Frank Harrison, Jr., control shares representing approximately 86% of the total voting power of the Company's total outstanding Common Stock and Class B Common Stock on a consolidated basis. As of December 29, 2019, The Coca-Cola Company owned approximately 27% of the Company's total outstanding Common Stock and Class B Common Stock on a consolidated basis, representing approximately 5% of the total voting power of the Company's Common Stock and Class B Common Stock voting together. As long as The Coca-Cola Company holds the number of shares of Common Stock it currently owns, it has the right to have its designee proposed by the Company for nomination to the Company's Board of Directors, and J. Frank Harrison, III and the trustees of the J. Frank Harrison, Jr. family trusts described above, have agreed to vote the shares of the Company's Class B Common Stock which they control in favor of such designee. The Coca-Cola Company does not own any shares of the Company's Class B Common Stock.

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

(in thousands)	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Payments made by the Company to The Coca-Cola Company for:			
Concentrate, syrup, sweetener and other purchases	$ 1,187,889	$ 1,188,818	$ 1,085,898
Customer marketing programs	144,949	145,019	139,542
Cold drink equipment parts	28,209	30,065	25,381
Brand investment programs	13,266	9,063	8,582
Glacéau distribution agreement consideration	-	-	15,598
Payments made by The Coca-Cola Company to the Company for:			
Marketing funding support payments	$ 98,013	$ 86,483	$ 83,177
Fountain delivery and equipment repair fees	41,714	40,023	35,335
Presence marketing funding support on the Company's behalf	8,002	8,311	4,843
Facilitating the distribution of certain brands and packages to other Coca-Cola bottlers	5,069	9,683	10,474
Cold drink equipment	-	3,789	8,400
Legacy Facilities Credit (excluding portion related to Mobile, Alabama facility)	-	1,320	30,647
Conversion of bottling agreements	-	-	91,450
Portion of Legacy Facilities Credit related to Mobile, Alabama facility	-	-	12,364

In October 2017, the Company completed a multi-year series of transactions with The Coca-Cola Company, CCR and Coca-Cola Bottling Company United, Inc., an independent bottler that is unrelated to the Company, to significantly expand the Company's distribution and manufacturing operations (the "System Transformation"). The System Transformation included the acquisition and exchange of rights to serve distribution territories and related distribution assets, as well as the acquisition and exchange of regional manufacturing facilities and related manufacturing assets.

In 2017, The Coca-Cola Company agreed to provide the Company a fee to compensate the Company for the net economic impact of changes made by The Coca-Cola Company to the authorized pricing on sales of covered beverages produced at certain manufacturing facilities owned by Company (the "Legacy Facilities Credit"). The Company immediately recognized the portion of the Legacy Facilities Credit applicable to a regional manufacturing facility in Mobile, Alabama which the Company transferred to CCR in October 2017, and the remaining balance of the Legacy Facilities Credit will be amortized as a reduction to cost of sales over a period of 40 years. The portion of the deferred liability that is expected to be amortized in the next 12 months is classified as current.

Additionally, in 2017, the Company made a payment of $15.6 million to obtain the rights to market, promote, distribute and sell glacéau vitaminwater, glacéau smartwater and glacéau vitaminwater zero drops in certain geographic territories including the District of Columbia and portions of Delaware, Maryland and Virginia, pursuant to an agreement entered into by the Company, The Coca-Cola Company and CCR. This payment represented a portion of the total payment made by The Coca-Cola Company to terminate a distribution arrangement with a prior distributor in this territory.

Coca-Cola Refreshments USA, Inc.

The Company, The Coca-Cola Company and CCR entered into the CBA on March 31, 2017. Pursuant to the CBA, the Company is required to make quarterly sub-bottling payments to CCR on a continuing basis in exchange for the grant of exclusive rights to distribute, promote, market and sell the authorized brands of The Coca-Cola Company and related products in distribution territories the Company acquired from CCR as part of the System Transformation, but excluding territories the Company acquired in an exchange transaction. These sub-bottling payments are based on gross profit derived from sales of certain beverages and beverage products that are sold under the same trademarks that identify a covered beverage, beverage product or certain cross-licensed brands.

Sub-bottling payments to CCR were $27.2 million in 2019, $24.7 million in 2018 and $16.7 million in 2017. The following table summarizes the liability recorded by the Company to reflect the estimated fair value of contingent consideration related to future sub-bottling payments to CCR:

(in thousands)	**December 29, 2019**	**December 30, 2018**
Current portion of acquisition related contingent consideration	$ 41,087	$ 32,993
Noncurrent portion of acquisition related contingent consideration	405,597	349,905
Total acquisition related contingent consideration	**$ 446,684**	**$ 382,898**

Upon the conversion of the Company's then-existing bottling agreements in 2017 pursuant to the CBA, the Company received a fee from CCR (the "Territory Conversion Fee"). The Territory Conversion Fee was equivalent to 0.5 times the EBITDA the Company and its subsidiaries generated during the 12-month period ended January 1, 2017 from sales in the distribution territories the Company served prior to the System Transformation of certain beverages owned by or licensed to The Coca-Cola Company or Monster Energy Company on which the Company and its subsidiaries pay, and The Coca-Cola Company receives, a facilitation fee. The Territory Conversion Fee was recorded as a deferred liability and will be amortized as a reduction to cost of sales over a period of 40 years. The portion of the deferred liability that is expected to be amortized in the next 12 months is classified as current.

The Company previously had a production arrangement with CCR to buy and sell finished products at cost and transported products for CCR to the Company's and other Coca-Cola bottlers' locations. Following the completion of the System Transformation in October 2017, the Company no longer transacts with CCR other than making quarterly sub-bottling payments. During 2017, the Company had purchases from CCR of $114.9 million, gross sales to CCR of $76.7 million and sales to CCR for transporting CCR's product of $2.0 million.

Southeastern Container ("Southeastern")

The Company is a shareholder of Southeastern, a plastic bottle manufacturing cooperative. The Company accounts for Southeastern as an equity method investment. The Company's investment in Southeastern, which was classified as other assets in the consolidated balance sheets, was $23.2 million as of December 29, 2019 and $23.6 million as of December 30, 2018.

In 2017, CCR redistributed a portion of its investment in Southeastern. As a result of this redistribution, the Company increased its investment in Southeastern by $6.0 million, which was recorded as income in other expense, net in the consolidated financial statements.

South Atlantic Canners, Inc. ("SAC")

The Company is a shareholder of SAC, a manufacturing cooperative in Bishopville, South Carolina. All of SAC's shareholders are Coca-Cola bottlers and each has equal voting rights. The Company accounts for SAC as an equity method investment. The Company's investment in SAC, which was classified as other assets in the consolidated balance sheets, was $8.2 million as of both December 29, 2019 and December 30, 2018.

The Company receives a fee for managing the day-to-day operations of SAC pursuant to a management agreement. Proceeds from management fees received from SAC were $9.1 million in 2019, $9.0 million in 2018 and $9.1 million in 2017.

Coca-Cola Bottlers' Sales & Services Company, LLC ("CCBSS")

Along with other Coca-Cola bottlers in the United States and Canada, the Company is a member of CCBSS, a company formed to provide certain procurement and other services with the intention of enhancing the efficiency and competitiveness of the Coca-Cola bottling system. The Company accounts for CCBSS as an equity method investment and its investment in CCBSS is not material.

CCBSS negotiates the procurement for the majority of the Company's raw materials, excluding concentrate, and the Company receives a rebate from CCBSS for the purchase of these raw materials. The Company had rebates due from CCBSS of $10.0 million on December 29, 2019 and $10.4 million on December 30, 2018, which were classified as accounts receivable, other in the consolidated balance sheets.

In addition, the Company pays an administrative fee to CCBSS for its services. The Company incurred administrative fees to CCBSS of $2.3 million in 2019, $2.8 million in 2018 and $2.3 million in 2017, which were classified as SD&A expenses in the consolidated statements of operations.

CONA Services LLC ("CONA")

The Company is a member of CONA, an entity formed with The Coca-Cola Company and certain other Coca-Cola bottlers to provide business process and information technology services to its members. The Company accounts for CONA as an equity method investment. The Company's investment in CONA, which was classified as other assets in the consolidated balance sheets, was $10.5 million as of December 29, 2019 and $8.0 million as of December 30, 2018.

Pursuant to an amended and restated master services agreement with CONA, the Company is authorized to use the Coke One North America system (the "CONA System"), a uniform information technology system developed to promote operational efficiency and uniformity among North American Coca-Cola bottlers. In exchange for the Company's rights to use the CONA System and receive CONA-related services, it is charged service fees by CONA. The Company incurred CONA service fees of $22.2 million in 2019, $21.5 million in 2018 and $12.6 million in 2017.

Related Party Leases

The Company leases its headquarters office facility and an adjacent office facility in Charlotte, North Carolina from Beacon Investment Corporation, of which J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, is the majority stockholder and Morgan H. Everett, Senior Vice President and a director of the Company, is a minority stockholder. The annual base rent the Company is obligated to pay under this lease agreement is subject to adjustment for increases in the Consumer Price Index (the "CPI") and the lease expires on December 31, 2021. The principal balance outstanding under this lease was $6.8 million on December 29, 2019 and $9.9 million on December 30, 2018.

The minimum and contingent rental payments related to this lease were as follows:

	Fiscal Year		
(in thousands)	**2019**	**2018**	**2017**
Minimum rental payments	$ 3,510	$ 3,511	$ 3,509
Contingent rental payments	1,015	927	877
Total rental payments	**$ 4,525**	**$ 4,438**	**$ 4,386**

The contingent rental payments in 2019, 2018 and 2017 were a result of changes in the CPI. Increases or decreases in lease payments that result from changes in the CPI were recorded as adjustments to interest expense, net on the Company's consolidated statements of operations.

Subsequent to the end of the fiscal year, the Company entered into a lease agreement with Beacon Investment Corporation to continue to lease its headquarters office facility and an adjacent office facility in Charlotte, North Carolina. The new lease expires on December 31, 2029 and is not subject to adjustment for increases in the CPI. See Note 10 for additional information.

The Company leases the Snyder Production Center and an adjacent sales facility in Charlotte, North Carolina from Harrison Limited Partnership One, which is directly and indirectly owned by trusts of which J. Frank Harrison, III, and Sue Anne H. Wells, a director of the Company, are trustees and beneficiaries and of which Morgan H. Everett is a permissible, discretionary beneficiary. The annual base rent the Company is obligated to pay under this lease agreement is subject to an adjustment for an inflation factor and the lease expires on December 31, 2020.

The principal balance outstanding under this lease was $4.3 million on December 29, 2019 and $8.1 million on December 30, 2018. The annual base rent the Company is obligated to pay under the lease is subject to an adjustment for an inflation factor. Rental payments related to this lease were $4.4 million in 2019, $4.2 million in 2018 and $4.1 million in 2017.

4. Revenue Recognition

The Company offers a range of nonalcoholic beverage products and flavors designed to meet the demands of its consumers, including both sparkling and still beverages. Sparkling beverages are carbonated beverages and the Company's principal sparkling beverage is Coca-Cola. Still beverages include energy products and noncarbonated beverages such as bottled water, tea, ready to drink coffee, enhanced water, juices and sports drinks.

The Company's products are sold and distributed in the United States through various channels, which include selling directly to retail stores and other outlets such as food markets, institutional accounts and vending machine outlets. The Company typically collects payment from customers within 30 days from the date of sale.

The Company's sales are divided into two main categories: (i) bottle/can sales and (ii) other sales. Bottle/can sales include products packaged primarily in plastic bottles and aluminum cans. Bottle/can net pricing is based on the invoice price charged to customers reduced by any promotional allowances. Bottle/can net pricing per unit is impacted by the price charged per package, the sales volume generated for each package and the channels in which those packages are sold. Other sales include sales to other Coca-Cola bottlers, "post-mix" products, transportation revenue and equipment maintenance revenue. Post-mix products are dispensed through equipment that mixes fountain syrups with carbonated or still water, enabling fountain retailers to sell finished products to consumers in cups or glasses.

The Company's contracts are derived from customer orders, including customer sales incentives, generated through an order processing and replenishment model. Generally, the Company's service contracts and contracts related to the delivery of specifically identifiable products have a single performance obligation. Revenues do not include sales or other taxes collected from customers. The Company has defined its performance obligations for its contracts as either at a point in time or over time. Bottle/can sales, sales to other Coca-Cola bottlers and post-mix sales are recognized when control transfers to a customer, which is generally upon delivery and is considered a single point in time ("point in time"). Point in time sales accounted for approximately 96% of the Company's net sales in 2019, 97% of the Company's net sales in 2018 and 97% of the Company's net sales in 2017. Substantially all of the Company's revenue is recognized at a point in time and is included in the Nonalcoholic Beverages segment.

Other sales, which include revenue for service fees related to the repair of cold drink equipment and delivery fees for freight hauling and brokerage services, are recognized over time ("over time"). Revenues related to cold drink equipment repair are recognized as the respective services are completed using a cost-to-cost input method. Repair services are generally completed in less than one day but can extend up to one month. Revenues related to freight hauling and brokerage services are recognized as the delivery occurs using a miles driven output method. Generally, delivery occurs and freight charges are recognized in the same day. Over time sales orders open at the end of a financial period are not material to the Company's consolidated financial statements.

The following table represents a disaggregation of revenue from contracts with customers:

	Fiscal Year		
(in thousands)	**2019**	**2018**	**2017**
Point in time net sales:			
Nonalcoholic Beverages - point in time	$ 4,649,037	$ 4,467,945	$ 4,169,910
Total point in time net sales	**4,649,037**	**4,467,945**	**4,169,910**
Over time net sales:			
Nonalcoholic Beverages - over time	45,391	44,373	37,017
All Other - over time	132,121	113,046	80,661
Total over time net sales	**177,512**	**157,419**	**117,678**
Total net sales	**$ 4,826,549**	**$ 4,625,364**	**$ 4,287,588**

The Company participates in various sales programs with The Coca-Cola Company, other beverage companies and customers to increase the sale of its products. Programs negotiated with customers include arrangements under which allowances can be earned for attaining agreed-upon sales levels. The cost of these various sales incentives is not considered a separate performance obligation and is included as a deduction to net sales.

Allowance payments made to customers can be conditional on the achievement of volume targets and/or marketing commitments. Payments made in advance are recorded as prepayments and amortized in the consolidated statements of operations over the relevant period for which the customer commitment is made. In the event there is no separate identifiable benefit or the fair value of such benefit cannot be established, the amortization of the prepayment is included as a reduction to net sales.

The Company sells its products and extends credit, generally without requiring collateral, based on an ongoing evaluation of the customer’s business prospects and financial condition. The Company evaluates the collectibility of its trade accounts receivable based on a number of factors, including the Company’s historic collections pattern and changes to a specific customer’s ability to meet its financial obligations. The Company has established an allowance for doubtful accounts to adjust the recorded receivable to the estimated amount the Company believes will ultimately be collected.

The nature of the Company’s contracts gives rise to several types of variable consideration, including prospective and retrospective rebates. The Company accounts for its prospective and retrospective rebates using the expected value method, which estimates the net price to the customer based on the customer’s expected annual sales volume projections.

The Company experiences customer returns primarily as a result of damaged or out-of-date product. At any given time, the Company estimates less than 1% of bottle/can sales and post-mix sales could be at risk for return by customers. The Company’s reserve for customer returns, which was classified as allowance for doubtful accounts in the consolidated balance sheets, was $3.6 million as of December 29, 2019 and $2.3 million as of December 30, 2018. Returned product is recognized as a reduction of net sales.

5. Segments

The Company evaluates segment reporting in accordance with the FASB Accounting Standards Codification 280, Segment Reporting, each reporting period, including evaluating the reporting package reviewed by the Chief Operating Decision Maker (the “CODM”). The Company has concluded the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, as a group, represent the CODM. Asset information is not provided to the CODM.

The Company believes three operating segments exist. Nonalcoholic Beverages represents the vast majority of the Company's consolidated revenues and income from operations. The additional two operating segments do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate, and therefore have been combined into "All Other." The Company's segment results are as follows:

	Fiscal Year		
(in thousands)	**2019**	**2018**	**2017**
Net sales:			
Nonalcoholic Beverages	$ 4,694,428	$ 4,512,318	$ 4,206,927
All Other	345,005	358,625	301,801
Eliminations(1)	(212,884)	(245,579)	(221,140)
Consolidated net sales	**$ 4,826,549**	**$ 4,625,364**	**$ 4,287,588**
Income from operations:			
Nonalcoholic Beverages	$ 174,133	$ 45,519	$ 90,143
All Other	6,621	12,383	11,404
Consolidated income from operations	**$ 180,754**	**$ 57,902**	**$ 101,547**
Depreciation and amortization:			
Nonalcoholic Beverages	$ 169,879	$ 177,448	$ 160,524
All Other	10,037	9,808	8,317
Consolidated depreciation and amortization	**$ 179,916**	**$ 187,256**	**$ 168,841**

(1) The entire net sales elimination for each period presented represents net sales from All Other to the Nonalcoholic Beverages segment. Sales between these segments are recognized at either fair market value or cost depending on the nature of the transaction.

6. Net Income (Loss) Per Share

The following table sets forth the computation of basic net income (loss) per share and diluted net income (loss) per share under the two-class method. See Note 1 for additional information related to net income (loss) per share.

	Fiscal Year		
(in thousands, except per share data)	**2019**	**2018**	**2017**
Numerator for basic and diluted net income (loss) per Common Stock and Class B Common Stock share:			
Net income (loss) attributable to Coca-Cola Consolidated, Inc.	$ 11,375	$ (19,930)	$ 96,535
Less dividends:			
Common Stock	7,141	7,141	7,141
Class B Common Stock	2,228	2,212	2,187
Total undistributed earnings (losses)	**$ 2,006**	**$ (29,283)**	**$ 87,207**
Common Stock undistributed earnings (losses) – basic	$ 1,529	$ (22,365)	$ 66,754
Class B Common Stock undistributed earnings (losses) – basic	477	(6,918)	20,453
Total undistributed earnings (losses) – basic	**$ 2,006**	**$ (29,283)**	**$ 87,207**
Common Stock undistributed earnings (losses) – diluted	$ 1,521	$ (22,365)	$ 66,469
Class B Common Stock undistributed earnings (losses) – diluted	485	(6,918)	20,738
Total undistributed earnings (losses) – diluted	**$ 2,006**	**$ (29,283)**	**$ 87,207**
Numerator for basic net income (loss) per Common Stock share:			
Dividends on Common Stock	$ 7,141	$ 7,141	$ 7,141
Common Stock undistributed earnings (losses) – basic	1,529	(22,365)	66,754
Numerator for basic net income (loss) per Common Stock share	**$ 8,670**	**$ (15,224)**	**$ 73,895**

(in thousands, except per share data)	Fiscal Year 2019	2018	2017
Numerator for basic net income (loss) per Class B Common Stock share:			
Dividends on Class B Common Stock	$ 2,228	$ 2,212	$ 2,187
Class B Common Stock undistributed earnings (losses) – basic	477	(6,918)	20,453
Numerator for basic net income (loss) per Class B Common Stock share	**$ 2,705**	**$ (4,706)**	**$ 22,640**
Numerator for diluted net income (loss) per Common Stock share:			
Dividends on Common Stock	$ 7,141	$ 7,141	$ 7,141
Dividends on Class B Common Stock assumed converted to Common Stock	2,228	2,212	2,187
Common Stock undistributed earnings (losses) – diluted	2,006	(29,283)	87,207
Numerator for diluted net income (loss) per Common Stock share	**$ 11,375**	**$ (19,930)**	**$ 96,535**
Numerator for diluted net income (loss) per Class B Common Stock share:			
Dividends on Class B Common Stock	$ 2,228	$ 2,212	$ 2,187
Class B Common Stock undistributed earnings (losses) – diluted	485	(6,918)	20,738
Numerator for diluted net income (loss) per Class B Common Stock share	**$ 2,713**	**$ (4,706)**	**$ 22,925**
Denominator for basic net income (loss) per Common Stock and Class B Common Stock share:			
Common Stock weighted average shares outstanding – basic	7,141	7,141	7,141
Class B Common Stock weighted average shares outstanding – basic	2,229	2,209	2,188
Denominator for diluted net income (loss) per Common Stock and Class B Common Stock share:			
Common Stock weighted average shares outstanding – diluted (assumes conversion of Class B Common Stock to Common Stock)	9,417	9,350	9,369
Class B Common Stock weighted average shares outstanding – diluted	2,276	2,209	2,228
Basic net income (loss) per share:			
Common Stock	$ 1.21	$ (2.13)	$ 10.35
Class B Common Stock	$ 1.21	$ (2.13)	$ 10.35
Diluted net income (loss) per share:			
Common Stock	$ 1.21	$ (2.13)	$ 10.30
Class B Common Stock	$ 1.19	$ (2.13)	$ 10.29

NOTES TO TABLE

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

(2) For purposes of the diluted net income (loss) 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) For periods presented during which the Company has net income, the denominator for diluted net income per share for Common Stock and Class B Common Stock included the dilutive effect of shares relative to the Long-Term Performance Equity Plan and the Performance Unit Award Agreement. For periods presented during which the Company has net loss, the unvested performance units granted pursuant to the Long-Term Performance Equity Plan and the Performance Unit Award Agreement are excluded from the calculation of diluted net loss per share, as the effect of these awards would be anti-dilutive. See Note 23 for additional information on the Long-Term Performance Equity Plan and the Performance Unit Award Agreement.

(4) The Long-Term Performance Equity Plan awards may be settled in cash and/or shares of the Company's Class B Common Stock. Once an election has been made to settle an award in cash, the dilutive effect of shares relative to such award are prospectively removed from the denominator for the calculation of diluted net income (loss) per share.

(5) The Company did not have anti-dilutive shares for any periods presented.

7. Inventories

Inventories consisted of the following:

(in thousands)	December 29, 2019	December 30, 2018
Finished products	$ 142,363	$ 135,561
Manufacturing materials	45,267	39,840
Plastic shells, plastic pallets and other inventories	38,296	34,632
Total inventories	**$ 225,926**	**$ 210,033**

8. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

(in thousands)	December 29, 2019	December 30, 2018
Repair parts	$ 28,967	$ 26,846
Prepayments for sponsorship contracts	8,696	7,557
Current portion of income taxes	4,359	6,637
Prepaid software	5,850	6,553
Prepaid marketing	5,658	6,097
Other prepaid expenses and other current assets	15,931	16,990
Total prepaid expenses and other current assets	**$ 69,461**	**$ 70,680**

9. Property, Plant and Equipment, Net

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

(in thousands)	December 29, 2019	December 30, 2018	Estimated Useful Lives
Land	$ 76,860	$ 78,242	
Buildings	223,500	218,846	8-50 years
Machinery and equipment	355,575	328,034	5-20 years
Transportation equipment	417,532	372,895	4-20 years
Furniture and fixtures	92,059	89,439	3-10 years
Cold drink dispensing equipment	489,050	491,161	5-17 years
Leasehold and land improvements	145,341	132,837	5-20 years
Software for internal use	128,792	122,604	3-10 years
Construction in progress	29,369	15,142	
Total property, plant and equipment, at cost	1,958,078	1,849,200	
Less: Accumulated depreciation and amortization	960,675	858,668	
Property, plant and equipment, net	**$ 997,403**	**$ 990,532**	

During 2019, 2018 and 2017, the Company performed periodic reviews of property, plant and equipment and determined no material impairment existed.

10. Leases

The Company leases office and warehouse space, machinery and other equipment under noncancelable operating lease agreements and also leases certain warehouse space under financing lease agreements. The Company adopted the lease standard using the optional transition method on December 31, 2018, the transition date, and elected to adopt the following practical expedients as accounting policy upon initial adoption of the lease standard:

- **Short-term lease exception:** Allows the Company to not recognize leases with a contractual term of less than 12 months on the balance sheet.
- **Election to not separate non-lease components:** Allows the Company to not separate lease and non-lease components and to account for both components as a single component, recognized on its consolidated balance sheets.
- **Package of practical expedients for transition:** Allows the Company to not reassess (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases and (iii) any initial direct costs for any existing leases as of the transition date.
- **Additional transition method/relief:** Allows the Company to apply the transition requirements in the lease standard as of the transition date, with any impact of initially applying the lease standard recognized as a cumulative effect adjustment to retained earnings in the period of adoption. This also requires the Company to maintain previous disclosure requirements for comparative periods.

Upon adoption of the lease standard on December 31, 2018, the Company recorded right of use assets for operating leases of $88.0 million and associated lease liabilities of $88.2 million. The adoption of the lease standard did not change previously reported consolidated statements of operations, did not result in a cumulative effect adjustment to retained earnings in the period of adoption and did not impact cash flows.

The Company used the following policies and assumptions to evaluate its population of leases:

- **Determining a lease:** The Company assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Company's right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right of use assets and associated liabilities are recognized at the commencement date and initially measured based on the present value of lease payments over the defined lease term.
- **Allocating lease and non-lease components:** The Company has elected the practical expedient to not separate lease and non-lease components for certain classes of underlying assets. The Company has equipment and vehicle lease agreements, which generally have the lease and associated non-lease components accounted for as a single lease component. The Company has real estate lease agreements with lease and non-lease components, which are generally accounted for separately where applicable.
- **Discount rate:** The Company calculates the discount rate based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Company calculates an incremental borrowing rate using a portfolio approach. The incremental borrowing rate is calculated using the contractual lease term and the Company's borrowing rate.
- **Lease term:** The Company does not recognize leases with a contractual term of less than 12 months on its consolidated balance sheets. Lease expense for these short-term leases is expensed on a straight-line basis over the lease term.
- **Rent increases or escalation clauses:** Certain leases contain scheduled rent increases or escalation clauses, which can be based on the CPI or other rates. The Company assesses each contract individually and applies the appropriate variable payments based on the terms of the agreement.
- **Renewal options and/or purchase options:** Certain leases include renewal options to extend the lease term and/or purchase options to purchase the leased asset. The Company assesses these options using a threshold of reasonably certain, which is a high threshold and, therefore, the majority of the Company's leases do not include renewal periods or purchase options for the measurement of the right of use asset and the associated lease liability. For leases the Company is reasonably certain to renew or purchase, those options are included within the lease term and, therefore, included in the measurement of the right of use asset and the associated lease liability.
- **Option to terminate:** Certain leases include the option to terminate the lease prior to its scheduled expiration. This allows a contractually bound party to terminate its obligation under the lease contract, typically in return for an agreed-upon financial consideration. The terms and conditions of the termination options vary by contract.
- **Residual value guarantees, restrictions or covenants:** The Company's lease agreements do not contain residual value guarantees, restrictions or covenants.

Following is a summary of the weighted average remaining lease term and weighted average discount rate for the Company's population of leases as of December 29, 2019:

	Operating Leases	Financing Leases
Weighted average remaining lease term	10.2 years	4.8 years
Weighted average discount rate	4.1%	5.7%

As of December 29, 2019, the Company had one real estate lease commitment that had not yet commenced. The Company entered into a lease agreement, effective January 1, 2020, with Beacon Investment Corporation to continue to lease its headquarters office facility and an adjacent office facility in Charlotte, North Carolina. The new lease has a 10-year term and expires on December 31, 2029. This lease will be classified as an operating lease and the additional lease liability associated with this lease commitment is

expected to be $40.2 million. This lease replaces the previous lease agreement, that was classified as a financing lease obligation, was scheduled to expire on December 31, 2021 and had a $6.8 million principal balance outstanding as of December 29, 2019.

Following is a summary of balances related to the Company's lease portfolio within the Company's consolidated statement of operations:

(in thousands)		2019
Cost of sales impact:		
Operating lease costs	$	5,396
Short-term and variable leases		10,267
Depreciation expense from financing leases(1)		1,414
Total cost of sales impact	**$**	**17,077**
Selling, delivery and administrative expenses impact:		
Operating lease costs	$	13,424
Short-term and variable leases		3,338
Depreciation expense from financing leases(1)		4,553
Total selling, delivery and administrative expenses impact	**$**	**21,315**
Interest expense, net impact:		
Interest expense on financing lease obligations(2)	$	2,714
Total interest expense, net impact	**$**	**2,714**
Total lease cost	**$**	**41,106**

(1) During both 2018 and 2017, the Company had depreciation expense from capital leases of $1.4 million and $4.5 million in cost of sales and SD&A expenses, respectively.

(2) The Company had interest expense on capital lease obligations of $3.3 million during 2018 and $3.9 million during 2017.

The future minimum lease payments related to the Company's lease portfolio include renewal options the Company has determined to be reasonably assured and exclude payments to landlords for real estate taxes and common area maintenance. Following is a summary of future minimum lease payments for all noncancelable operating leases and financing leases as of December 29, 2019:

(in thousands)		Operating Leases		Financing Leases		Total
2020	$	19,236	$	10,611	$	29,847
2021		16,815		6,215		23,030
2022		14,016		2,694		16,710
2023		11,704		2,750		14,454
2024		10,989		2,808		13,797
Thereafter		67,556		5,406		72,962
Total minimum lease payments including interest	**$**	**140,316**	**$**	**30,484**	**$**	**170,800**
Less: Amounts representing interest		27,527		3,678		31,205
Present value of minimum lease principal payments		**112,789**		**26,806**		**139,595**
Less: Current portion of lease liabilities - operating and financing leases		15,024		9,403		24,427
Noncurrent portion of lease liabilities - operating and financing leases	**$**	**97,765**	**$**	**17,403**	**$**	**115,168**

Following is a summary of future minimum lease payments for all noncancelable operating leases and capital leases as of December 30, 2018:

(in thousands)	Operating Leases	Capital Leases	Total
2019	$ 14,146	$ 10,434	$ 24,580
2020	13,526	10,613	24,139
2021	12,568	6,218	18,786
2022	11,161	2,697	13,858
2023	10,055	2,753	12,808
Thereafter	33,805	8,106	41,911
Total minimum lease payments including interest	**$ 95,261**	**$ 40,821**	**$ 136,082**
Less: Amounts representing interest		5,573	
Present value of minimum lease principal payments		**35,248**	
Less: Current portion of lease liabilities - capital leases		8,617	
Noncurrent portion of lease liabilities - capital leases		**$ 26,631**	

Following is a summary of balances related to the Company's lease portfolio within the Company's consolidated statement of cash flows:

(in thousands)	2019
Cash flows from operating activities impact:	
Operating leases	$ 18,138
Interest payments on financing lease obligations(1)	2,714
Total cash flows from operating activities impact	**$ 20,852**
Cash flows from financing activities impact:	
Principal payments on financing lease obligations(1)	$ 8,656
Total cash flows from financing activities impact	**$ 8,656**

(1) During 2018, the Company had principal payments on capital lease obligations of $8.1 million and interest payments on capital lease obligations of $3.3 million. During 2017, the Company had principal payments on capital lease obligations of $7.7 million and interest payments on capital lease obligations of $3.9 million.

11. Goodwill

A reconciliation of the activity for goodwill in 2019 and 2018 is as follows:

	Fiscal Year	
(in thousands)	2019	2018
Beginning balance - goodwill	**$ 165,903**	**$ 169,316**
Measurement period adjustments(1)	-	(3,413)
Ending balance - goodwill	**$ 165,903**	**$ 165,903**

(1) Measurement period adjustments relate to post-closing adjustments made in accordance with the terms and conditions of the applicable asset purchase agreement or asset exchange agreement for distribution territories acquired or exchanged by the Company in April 2017 and October 2017 as part of the System Transformation. All final post-closing adjustments for these transactions were completed during 2018.

The Company's goodwill resides entirely within the Nonalcoholic Beverages segment. The Company performed its annual impairment test of goodwill as of the first day of the fourth quarter during both 2019 and 2018 and determined there was no impairment of the carrying value of these assets.

12. Distribution Agreements, Net

Distribution agreements, net, which are amortized on a straight-line basis and have an estimated useful life of 10 to 40 years, consisted of the following:

(in thousands)	December 29, 2019	December 30, 2018
Distribution agreements at cost	$ 950,549	$ 950,559
Less: Accumulated amortization	74,453	50,176
Distribution agreements, net	**$ 876,096**	**$ 900,383**

A reconciliation of the activity for distribution agreements, net in 2019 and 2018 is as follows:

	Fiscal Year	
(in thousands)	2019	2018
Beginning balance - distribution agreements, net	**$ 900,383**	**$ 913,352**
Other distribution agreements	(10)	6,332
Measurement period adjustments(1)	-	4,700
Additional accumulated amortization	(24,277)	(24,001)
Ending balance - distribution agreements, net	**$ 876,096**	**$ 900,383**

(1) Measurement period adjustments relate to post-closing adjustments made in accordance with the terms and conditions of the applicable asset purchase agreement or asset exchange agreement for distribution territories acquired or exchanged by the Company in October 2017 as part of the System Transformation. All final post-closing adjustments for these transactions were completed during 2018. The adjustments to amortization expense associated with these measurement period adjustments were not material to the consolidated financial statements.

Assuming no impairment of distribution agreements, net, amortization expense in future years based upon recorded amounts as of December 29, 2019 will be $24.3 million for each fiscal year 2020 through 2024.

13. Customer Lists and Other Identifiable Intangible Assets, Net

Customer lists and other identifiable intangible assets, net, which are amortized on a straight-line basis and have an estimated useful life of five to 12 years, consisted of the following:

(in thousands)	December 29, 2019	December 30, 2018
Customer lists and other identifiable intangible assets at cost	$ 25,288	$ 25,288
Less: Accumulated amortization	10,645	8,806
Customer lists and other identifiable intangible assets, net	**$ 14,643**	**$ 16,482**

Assuming no impairment of customer lists and other identifiable intangible assets, net, amortization expense in future years based upon recorded amounts as of December 29, 2019 will be approximately $1.8 million for each fiscal year 2020 through 2024.

14. Other Accrued Liabilities

Other accrued liabilities consisted of the following:

(in thousands)		December 29, 2019		December 30, 2018
Accrued insurance costs	$	44,584	$	37,916
Current portion of acquisition related contingent consideration		41,087		32,993
Accrued marketing costs		34,947		31,475
Employee and retiree benefit plan accruals		33,699		29,300
Checks and transfers yet to be presented for payment from zero balance cash accounts		20,199		72,701
Accrued taxes (other than income taxes)		6,366		4,577
Current deferred proceeds from Territory Conversion Fee		2,286		2,286
Federal income taxes		1,651		-
Commodity hedges at fair market value		1,174		10,305
All other accrued expenses		22,841		28,693
Total other accrued liabilities	**$**	**208,834**	**$**	**250,246**

15. Derivative Financial Instruments

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

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

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

		Fiscal Year					
(in thousands)	Classification of Gain (Loss)		2019		2018		2017
Commodity hedges	Cost of sales	$	6,602	$	(10,376)	$	2,815
Commodity hedges	Selling, delivery and administrative expenses		3,536		(4,349)		315
Total gain (loss)		**$**	**10,138**	**$**	**(14,725)**	**$**	**3,130**

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		December 29, 2019		December 30, 2018
Assets:					
Commodity hedges at fair market value	Prepaid expenses and other current assets	$	1,007	$	-
Total assets		**$**	**1,007**	**$**	**-**
Liabilities:					
Commodity hedges at fair market value	Other accrued liabilities	$	1,174	$	10,305
Total liabilities		**$**	**1,174**	**$**	**10,305**

The Company has master agreements with the counterparties to its derivative financial agreements that provide for net settlement of derivative transactions. Accordingly, the net amounts of derivative assets are recognized in either prepaid expenses and other current assets or other assets in the Company's consolidated balance sheets and the net amounts of derivative liabilities are recognized in other

accrued liabilities or other liabilities in the consolidated balance sheets. The following table summarizes the Company's gross derivative assets and gross derivative liabilities in the consolidated balance sheets:

(in thousands)	December 29, 2019	December 30, 2018
Gross derivative assets	$ 3,298	$ 28,305
Gross derivative liabilities	3,465	38,610

The following table summarizes the Company's outstanding commodity derivative agreements:

(in thousands)	December 29, 2019	December 30, 2018
Notional amount of outstanding commodity derivative agreements	$ 171,699	$ 168,388
Latest maturity date of outstanding commodity derivative agreements	December 2020	December 2019

16. Fair Values of Financial Instruments

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

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The following methods and assumptions were used by the Company in estimating the fair values of its financial instruments. There were no transfers of assets or liabilities between levels in any period presented.

Financial Instrument	Fair Value Level	Method and Assumptions
Deferred compensation plan assets and liabilities	Level 1	The fair value of the Company's non-qualified deferred compensation plan for certain executives and other highly compensated employees is based on the fair values of associated assets and liabilities, which are held in mutual funds and are based on the quoted market value of the securities held within the mutual funds.
Pension plan assets held in trust funds	Level 1	The fair value of the Company's pension plan assets held in trust funds is based on the fair values of the underlying investments, which are actively managed equity securities and fixed income investment vehicles that are valued at the net asset value per share multiplied by the number of shares held.
Commodity hedging agreements	Level 2	The fair values of 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. The Company's 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.
Non-public variable rate debt	Level 2	The carrying amounts of the Company's non-public variable rate debt approximate their fair values due to variable interest rates with short reset periods.
Non-public fixed rate debt	Level 2	The fair values of the Company's non-public fixed rate debt are based on estimated current market prices.
Public debt securities	Level 2	The fair values of the Company's public debt securities are based on estimated current market prices.
Acquisition related contingent consideration	Level 3	The fair values of acquisition related contingent consideration are based on internal forecasts and the WACC derived from market data.

The following tables summarize, by assets and liabilities, the carrying amounts and fair values by level of the Company's deferred compensation plan, pension plan assets held in trust funds, commodity hedging agreements, debt and acquisition related contingent consideration:

	December 29, 2019				
(in thousands)	Carrying Amount	Total Fair Value	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Assets:					
Deferred compensation plan assets	$ 42,543	$ 42,543	$ 42,543	$ -	$ -
Pension plan assets held in trust funds	276,085	276,085	276,085	-	-
Commodity hedging agreements	1,007	1,007	-	1,007	-
Liabilities:					
Deferred compensation plan liabilities	42,543	42,543	42,543	-	-
Commodity hedging agreements	1,174	1,174	-	1,174	-
Non-public variable rate debt	307,250	307,500	-	307,500	-
Non-public fixed rate debt	374,723	383,900	-	383,900	-
Public debt securities	347,947	367,300	-	367,300	-
Acquisition related contingent consideration	446,684	446,684	-	-	446,684

	December 30, 2018				
(in thousands)	Carrying Amount	Total Fair Value	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Assets:					
Deferred compensation plan assets	$ 33,160	$ 33,160	$ 33,160	$ -	$ -
Liabilities:					
Deferred compensation plan liabilities	33,160	33,160	33,160	-	-
Commodity hedging agreements	10,305	10,305	-	10,305	-
Non-public variable rate debt	372,074	372,500	-	372,500	-
Non-public fixed rate debt	274,717	261,200	-	261,200	-
Public debt securities	457,612	455,400	-	455,400	-
Acquisition related contingent consideration	382,898	382,898	-	-	382,898

The acquisition related contingent consideration is valued using a probability weighted discounted cash flow model based on internal forecasts and the WACC derived from market data, which are considered Level 3 inputs. Each reporting period, the Company adjusts its acquisition related contingent consideration liability related to the distribution territories to fair value by discounting future expected sub-bottling payments required under the CBA using the Company's estimated WACC.

The future expected sub-bottling payments extend through the life of the applicable distribution assets acquired in each System Transformation transaction, which is generally 40 years. As a result, the fair value of the acquisition related contingent consideration liability is impacted by the Company's WACC, management's estimate of the amounts that will be paid in the future under the CBA, and current sub-bottling payments (all Level 3 inputs). Changes in any of these Level 3 inputs, particularly the underlying risk-free interest rate used to estimate the Company's WACC, could result in material changes to the fair value of the acquisition related contingent consideration and could materially impact the amount of noncash income or expense recorded each reporting period.

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

	Fiscal Year	
(in thousands)	2019	2018
Beginning balance - Level 3 liability	**$ 382,898**	**$ 381,291**
Measurement period adjustments(1)	-	813
Payment of acquisition related contingent consideration	(27,182)	(24,683)
Reclassification to current payables	(1,820)	(3,290)
Increase in fair value	92,788	28,767
Ending balance - Level 3 liability	**$ 446,684**	**$ 382,898**

(1) Measurement period adjustments relate to post-closing adjustments made in accordance with the terms and conditions of the applicable asset purchase agreement for distribution territories acquired by the Company in April 2017 and October 2017 as part of the System Transformation. All final post-closing adjustments for these transactions were completed during 2018.

The increase in the fair value of the acquisition related contingent consideration liability during 2019 was primarily driven by changes in future cash flow projections of the distribution territories subject to sub-bottling fees and a decrease in the discount rate used to calculate fair value. The increase in the fair value of the acquisition related contingent consideration liability during 2018 was primarily driven by changes in future cash flow projections of the distribution territories subject to sub-bottling fees. These fair value adjustments were recorded in other expense, net in the consolidated statements of operations.

The anticipated amount the Company could pay annually under acquisition related contingent consideration arrangements is expected to be in the range of $27 million to $51 million.

17. Income Taxes

The current income tax provision represents the estimated amount of income taxes paid or payable for the year, as well as changes in estimates from prior years. The deferred income tax provision represents the change in deferred tax liabilities and assets. The following table presents the significant components of the provision for income taxes:

	Fiscal Year		
(in thousands)	2019	2018	2017
Current:			
Federal	$ 7,505	$ (4,228)	$ 12,978
State	4,173	(3,269)	5,292
Total current provision (benefit)	**$ 11,678**	**$ (7,497)**	**$ 18,270**
Deferred:			
Federal	$ 4,514	$ 5,701	$ (54,232)
State	(527)	3,665	(3,879)
Total deferred provision (benefit)	**$ 3,987**	**$ 9,366**	**$ (58,111)**
Income tax expense (benefit)	**$ 15,665**	**$ 1,869**	**$ (39,841)**

The Company's effective income tax rate, as calculated by dividing income tax expense (benefit) by income (loss) before income taxes, was 45.8% for 2019, (14.1)% for 2018 and (63.2)% for 2017. The following table provides a reconciliation of income tax expense (benefit) at the statutory federal rate to actual income tax expense (benefit):

	Fiscal Year					
	2019		2018		2017	
(in thousands)	Income tax expense	% pre-tax income	Income tax expense	% pre-tax income	Income tax expense	% pre-tax income
Statutory (income) / expense	$ 7,187	21.0%	$ (2,790)	21.0%	$ 22,052	35.0%
Nondeductible compensation	4,313	12.6	2,851	(21.5)	230	0.4
Meals, entertainment and travel expense	2,440	7.1	2,734	(20.6)	3,684	5.8
Noncontrolling interest – Piedmont	(1,826)	(5.3)	(1,238)	9.3	(1,692)	(2.7)
State income taxes, net of federal benefit	1,352	4.0	(376)	2.8	2,029	3.2
Valuation allowance change	1,290	3.8	1,566	(11.8)	2,718	4.3
Nondeductible fees and expenses	887	2.6	568	(4.3)	1,151	1.8
Adjustment for uncertain tax positions	(805)	(2.4)	694	(5.2)	(521)	(0.8)
Adjustment for federal tax legislation	-	-	(1,989)	15.0	(69,014)	(109.5)
Other, net	827	2.4	(151)	1.2	(478)	(0.7)
Income tax expense (benefit)	**$ 15,665**	**45.8%**	**$ 1,869**	**(14.1)%**	**$ (39,841)**	**(63.2)%**

The Company's effective income tax rate, as calculated by dividing income tax expense (benefit) by income (loss) before income taxes minus net income attributable to noncontrolling interest, was 57.9% for 2019, (10.3)% for 2018 and (70.3)% for 2017.

The Tax Act was signed into law in 2017 and significantly reformed the Internal Revenue Code of 1986, as amended, which included reducing the corporate tax rate to 21% and changing the deductibility of certain expenses. In 2017, the Company recorded an estimated net benefit resulting from its adoption of the Tax Act of $66.6 million to income tax expense (benefit) in its consolidated financial statements and, in 2018, the Company recorded an additional tax benefit of $1.9 million attributable to the re-measurement of its net deferred tax liability in connection with the filing of its 2017 federal income tax return.

The Company records liabilities for uncertain tax positions related to certain income tax positions. These liabilities reflect the Company's best estimate of the ultimate income tax liability based on currently known facts and information. Material changes in facts or information, as well as the expiration of statute and/or settlements with individual tax jurisdictions, may result in material adjustments to these estimates in the future.

The Company recognizes potential interest and penalties related to uncertain tax positions in income tax expense (benefit). During 2019, 2018 and 2017, the interest and penalties related to uncertain tax positions recognized in income tax expense (benefit) were not material. In addition, the amount of interest and penalties accrued at December 29, 2019 and December 30, 2018 were not material.

The Company had uncertain tax positions, including accrued interest of $2.5 million on December 29, 2019 and $3.1 million on December 30, 2018, all of which would affect the Company's effective income tax rate if recognized. While it is expected the amount of uncertain tax positions may change in the next 12 months, the Company does not expect such change would have a significant impact on the consolidated financial statements.

A reconciliation of uncertain tax positions, excluding accrued interest, is as follows:

	Fiscal Year		
(in thousands)	**2019**	**2018**	**2017**
Gross uncertain tax positions at the beginning of the year	$ 2,857	$ 2,286	$ 2,679
Increase as a result of tax positions taken in the current period	60	571	966
Reduction as a result of the expiration of the applicable statute of limitations	(634)	-	(1,359)
Gross uncertain tax positions at the end of the year	**$ 2,283**	**$ 2,857**	**$ 2,286**

Deferred income taxes are recorded based upon temporary differences between the financial statement and tax bases of assets and liabilities and available net operating loss and tax credit carryforwards. Temporary differences and carryforwards that comprised deferred income tax assets and liabilities were as follows:

(in thousands)	December 29, 2019		December 30, 2018	
Acquisition related contingent consideration	$	110,036	$	94,323
Operating lease liabilities		27,346		-
Deferred compensation		26,788		26,154
Deferred revenue		24,936		25,027
Accrued liabilities		19,266		18,485
Pension		14,124		7,031
Postretirement benefits		13,250		13,843
Charitable contribution carryover		6,622		5,723
Transactional costs		4,857		5,291
Financing or capital lease agreements		2,432		2,871
Net operating loss carryforwards		2,012		7,628
Other		3,022		4,198
Deferred income tax assets	**$**	**254,691**	**$**	**210,574**
Less: Valuation allowance for deferred tax assets		7,190		5,899
Net deferred income tax asset	**$**	**247,501**	**$**	**204,675**
Intangible assets	$	(151,940)	$	(154,974)
Depreciation		(147,140)		(131,856)
Right of use assets - operating leases		(26,997)		-
Investment in Piedmont		(23,287)		(24,540)
Inventory		(12,631)		(10,553)
Prepaid expenses		(7,627)		(8,680)
Patronage dividend		(3,009)		(1,246)
Deferred income tax liabilities	**$**	**(372,631)**	**$**	**(331,849)**
Net deferred income tax liability	**$**	**(125,130)**	**$**	**(127,174)**

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

Valuation allowances are recognized on deferred tax assets if the Company believes it is more likely than not that some or all of the deferred tax assets will not be realized. The Company believes the majority of the deferred tax assets will be realized due to the reversal of certain significant temporary differences and anticipated future taxable income from operations.

The valuation allowance of $7.2 million on December 29, 2019 and $5.9 million on December 30, 2018 was established primarily for certain loss carryforwards and deferred compensation. The increase in the valuation allowance as of December 29, 2019 was primarily a result of the deductibility of certain deferred compensation.

As of December 29, 2019, the Company had no federal net operating losses and $40.1 million of state net operating losses available to reduce future income taxes, which expire in varying amounts through 2038.

Prior tax years beginning in year 2002 remain open to examination by the Internal Revenue Service, and various tax years beginning in year 1998 remain open to examination by certain state tax jurisdictions due to loss carryforwards.

18. Benefit Plans

Executive Benefit Plans

The Company has four executive benefit plans: the Supplemental Savings Incentive Plan, the Long-Term Retention Plan, the Officer Retention Plan and the Long-Term Performance Plan.

Pursuant to the Supplemental Savings Incentive Plan, as amended and restated effective November 1, 2011, eligible participants may elect to defer a portion of their annual salary and bonus. Participants are immediately vested in all deferred contributions they make and become fully vested in Company contributions upon completion of five years of service, termination of employment due to death or retirement or a change in control. Participant deferrals and Company contributions made in years prior to 2006 are invested in either a fixed benefit option or certain investment funds specified by the Company. Beginning in 2010, the Company may elect at its discretion to match up to 50% of the first 6% of salary, excluding bonuses, deferred by the participant. During 2019, 2018 and 2017, the Company matched 50% of the first 6% of salary, excluding bonuses, deferred by the participant. The Company may also make discretionary contributions to participants' accounts. The liability under this plan was as follows:

(in thousands)	December 29, 2019	December 30, 2018
Current liabilities	$ 8,893	$ 8,255
Noncurrent liabilities	79,921	73,524
Total liability - Supplemental Savings Incentive Plan	**$ 88,814**	**$ 81,779**

Under the Long-Term Retention Plan, effective March 5, 2014, the Company accrues a defined amount each year for an eligible participant based upon an award schedule. Amounts awarded may earn an investment return based on certain investment funds specified by the Company. Benefits under the Long-Term Retention Plan are 50% vested until age 51. Beginning at age 51, the vesting percentage increases by 5% each year until the benefits are fully vested at age 60. Participants receive payments from the plan upon retirement or, in certain instances, upon termination of employment. Payments are made in the form of monthly installments over a period of 10, 15 or 20 years. The liability under this plan was as follows:

(in thousands)	December 29, 2019	December 30, 2018
Current liabilities	$ 102	$ 42
Noncurrent liabilities	3,199	2,140
Total liability - Long-Term Retention Plan	**$ 3,301**	**$ 2,182**

Under the Officer Retention Plan, as amended and restated effective January 1, 2007, eligible participants may elect to receive an annuity payable in equal monthly installments over a 10-, 15- or 20-year period commencing at retirement or, in certain instances, upon termination of employment. The benefits under the Officer Retention Plan increase with each year of participation as set forth in an agreement between the participant and the Company. Benefits under the Officer Retention Plan are 50% vested until age 51. Beginning at age 51, the vesting percentage increases by 5% each year until the benefits are fully vested at age 60. The liability under this plan was as follows:

(in thousands)	December 29, 2019	December 30, 2018
Current liabilities	$ 3,267	$ 3,014
Noncurrent liabilities	41,062	42,179
Total liability - Officer Retention Plan	**$ 44,329**	**$ 45,193**

Under the Long-Term Performance Plan, as amended and restated effective January 1, 2018, the Compensation Committee establishes dollar amounts to which a participant shall be entitled upon attainment of the applicable performance measures. Bonus awards under the Long-Term Performance Plan are made based on the relative achievement of performance measures in terms of the Company-sponsored objectives or objectives related to the performance of the individual participants or of the subsidiary, division, department, region or function in which the participant is employed. The liability under this plan was as follows:

(in thousands)	December 29, 2019	December 30, 2018
Current liabilities	$ 7,252	$ 5,234
Noncurrent liabilities	8,416	5,244
Total liability - Long-Term Performance Plan	**$ 15,668**	**$ 10,478**

Pension Plans

There are two Company-sponsored pension plans. The Primary Plan was frozen as of June 30, 2006 and no benefits accrued to participants after this date. The Bargaining Plan is for certain employees under collective bargaining agreements. Benefits under the Bargaining Plan are determined in accordance with negotiated formulas for the respective participants. Contributions to the plans are based on actuarially determined amounts and are limited to the amounts currently deductible for income tax purposes.

Each year, the Company updates its mortality assumptions used in the calculation of its pension liability using The Society of Actuaries' latest mortality tables. In 2019 and 2018, the mortality table reflected a lower increase in longevity.

The following tables set forth pertinent information for the two Company-sponsored pension plans:

	Fiscal Year	
(in thousands)	2019	2018
Projected benefit obligation at beginning of year	$ 278,957	$ 303,918
Service cost	4,853	5,484
Interest cost	12,299	11,350
Actuarial (gain) / loss	47,651	(29,692)
Benefits paid	(11,456)	(12,103)
Projected benefit obligation at end of year	**$ 332,304**	**$ 278,957**

Changes in Projected Benefit Obligation

The projected benefit obligations and the accumulated benefit obligations for both Company-sponsored pension plans were in excess of plan assets as of December 29, 2019 and December 30, 2018. The accumulated benefit obligation was $332.3 million on December 29, 2019 and $279.0 million on December 30, 2018.

Change in Plan Assets

	Fiscal Year	
(in thousands)	2019	2018
Fair value of plan assets at beginning of year	$ 256,168	$ 258,513
Actual return on plan assets	29,549	(10,242)
Employer contributions	4,900	20,000
Benefits paid	(13,918)	(12,103)
Fair value of plan assets at end of year	**$ 276,699**	**$ 256,168**

Funded Status

(in thousands)	December 29, 2019	December 30, 2018
Projected benefit obligation	$ (332,304)	$ (278,957)
Plan assets at fair value	276,699	256,168
Net funded status	**$ (55,605)**	**$ (22,789)**

Amounts Recognized in the Consolidated Balance Sheets

(in thousands)	December 29, 2019	December 30, 2018
Current liabilities	$ -	$ -
Noncurrent liabilities	(55,605)	(22,789)
Total liability - pension plans	**$ (55,605)**	**$ (22,789)**

Net Periodic Pension Cost (Benefit)

	Fiscal Year		
(in thousands)	2019	2018	2017
Service cost	$ 4,853	$ 5,484	$ 2,553
Interest cost	12,299	11,350	11,938
Expected return on plan assets	(10,290)	(15,415)	(13,597)
Recognized net actuarial loss	3,688	3,830	3,402
Amortization of prior service cost	22	25	28
Net periodic pension cost	**$ 10,572**	**$ 5,274**	**$ 4,324**

Significant Assumptions

	Fiscal Year		
	2019	2018	2017
Projected benefit obligation at the measurement date:			
Discount rate - Primary Plan	3.36%	4.47%	3.80%
Discount rate - Bargaining Plan	3.61%	4.63%	3.90%
Weighted average rate of compensation increase	N/A	N/A	N/A
Net periodic pension cost for the fiscal year:			
Discount rate - Primary Plan	4.47%	3.80%	4.44%
Discount rate - Bargaining Plan	4.63%	3.90%	4.49%
Weighted average expected long-term rate of return of plan assets - Primary Plan(1)	5.00%	6.00%	6.00%
Weighted average expected long-term rate of return of plan assets - Bargaining Plan(1)	5.25%	6.00%	6.00%
Weighted average rate of compensation increase	N/A	N/A	N/A

(1) The weighted average expected long-term rate of return, which is used in computing net periodic pension cost, reflects an estimate of long-term future returns for the pension plan assets net of expenses. The estimate is primarily a function of the asset classes, equities versus fixed income, in which the pension plan assets are invested and the analysis of past performance of these asset classes over a long period of time. The analysis includes expected long-term inflation and the risk premiums associated with equity investments and fixed income investments.

The decrease in the discount rates in 2019, as compared to 2018, was the primary driver of actuarial losses in 2019. The increase in the discount rates in 2018, as compared to 2017, was the primary driver of actuarial gains in 2018. The actuarial gains and losses, net of tax, were recorded in other comprehensive loss.

Cash Flows

(in thousands)	Anticipated Future Pension Benefit Payments for the Fiscal Years
2020	$ 12,107
2021	12,824
2022	13,553
2023	14,358
2024	15,061
2025 – 2029	84,464

Contributions to the two Company-sponsored pension plans are expected to be in the range of $7 million to $12 million in 2020.

Plan Assets

All assets in the Company’s pension plans are invested in institutional investment funds managed by professional investment advisors which hold U.S. equities, international equities and debt securities. The objective of the Company’s investment philosophy is to earn the plans’ targeted rate of return over longer periods without assuming excess investment risk. The weighted average expected long-term rate of return assumption for the pension plan assets, which will be used to compute 2020 net periodic pension costs, is based upon target asset allocation and is determined using forward-looking assumptions in the context of historical returns and volatilities for each asset class. The Company evaluates the rate of return assumption on an annual basis. The Company’s pension plans target asset allocation for 2020, actual asset allocation at December 29, 2019 and December 30, 2018, and the weighted average expected long-term rate of return by asset category were as follows:

	Target Allocation	Percentage of Plan Assets at Fiscal Year-End		Weighted Average Expected Long-Term Rate of Return
	2020	2019	2018	2020(1)
U.S. debt securities	65%	57%	64%	3.3%
U.S. equity securities	26%	24%	25%	1.6%
International debt securities	0%	8%	0%	0.0%
International equity securities	7%	9%	9%	0.5%
Cash and cash equivalents	2%	2%	2%	0.1%
Total	**100%**	**100%**	**100%**	**5.5%**

(1) The weighted average expected long-term rate of return of plan assets is 5.50% for the Primary Plan and 6.25% for the Bargaining Plan.

Debt securities as of December 29, 2019 are comprised of investments in government and corporate bonds with a weighted average maturity of approximately 14 years and an institutional high yield bond fund with a modified duration of approximately three years. U.S. equity securities include: (i) large capitalization domestic equity funds as represented by the S&P 500 index, (ii) mid-capitalization domestic equity funds as represented by the Russell Mid Cap Growth and Mid Cap Value indexes, (iii) small-capitalization domestic equity funds as represented by the Russell Small Cap Growth and Value indexes and (iv) alternative investment funds as represented by the HFRX Global index and the MSCI US REIT index. International equity securities include companies from both developed and emerging markets outside the United States. Cash and cash equivalents have a weighted average duration of less than three months.

The following table summarizes the Company’s pension plan assets held in trust funds. The underlying investments held in trust funds are actively managed equity securities and fixed income investment vehicles that are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.

(in thousands)	December 29, 2019	December 30, 2018
Pension plan assets held in trust funds - fixed income	$ 179,153	$ 164,307
Pension plan assets held in trust funds - equity securities	89,861	86,107
Pension plan assets held in trust funds - cash equivalents	7,071	4,975
Total pension plan assets held in trust funds	**$ 276,085**	**$ 255,389**

In addition, the Company had other level 1 pension plan assets related to its equity securities of $0.6 million in 2019 and $0.8 million in 2018. The level 1 assets had quoted market prices in active markets for identical assets available for fair value measurement.

The Company does not have any unobservable inputs (Level 3) pension plan assets.

401(k) Savings Plan

The Company provides a 401(k) Savings Plan for substantially all of its employees who are not part of collective bargaining agreements and for certain employees under collective bargaining agreements. The Company’s matching contribution for employees who are not part of collective bargaining agreements is discretionary, with the option to match contributions for eligible participants up to 5% based on the Company’s financial results. For all years presented, the Company matched the maximum 5% of participants’ contributions. The Company’s matching contributions for employees who are part of collective bargaining agreements are determined in accordance with negotiated formulas for the respective employees. The total expense for the Company’s matching contributions to the 401(k) Savings Plan was $21.7 million in 2019, $21.2 million in 2018 and $18.4 million in 2017.

Postretirement Benefits

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

The following tables set forth pertinent information for the Company's postretirement benefit plan:

Reconciliation of Activity

(in thousands)	Fiscal Year	
	2019	2018
Benefit obligation at beginning of year	$ 64,461	$ 76,665
Service cost	1,496	1,854
Interest cost	2,750	2,694
Plan participants' contributions	750	776
Actuarial gain	(4,191)	(14,552)
Benefits paid	(3,296)	(3,042)
Medicare Part D subsidy reimbursement	86	66
Benefit obligation at end of year	**$ 62,056**	**$ 64,461**

Reconciliation of Plan Assets Fair Value

(in thousands)	Fiscal Year	
	2019	2018
Fair value of plan assets at beginning of year	$ -	$ -
Employer contributions	2,460	2,200
Plan participants' contributions	750	776
Benefits paid	(3,296)	(3,042)
Medicare Part D subsidy reimbursement	86	66
Fair value of plan assets at end of year	**$ -**	**$ -**

Funded Status

(in thousands)	December 29, 2019	December 30, 2018
Current liabilities	$ 2,831	$ 3,219
Noncurrent liabilities	59,225	61,242
Total liability - postretirement benefits	**$ 62,056**	**$ 64,461**

Net Periodic Postretirement Benefit Cost

(in thousands)	Fiscal Year		
	2019	2018	2017
Service cost	$ 1,496	$ 1,854	$ 2,232
Interest cost	2,750	2,694	3,636
Recognized net actuarial loss	730	1,889	2,942
Amortization of prior service cost	(1,293)	(1,847)	(2,982)
Net periodic postretirement benefit cost	**$ 3,683**	**$ 4,590**	**$ 5,828**

Significant Assumptions

	Fiscal Year		
	2019	2018	2017
Benefit obligation discount rate at measurement date	3.32%	4.41%	3.72%
Net periodic postretirement benefit cost discount rate for fiscal year	4.41%	3.72%	4.36%
Postretirement benefit expense - Pre-Medicare:			
Weighted average healthcare cost trend rate	7.13%	7.82%	6.94%
Trend rate graded down to ultimate rate	4.50%	4.50%	4.50%
Ultimate rate year	2026	2025	2025
Postretirement benefit expense - Post-Medicare:			
Weighted average healthcare cost trend rate	7.11%	7.74%	8.07%
Trend rate graded down to ultimate rate	4.50%	4.50%	4.50%
Ultimate rate year	2026	2025	2025

A 1% increase or decrease in the annual healthcare cost trend would have impacted the postretirement benefit obligation and service cost and interest cost of the Company's postretirement benefit plan as follows:

(in thousands)	1% Increase	1% Decrease
Postretirement benefit obligation at December 29, 2019	$ 8,128	$ (7,123)
Service cost and interest cost in 2019	548	(489)

Cash Flows

(in thousands)	Anticipated Future Postretirement Benefit Payments Reflecting Expected Future Service
2020	$ 2,831
2021	3,003
2022	3,122
2023	3,169
2024	3,439
2025 – 2029	19,138

Anticipated future postretirement benefit payments are shown net of Medicare Part D subsidy reimbursements, which are not material.

A reconciliation of the amounts in accumulated other comprehensive loss not yet recognized as components of net periodic benefit cost is as follows:

(in thousands)	December 30, 2018	Actuarial Gain (Loss)	Reclassification Adjustments	December 29, 2019
Pension Plans:				
Actuarial loss	$ (119,595)	$ (30,855)	$ 3,688	$ (146,762)
Prior service costs	(48)	-	22	(26)
Postretirement Medical:				
Actuarial loss	(14,658)	4,192	730	(9,736)
Prior service credits	1,293	-	(1,293)	-
Total within accumulated other comprehensive loss	**$ (133,008)**	**$ (26,663)**	**$ 3,147**	**$ (156,524)**

The amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic cost during 2020 are as follows:

(in thousands)	Pension Plans	Postretirement Medical	Total
Actuarial loss	$ 4,758	$ 350	$ 5,108
Prior service cost	19	-	19
Total expected to be recognized during 2020	**$ 4,777**	**$ 350**	**$ 5,127**

Multiemployer Pension Plans

Certain employees of the Company whose employment is covered under collective bargaining agreements participate in a multiemployer pension plan, the Employers-Teamsters Local Union Nos. 175 and 505 Pension Fund (the "Teamsters Plan"). The Company makes monthly contributions to the Teamsters Plan on behalf of such employees. The collective bargaining agreements covering the Teamsters Plan expire at various times through 2022. The Company expects these agreements will be re-negotiated.

Participating in the Teamsters Plan involves certain risks in addition to the risks associated with single employer plans, as contributed assets are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the Teamsters Plan, the unfunded obligations of the Teamsters Plan may be borne by the remaining participating employers. If the Company chooses to stop participating in the Teamsters Plan, the Company could be required to pay the Teamsters Plan a withdrawal liability based on the underfunded status of the Teamsters Plan. The Company does not anticipate withdrawing from the Teamsters Plan.

In 2015, the Company increased its contribution rates to the Teamsters Plan, with additional increases occurring annually, as part of a rehabilitation plan, which was incorporated into the renewal of collective bargaining agreements with the unions effective April 28, 2014 and adopted by the Company as a rehabilitation plan effective January 1, 2015. This is a result of the Teamsters Plan being certified by its actuary as being in "critical" status for the plan year beginning January 1, 2013.

The Company's participation in the Teamsters Plan is outlined in the table below. A red zone represents less than 80% funding and requires a financial improvement plan ("FIP") or rehabilitation plan ("RP").

	Fiscal Year		
(in thousands)	2019	2018	2017
Pension Protection Act Zone Status	Red	Red	Red
FIP or RP pending or implemented	Yes	Yes	Yes
Surcharge imposed	Yes	Yes	Yes
Contribution	$ 987	$ 763	$ 800

According to the Teamsters Plan's Form 5500 for both the plan years ending December 30, 2018 and December 31, 2017, the Company was not listed as providing more than 5% of the total contributions. At the date these financial statements were issued, a Form 5500 was not available for the plan year ending December 29, 2019.

The Company has a liability recorded for withdrawing from a multiemployer pension plan in 2008 and is required to make payments of approximately $1 million to this multiemployer pension plan each year through 2028. As of December 29, 2019, the Company had $6.4 million remaining on this liability.

19. Other Liabilities

Other liabilities consisted of the following:

(in thousands)	December 29, 2019	December 30, 2018
Noncurrent portion of acquisition related contingent consideration	$ 405,597	$ 349,905
Accruals for executive benefit plans	141,380	126,103
Noncurrent deferred proceeds from Territory Conversion Fee	82,877	85,163
Noncurrent deferred proceeds from Legacy Facilities Credit	29,569	30,369
Other	9,143	17,595
Total other liabilities	**$ 668,566**	**$ 609,135**

20. Debt

Following is a summary of the Company's debt:

(in thousands)	Maturity Date	Interest Rate	Interest Paid	Public or Nonpublic	December 29, 2019	December 30, 2018
Senior notes(1)	4/15/2019	7.00%	Semi-annually	Public	$ -	$ 110,000
Term loan facility(1)	6/7/2021	Variable	Varies	Nonpublic	262,500	292,500
Senior notes	2/27/2023	3.28%	Semi-annually	Nonpublic	125,000	125,000
Revolving credit facility(2)	6/8/2023	Variable	Varies	Nonpublic	45,000	80,000
Senior notes	11/25/2025	3.80%	Semi-annually	Public	350,000	350,000
Senior notes	10/10/2026	3.93%	Quarterly	Nonpublic	100,000	-
Senior notes	3/21/2030	3.96%	Quarterly	Nonpublic	150,000	150,000
Unamortized discount on senior notes(3)	4/15/2019				-	(78)
Unamortized discount on senior notes(3)	11/25/2025				(52)	(61)
Debt issuance costs					(2,528)	(2,958)
Long-term debt					**$ 1,029,920**	**$ 1,104,403**

(1) The senior notes due in 2019 were refinanced using proceeds from the issuance of the senior notes due in 2026 (as discussed below). The Company intends to refinance principal payments due in the next 12 months under the term loan facility and has the capacity to do so under its revolving credit facility, which is classified as long-term debt. As such, any amounts due in the next 12 months were classified as noncurrent.

(2) The Company's revolving credit facility has an aggregate maximum borrowing capacity of $500 million, which may be increased at the Company's option to $750 million, subject to obtaining commitments from the lenders and satisfying other conditions specified in the credit agreement. The Company currently believes all banks participating in the revolving credit facility have the ability to and will meet any funding requests from the Company.

(3) The senior notes due in 2019 were issued at 98.238% of par and the senior notes due in 2025 were issued at 99.975% of par.

The principal maturities of debt outstanding on December 29, 2019 were as follows:

(in thousands)	Debt Maturities
Fiscal 2020	$ 45,000
Fiscal 2021	217,500
Fiscal 2022	-
Fiscal 2023	170,000
Fiscal 2024	-
Thereafter	600,000
Total debt	**$ 1,032,500**

The Company mitigates its financing risk by using multiple financial institutions and only entering into credit arrangements with institutions with investment grade credit ratings. The Company monitors counterparty credit ratings on an ongoing basis.

In April 2019, the Company sold $100 million aggregate principal amount of senior unsecured notes due in 2026 to MetLife Investment Advisors, LLC ("MetLife") and certain of its affiliates pursuant to a Note Purchase and Private Shelf Agreement dated January 23, 2019 between the Company, MetLife and the other parties thereto. These notes bear interest at 3.93%, payable quarterly in arrears and will mature on October 10, 2026, unless earlier redeemed by the Company. The Company used the proceeds to refinance the senior notes due on April 15, 2019. The Company may request that MetLife consider the purchase of additional senior unsecured notes of the Company under the agreement in an aggregate principal amount of up to $200 million.

In July 2019, the Company entered into a $100 million fixed rate swap maturing June 7, 2021, to hedge a portion of the interest rate risk on the Company's term loan facility. This interest rate swap is designated as a cash flow hedging instrument and is not expected to be material to the consolidated balance sheets. Changes in the fair value of this interest rate swap were classified as accumulated other loss on the consolidated balance sheets and included in the consolidated statements of comprehensive income.

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. The agreements

under which the Company's nonpublic debt were issued include two financial covenants: a consolidated cash flow/fixed charges ratio and a consolidated funded indebtedness/cash flow ratio, each as defined in the respective agreements. The Company was in compliance with these covenants as of December 29, 2019. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources.

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

21. Commitments and Contingencies

Manufacturing Cooperatives

The Company is obligated to purchase at least 80% of its requirements of plastic bottles for certain designated territories from Southeastern. The Company is also obligated to purchase 17.5 million cases of finished product from SAC on an annual basis through June 2024. The Company purchased 29.4 million cases, 29.2 million cases and 29.9 million cases of finished product from SAC in 2019, 2018 and 2017, respectively.

The following table summarizes the Company's purchases from these manufacturing cooperatives:

	Fiscal Year		
(in thousands)	**2019**	**2018**	**2017**
Purchases from Southeastern	$ 132,328	$ 125,352	$ 108,528
Purchases from SAC	160,189	155,583	148,511
Total purchases from manufacturing cooperatives	**$ 292,517**	**$ 280,935**	**$ 257,039**

The Company guarantees a portion of SAC's debt, which expires at various dates through 2024. The amounts guaranteed were $14.7 million on December 29, 2019 and $23.9 million on December 30, 2018. In the event SAC 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 guarantee. The Company does not anticipate SAC will fail to fulfill its commitment related to the debt. The Company further believes SAC 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 guarantee.

The Company holds no assets as collateral against the SAC guarantee, the fair value of which is immaterial to the Company's consolidated financial statements. The Company monitors its investment in SAC and would be required to write down its investment if an impairment was identified and the Company determined it to be other than temporary. No impairment of the Company's investment in SAC was identified as of December 29, 2019, and there was no impairment identified in 2019, 2018 or 2017.

Other Commitments and Contingencies

The Company has standby letters of credit, primarily related to its property and casualty insurance programs. These letters of credit totaled $35.6 million on both December 29, 2019 and December 30, 2018.

The Company participates in long-term marketing contractual arrangements with certain prestige properties, athletic venues and other locations. As of December 29, 2019, the future payments related to these contractual arrangements, which expire at various dates through 2033, amounted to $195.4 million.

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

22. Risks and Uncertainties

Approximately 85% of the Company’s total bottle/can sales volume to retail customers consists of 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 bottle/can sales volume to retail customers consists of products of other beverage companies. The Company has beverage agreements with The Coca-Cola Company and other beverage companies under which it has various requirements. Failure to meet the requirements of these beverage agreements could result in the loss of distribution rights for the respective products.

The Company faces concentration risks related to a few customers comprising a large portion of the Company’s annual sales volume and net revenue. The following table summarizes the percentage of the Company’s total bottle/can sales volume to its largest customers, as well as the percentage of the Company’s total net sales, which are included in the Nonalcoholic Beverages segment, that such volume represents. No other customer represented greater than 10% of the Company’s total net sales for any years presented.

	Fiscal Year		
	2019	**2018**	**2017**
Approximate percent of the Company’s total bottle/can sales volume			
Wal-Mart Stores, Inc.	19%	19%	19%
The Kroger Company	12%	11%	10%
Total approximate percent of the Company’s total bottle/can sales volume	**31%**	**30%**	**29%**
Approximate percent of the Company’s total net sales			
Wal-Mart Stores, Inc.	13%	14%	13%
The Kroger Company	8%	8%	7%
Total approximate percent of the Company’s total net sales	**21%**	**22%**	**20%**

The Company purchases all of its aluminum cans from two domestic suppliers and all of its plastic bottles from two manufacturing cooperatives. See Note 3 and Note 21 for additional information.

The Company is exposed to price risk on commodities such 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, including floating rate debt, retirement benefit obligations and the Company’s pension liability, are subject to risk of changes in both long-term and short-term interest rates.

The Company’s contingent consideration liability resulting from the acquisition of the distribution territories acquired in the System Transformation, excluding territories the Company acquired in an exchange transaction, is subject to risk as a result of changes in the Company’s probability weighted discounted cash flow model, which is based on internal forecasts, and changes in the Company’s WACC, which is derived from market data.

Approximately 14% of the Company’s labor force is covered by collective bargaining agreements. The Company’s collective bargaining agreements, which generally have 3- to 5-year terms, expire at various dates through 2024. Terms and conditions of new labor union agreements could increase the Company’s exposure to work interruptions or stoppages.

23. Capital Transactions

During the first quarter of each year presented, J. Frank Harrison, III received shares of the Company's Class B Common Stock in connection with his services as Chairman of the Board of Directors and Chief Executive Officer of the Company during the prior year, pursuant to the Performance Unit Award Agreement. The Performance Unit Award Agreement expired at the end of 2018, with the final award issued in 2019. As permitted under the terms of the Performance Unit Award Agreement, a number of shares were settled in cash each year to satisfy tax withholding obligations in connection with the vesting of the performance units. The remaining number of shares increased the total shares of Class B Common Stock outstanding. A summary of the awards issued in 2019, 2018 and 2017 is as follows:

	Fiscal Year		
	2019	**2018**	**2017**
Date of approval for award	March 5, 2019	March 6, 2018	March 7, 2017
Fiscal year of service covered by award	2018	2017	2016
Shares settled in cash	15,476	16,504	18,980
Increase in Class B Common Stock shares outstanding	19,224	20,296	21,020
Total Class B Common Stock awarded	34,700	36,800	40,000

Compensation expense for the awards issued pursuant to the Performance Unit Award Agreement, recognized based on the closing share price of the last trading day prior to the end of each fiscal period, was $2.0 million in 2019, $5.6 million in 2018 and $7.9 million in 2017.

In 2018, the Compensation Committee and the Company's stockholders approved the Long-Term Performance Equity Plan, which compensates J. Frank Harrison, III based on the Company's performance. The Long-Term Performance Equity Plan succeeded the Performance Unit Award Agreement upon its expiration. Awards granted under the Long-Term Performance Equity Plan are earned based on the Company's attainment during a performance period of certain performance measures, each as specified by the Compensation Committee. These awards may be settled in cash and/or shares of Class B Common Stock, based on the average of the closing prices of shares of Common Stock during the last 20 trading days of the performance period. Compensation expense for the Long-Term Performance Equity Plan, which is included in SD&A expenses on the consolidated statements of operations, was $12.9 million in 2019 and $2.0 million in 2018.

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 holder.

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 2019, 2018 and 2017, dividends of $1.00 per share were declared and paid on both Common Stock and Class B Common Stock. Total cash dividends paid were $9.4 million in 2019, $9.4 million in 2018 and $9.3 million in 2017.

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 shareholders. 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.

24. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) ("AOCI(L)") 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 AOCI(L) for 2019, 2018 and 2017 is as follows:

(in thousands)	December 30, 2018	Gains (Losses) During the Period: Pre-tax Activity	Gains (Losses) During the Period: Tax Effect	Reclassification to Income: Pre-tax Activity	Reclassification to Income: Tax Effect	December 29, 2019
Net pension activity:						
Actuarial loss	$ (72,690)	$ (30,855)	$ 7,590	$ 3,688	$ (907)	$ (93,174)
Prior service costs	(24)	-	-	22	(5)	(7)
Net postretirement benefits activity:						
Actuarial loss	(4,902)	4,192	(1,031)	730	(180)	(1,191)
Prior service credits	351	-	-	(1,293)	318	(624)
Interest rate swap	-	-	-	(359)	89	(270)
Foreign currency translation adjustment	-	-	-	(19)	3	(16)
Reclassification of stranded tax effects	-	-	(19,720)	-	-	(19,720)
Total AOCI(L)	**$ (77,265)**	**$ (26,663)**	**$ (13,161)**	**$ 2,769**	**$ (682)**	**$ (115,002)**

(in thousands)	December 31, 2017	Gains (Losses) During the Period: Pre-tax Activity	Gains (Losses) During the Period: Tax Effect	Reclassification to Income: Pre-tax Activity	Reclassification to Income: Tax Effect	December 30, 2018
Net pension activity:						
Actuarial loss	$ (78,618)	$ 4,036	$ (993)	$ 3,830	$ (945)	$ (72,690)
Prior service costs	(43)	-	-	25	(6)	(24)
Net postretirement benefits activity:						
Actuarial loss	(17,299)	14,552	(3,580)	1,889	(464)	(4,902)
Prior service credits	1,744	-	-	(1,847)	454	351
Foreign currency translation adjustment	14	-	-	(19)	5	-
Total AOCI(L)	**$ (94,202)**	**$ 18,588**	**$ (4,573)**	**$ 3,878**	**$ (956)**	**$ (77,265)**

(in thousands)	January 1, 2017	Gains (Losses) During the Period: Pre-tax Activity	Gains (Losses) During the Period: Tax Effect	Reclassification to Income: Pre-tax Activity	Reclassification to Income: Tax Effect	December 31, 2017
Net pension activity:						
Actuarial loss	$ (72,393)	$ (11,219)	$ 2,768	$ 3,402	$ (1,176)	$ (78,618)
Prior service costs	(61)	-	-	28	(10)	(43)
Net postretirement benefits activity:						
Actuarial loss	(24,111)	(1,796)	443	11,199	(3,034)	(17,299)
Prior service credits	3,679	-	-	(2,982)	1,047	1,744
Foreign currency translation adjustment	(11)	-	-	40	(15)	14
Total AOCI(L)	**$ (92,897)**	**$ (13,015)**	**$ 3,211**	**$ 11,687**	**$ (3,188)**	**$ (94,202)**

A summary of the impact on the statements of operations line items is as follows:

	Fiscal 2019				
(in thousands)	Net Pension Activity	Net Postretirement Benefits Activity	Interest Rate Swap	Foreign Currency Translation Adjustment	Total
Cost of sales	$ 1,003	$ (211)	$ -	$ -	$ 792
SD&A expenses	2,707	(352)	(359)	(19)	1,977
Subtotal pre-tax	3,710	(563)	(359)	(19)	2,769
Income tax expense (benefit)	912	(138)	(89)	(3)	682
Total after tax effect	**$ 2,798**	**$ (425)**	**$ (270)**	**$ (16)**	**$ 2,087**

(in thousands)	Fiscal 2018 Net Pension Activity	Net Postretirement Benefits Activity	Foreign Currency Translation Adjustment	Total
Cost of sales	$ 886	$ 7	$ -	$ 893
SD&A expenses	2,968	35	(19)	2,984
Subtotal pre-tax	3,854	42	(19)	3,877
Income tax expense (benefit)	950	10	(5)	955
Total after tax effect	**$ 2,904**	**$ 32**	**$ (14)**	**$ 2,922**

(in thousands)	Fiscal 2017 Net Pension Activity	Net Postretirement Benefits Activity	Foreign Currency Translation Adjustment	Total
Cost of sales	$ 377	$ (9)	$ -	$ 368
SD&A expenses	3,053	(31)	40	3,062
Subtotal pre-tax	3,430	(40)	40	3,430
Income tax expense (benefit)	1,186	(50)	15	1,151
Total after tax effect	**$ 2,244**	**$ 10**	**$ 25**	**$ 2,279**

25. Supplemental Disclosures of Cash Flow Information

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

(in thousands)	Fiscal Year 2019	2018	2017
Accounts receivable, trade, net	$ 7,979	$ (39,333)	$ (121,203)
Accounts receivable from The Coca-Cola Company	(17,496)	11,643	3,272
Accounts receivable, other	(12,601)	8,467	(9,190)
Inventories	(15,893)	(26,415)	2,527
Prepaid expenses and other current assets	458	29,785	(22,870)
Accounts payable, trade	28,808	(36,355)	73,603
Accounts payable to The Coca-Cola Company	938	(36,095)	33,757
Other accrued liabilities	(40,955)	62,892	31,525
Accrued compensation	18,228	(1,943)	7,351
Accrued interest payable	(1,147)	967	1,487
Change in current assets less current liabilities (exclusive of acquisitions)	**$ (31,681)**	**$ (26,387)**	**$ 259**

The Company had the following net cash payments (refunds) during the period for interest and income taxes:

(in thousands)	Fiscal Year 2019	2018	2017
Interest	$ 43,397	$ 45,067	$ 39,609
Income taxes	6,309	(36,991)	30,965

The Company had the following significant noncash investing and financing activities:

(in thousands)	Fiscal Year 2019	2018	2017
Right of use assets obtained in exchange for lease obligations	$ 38,713	$ -	$ -
Additions to property, plant and equipment accrued and recorded in accounts payable, trade	19,452	13,675	22,329
Issuance of Class B Common Stock in connection with stock award	4,776	3,831	3,669
Estimated fair value related to divestitures completed in October 2017	-	-	151,434
Gain on acquisition of Southeastern Container preferred shares in CCR redistribution	-	-	6,012
Accounts receivable from The Coca-Cola Company for adjustments to the cash purchase price for the acquisitions completed in April 2017	-	-	4,707
Capital lease obligations incurred	-	-	2,233

26. Quarterly Financial Data (Unaudited)

The unaudited quarterly financial data for the fiscal years ended December 29, 2019 and December 30, 2018 is included in the following tables. Sales volume has historically been the highest in the second and third quarter of each fiscal year. Additional meaningful financial information is included in the table following each presented period.

	Quarter Ended			
(in thousands, except per share data)	March 31, 2019	June 30, 2019	September 29, 2019	December 29, 2019
Net sales	$ 1,102,912	$ 1,273,659	$ 1,271,029	$ 1,178,949
Gross profit	389,308	435,779	432,224	413,191
Income from operations	20,154	67,214	53,846	39,540
Net income (loss) attributable to Coca-Cola Consolidated, Inc.	(6,831)	15,370	13,006	(10,170)
Basic net income (loss) per share based on net income (loss) attributable to Coca-Cola Consolidated, Inc.:				
Common Stock	$ (0.73)	$ 1.64	$ 1.39	$ (1.09)
Class B Common Stock	$ (0.73)	$ 1.64	$ 1.39	$ (1.09)
Diluted net income (loss) per share based on net income (loss) attributable to Coca-Cola Consolidated, Inc.:				
Common Stock	$ (0.73)	$ 1.64	$ 1.38	$ (1.08)
Class B Common Stock	$ (0.73)	$ 1.63	$ 1.38	$ (1.09)

Additional Information for 2019:

	Quarter Ended			
(in thousands)	March 31, 2019	June 30, 2019	September 29, 2019	December 29, 2019
Pre-tax expense impact:				
Expenses related to the System Transformation	$ (4,730)	$ (2,185)	$ -	$ -
Expenses related to supply chain and asset optimization	-	(1,294)	(3,581)	(5,702)

	Quarter Ended			
(in thousands, except per share data)	April 1, 2018	July 1, 2018	September 30, 2018	December 30, 2018
Net sales	$ 1,064,757	$ 1,220,003	$ 1,204,033	$ 1,136,571
Gross profit	357,641	404,708	412,716	380,647
Income (loss) from operations	(18,997)	19,679	44,404	12,816
Net income (loss) attributable to Coca-Cola Consolidated, Inc.	(14,185)	(3,933)	25,164	(26,976)
Basic net income (loss) per share based on net income (loss) attributable to Coca-Cola Consolidated, Inc.:				
Common Stock	$ (1.52)	$ (0.42)	$ 2.69	$ (2.88)
Class B Common Stock	$ (1.52)	$ (0.42)	$ 2.69	$ (2.88)
Diluted net income (loss) per share based on net income (loss) attributable to Coca-Cola Consolidated, Inc.:				
Common Stock	$ (1.52)	$ (0.42)	$ 2.69	$ (2.88)
Class B Common Stock	$ (1.52)	$ (0.42)	$ 2.68	$ (2.87)

Additional Information for 2018:

	Quarter Ended			
(in thousands)	April 1, 2018	July 1, 2018	September 30, 2018	December 30, 2018
Pre-tax income/(expense) impact:				
Expenses related to the System Transformation	$ (12,450)	$ (9,871)	$ (10,417)	$ (10,598)
Gain on exchange transactions	-	-	10,170	-
Expenses related to workforce optimization	-	(4,810)	-	(3,745)

Management’s Report on Internal Control over Financial Reporting

Management of Coca-Cola Consolidated, Inc. (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Company’s internal control over financial reporting is a process designed under the supervision of the Company’s chief executive and chief financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States. The Company’s internal control over financial reporting includes policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company;
(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and
(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the Company’s financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of December 29, 2019, management assessed the effectiveness of the Company’s internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management determined that the Company’s internal control over financial reporting as of December 29, 2019 was effective.

The effectiveness of the Company’s internal control over financial reporting as of December 29, 2019, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, which is included in Item 8 of this report.

February 25, 2020

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Coca-Cola Consolidated, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Coca-Cola Consolidated, Inc. and its subsidiaries (the "Company") as of December 29, 2019 and December 30, 2018, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 29, 2019, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 29, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 29, 2019 and December 30, 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 29, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 29, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding

prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Acquisition Related Contingent Consideration Liability

As described in Notes 1, 3, and 16 to the consolidated financial statements, the fair value of the acquisition related contingent consideration was $446.7 million as of December 29, 2019, which consists of the estimated amounts due to The Coca-Cola Company under the Comprehensive Beverage Agreement ("CBA") over the remaining useful life of the related distribution rights. Under the CBA, the Company makes quarterly sub-bottling payments to The Coca-Cola Company, specifically Coca-Cola Refreshments USA, Inc. ("CCR"), on a continuing basis in exchange for the grant of exclusive rights to distribute, promote, market and sell certain beverages and beverage products in the distribution territories acquired in the System Transformation, but excluding territories the Company acquired in an exchange transaction. Each reporting period, management adjusts the acquisition related contingent consideration liability to fair value by using a probability weighted discounted cash flow model and discounting future expected sub-bottling payments required under the CBA using the Company's estimated weighted-average cost of capital ("WACC"). These future expected sub-bottling payments extend through the life of the related distribution assets acquired in each distribution territory, which is generally forty years. As a result, the fair value of the acquisition-related contingent consideration liability is impacted by the Company's WACC, management's estimate of the amounts that will be paid in the future under the CBA, and current sub-bottling payments.

The principal considerations for our determination that performing procedures relating to the acquisition related contingent consideration is a critical audit matter was the significant judgment used by management when estimating the fair value of the acquisition related contingent consideration. This in turn led to significant auditor judgment, subjectivity, and effort in performing procedures and evaluating the significant assumptions, including the WACC and current and future sub-bottling payments under the CBA, used by management to estimate the fair value. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the acquisition related contingent consideration liability, including controls over the key judgments, underlying data, and assumptions used. These procedures also included, among others, testing management's process for developing the fair value estimate, including evaluating the significant assumptions used by management, such as the WACC and current and future sub-bottling payments, and testing the completeness, accuracy, and relevance of underlying data used in the discounted cash flow model. Evaluating management's assumptions related to the current and future sub-bottling payments involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the sub-bottling territories, (ii) the consistency with available external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and certain significant assumptions, including the WACC.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Charlotte, North Carolina
February 25, 2020

We have served as the Company's auditor since at least 1972. We have not been able to determine the specific year we began serving as auditor of the Company.

The financial statement schedule required by Regulation S-X is set forth in response to Item 15 below.

The supplementary data required by Item 302 of Regulation S-K is set forth in Note 27 to the consolidated financial statements.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. 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 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 December 29, 2019.

Management's report on internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002 and the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, on the financial statements, and its opinion on the effectiveness of the Company's internal control over financial reporting as of December 29, 2019 are included in Item 8 of this report.

There has been no change in the Company's internal control over financial reporting during the quarter ended December 29, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

For information with respect to the executive officers of the Company, see “Information About Our Executive Officers” included as a separate item at the end of Part I of this report. For information with respect to the Directors of the Company, see “Proposal 1: Election of Directors” in the definitive Proxy Statement for the Company’s 2020 Annual Meeting of Stockholders (the “2020 Proxy Statement”), which is incorporated herein by reference. For information with respect to the Audit Committee of the Board of Directors, see the “Corporate Governance – Board Committees” section of the 2020 Proxy Statement, which is incorporated herein by reference.

The Company has adopted a Code of Ethics for Senior Financial Officers, which is intended to qualify as a “code of ethics” within the meaning of Item 406 of Regulation S-K of the Exchange Act (the “Code of Ethics”). The Code of Ethics applies to the Company’s principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. The Code of Ethics is available on the Company’s website at *www.cokeconsolidated.com*. The Company intends to disclose any substantive amendments to, or waivers from, the Code of Ethics on its website. The information provided on our website is not part of this report and is not incorporated herein by reference.

Item 11. Executive Compensation.

For information with respect to executive and director compensation, see the “Compensation Discussion and Analysis,” “Executive Compensation Tables,” “Consideration of Risk Related to Compensation Programs,” “Compensation Committee Interlocks and Insider Participation,” “Compensation Committee Report” and “Director Compensation” sections of the 2020 Proxy Statement, which are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

For information with respect to security ownership of certain beneficial owners and management, see the “Principal Stockholders” and “Security Ownership of Directors and Executive Officers” sections of the 2020 Proxy Statement, which are incorporated herein by reference. For information with respect to securities authorized for issuance under the Company’s equity compensation plans, see the “Equity Compensation Plan Information” section of the 2020 Proxy Statement, which is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

For information with respect to certain relationships and related transactions, see the “Corporate Governance – Related Person Transactions” and “Corporate Governance – Policy for Review of Related Person Transactions” sections of the 2020 Proxy Statement, which are incorporated herein by reference. For information with respect to director independence, see the “Corporate Governance – Director Independence” section of the 2020 Proxy Statement, which is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

For information with respect to principal accountant fees and services, see “Proposal 3: Ratification of the Appointment of Independent Registered Public Accounting Firm” of the 2020 Proxy Statement, which is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) List of documents filed as part of this report.

1. Financial Statements

Consolidated Statements of Operations	43
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2. Financial Statement Schedule

The Financial Statement Schedule included under Item 15 hereof, as required for the years ended December 29, 2019, December 30, 2018 and December 31, 2017, consisted of the following:

Schedule II - Valuation and Qualifying Accounts and Reserves	97

All other financial statements and schedules not listed have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or is not applicable or required.

3. Listing of Exhibits

The agreements included in the following exhibits to this report are included to provide information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. Some of the agreements contain representations and warranties by each of the parties to the applicable agreements. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreements and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

EXHIBIT INDEX

Exhibit No.	Description	Incorporated by Reference or Filed/Furnished Herewith
3.1	Restated Certificate of Incorporation of the Company.	Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2017 (File No. 0-9286).
3.2	Certificate of Amendment to Restated Certificate of Incorporation of the Company.	Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 2, 2019 (File No. 0-9286).
3.3	Amended and Restated By-laws of the Company.	Exhibit 3.2 to the Company's Current Report on Form 8-K filed on January 2, 2019 (File No. 0-9286).
4.1	Description of Securities of the Company.	Filed herewith.
4.2	Specimen of Common Stock Certificate of the Company.	Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 19, 2019 (File No. 0-9286).
4.3	Supplemental Indenture, dated as of March 3, 1995, between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee.	Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2002 (File No. 0-9286).
4.4	Second Supplemental Indenture, dated as of November 25, 2015, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee.	Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 25, 2015 (File No. 0-9286).
4.5	Form of the Company's 3.800% Senior Notes due 2025 (included in Exhibit 4.4 above).	Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 25, 2015 (File No. 0-9286).
4.6	Fifth Amended and Restated Promissory Note, dated as of September 18, 2017, by and between the Company and Piedmont Coca-Cola Bottling Partnership.	Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 19, 2017 (File No. 0-9286).
4.7	Revolving Credit Loan Agreement, dated as of September 18, 2017, by and between the Company and Piedmont Coca-Cola Bottling Partnership.	Exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 19, 2017 (File No. 0-9286).
10.1	Second Amended and Restated Credit Agreement, dated as of June 8, 2018, by and among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 11, 2018 (File No. 0-9286).
10.2	Amendment No. 1 to Second Amended and Restated Credit Agreement, dated July 11, 2018, by and among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto.	Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 17, 2018 (File No. 0-9286).
10.3	Term Loan Agreement, dated June 7, 2016, by and among the Company, the lenders named therein, JPMorgan Chase Bank, N.A., as administrative agent, and PNC Bank, National Association and Branch Banking and Trust Company, as co-syndication agents.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2016 (File No. 0-9286).
10.4	Amendment No. 1 to Term Loan Agreement, dated July 11, 2018, by and among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 17, 2018 (File No. 0-9286).
10.5	Note Purchase and Private Shelf Agreement, dated June 10, 2016, by and among the Company, PGIM, Inc. and the other parties thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 20, 2017 (File No. 0-9286).
10.6	First Amendment to Note Purchase and Private Shelf Agreement, dated July 20, 2018, by and among the Company, PGIM, Inc. and the other parties thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 25, 2018 (File No. 0-9286).
10.7	Note Purchase and Private Shelf Agreement, dated March 6, 2018, by and among the Company, NYL Investors LLC and the other parties thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 14, 2018 (File No. 0-9286).

Exhibit No.	Description	Incorporated by Reference or Filed/Furnished Herewith
10.8	First Amendment to Note Purchase and Private Shelf Agreement, dated July 20, 2018, by and among the Company, NYL Investors LLC and the other parties thereto.	Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 25, 2018 (File No. 0-9286).
10.9	Note Purchase and Private Shelf Agreement, dated January 23, 2019, by and among the Company, MetLife Investment Advisors, LLC and the other parties thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 5, 2019 (File No. 0-9286).
10.10	Incidence Agreement, dated February 5, 2019, by and between the Company and The Coca-Cola Company.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 5, 2019 (File No. 0-9286).
10.11**	National Product Supply Governance Agreement, dated October 30, 2015, by and between the Company, The Coca-Cola Company, Coca-Cola Bottling Company United, Inc., Coca-Cola Refreshments USA, Inc. and Swire Pacific Holdings Inc. d/b/a Swire Coca-Cola USA.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 2, 2015 (File No. 0-9286).
10.12**	First Amendment to National Product Supply Governance Agreement, dated October 26, 2018, by and between the Company, The Coca-Cola Company, Coca-Cola Bottling Company United, Inc., Swire Pacific Holdings Inc. d/b/a Swire Coca-Cola USA and the other parties thereto.	Exhibit 10.17 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2018 (File No. 0-9286).
10.13**	CONA Services LLC Limited Liability Company Agreement, dated as of January 27, 2016, by and among the Company, The Coca-Cola Company, Coca-Cola Refreshments USA, Inc. and the other bottlers named therein.	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q/A for the quarter ended July 3, 2016 (File No. 0-9286).
10.14**	Amendment No. 1 to CONA Services LLC Limited Liability Company Agreement, dated as of April 6, 2016 and effective as of April 2, 2016, by and among the Company, The Coca-Cola Company, Coca-Cola Refreshments USA, Inc. and the other bottlers named therein.	Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q/A for the quarter ended July 3, 2016 (File No. 0-9286).
10.15**	Amendment No. 2 to CONA Services LLC Limited Liability Company Agreement, effective as of February 22, 2017, by and among the Company, The Coca-Cola Company, Coca-Cola Refreshments USA, Inc. and the other bottlers named therein.	Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017 (File No. 0-9286).
10.16**	Amended and Restated Master Services Agreement, dated as of October 2, 2017, by and between the Company and CONA Services LLC.	Exhibit 10.71 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (File No. 0-9286).
10.17	Omnibus Letter Agreement, dated March 31, 2017, by and between the Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 4, 2017 (File No. 0-9286).
10.18	Amended and Restated Ancillary Business Letter, dated March 31, 2017, by and between the Company and The Coca-Cola Company.	Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 4, 2017 (File No. 0-9286).
10.19**	Comprehensive Beverage Agreement, dated March 31, 2017, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017 (File No. 0-9286).
10.20**	Comprehensive Beverage Agreement, dated March 31, 2017, by and between Piedmont Coca-Cola Bottling Partnership and The Coca-Cola Company.	Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017 (File No. 0-9286).
10.21**	First Amendment to Comprehensive Beverage Agreement, dated April 28, 2017, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2017 (File No. 0-9286).
10.22**	Amendment to Comprehensive Beverage Agreements, dated October 2, 2017, by and between the Company, Piedmont Coca-Cola Bottling Partnership, The Coca-Cola Company, Coca-Cola Refreshments USA, Inc. and CCBC of Wilmington, Inc.	Exhibit 10.72 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (File No. 0-9286).
10.23**	Third Amendment to Comprehensive Beverage Agreement, dated December 26, 2017, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.74 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (File No. 0-9286).

Exhibit No.	Description	Incorporated by Reference or Filed/Furnished Herewith
10.24**	Fourth Amendment to Comprehensive Beverage Agreement, dated April 30, 2018, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2018 (File No. 0-9286).
10.25**	Fifth Amendment to Comprehensive Beverage Agreement, dated August 20, 2018, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (File No. 0-9286).
10.26***	Sixth Amendment to Comprehensive Beverage Agreement, dated September 9, 2019, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 29, 2019 (File No. 0-9286).
10.27**	Regional Manufacturing Agreement, dated March 31, 2017, by and between the Company and The Coca-Cola Company.	Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017 (File No. 0-9286).
10.28	First Amendment to Regional Manufacturing Agreement, dated April 28, 2017, by and between the Company and The Coca-Cola Company.	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2017 (File No. 0-9286).
10.29	Second Amendment to Regional Manufacturing Agreement, dated October 2, 2017, by and between the Company and The Coca-Cola Company.	Exhibit 10.73 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (File No. 0-9286).
10.30	Amended and Restated Stock Rights and Restrictions Agreement, dated February 19, 2009, by and among the Company, The Coca-Cola Company, Carolina Coca-Cola Bottling Investments, Inc. and J. Frank Harrison, III.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 19, 2009 (File No. 0-9286).
10.31	Lease Agreement, dated as of March 23, 2009, by and between the Company and Harrison Limited Partnership One.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 26, 2009 (File No. 0-9286).
10.32	Lease Agreement, dated December 18, 2006, by and between CCBCC Operations, LLC, a wholly owned subsidiary of the Company, and Beacon Investment Corporation.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 21, 2006 (File No. 0-9286).
10.33	Lease Agreement, dated December 30, 2019, by and between the Company and Beacon Investment Corporation.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 3, 2020 (File No. 0-9286).
10.34	Partnership Agreement of Piedmont Coca-Cola Bottling Partnership (formerly known as Carolina Coca-Cola Bottling Partnership), dated as of July 2, 1993, by and among Carolina Coca-Cola Bottling Investments, Inc., Coca-Cola Ventures, Inc., Coca-Cola Bottling Co. Affiliated, Inc., Fayetteville Coca-Cola Bottling Company and Palmetto Bottling Company.	Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2002 (File No. 0-9286).
10.35	Master Amendment to Partnership Agreement, Management Agreement and Definition and Adjustment Agreement, dated as of January 2, 2002, by and among the Company, Piedmont Coca-Cola Bottling Partnership, CCBC of Wilmington, Inc., The Coca-Cola Company, Piedmont Partnership Holding Company and Coca-Cola Ventures, Inc.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 14, 2002 (File No. 0-9286).
10.36	Fourth Amendment to Partnership Agreement, dated as of March 28, 2003, by and among Piedmont Coca-Cola Bottling Partnership, Piedmont Partnership Holding Company and Coca-Cola Ventures, Inc.	Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2003 (File No. 0-9286).
10.37	Management Agreement, dated as of July 2, 1993, by and among the Company, Piedmont Coca-Cola Bottling Partnership (formerly known as Carolina Coca-Cola Bottling Partnership), CCBC of Wilmington, Inc., Carolina Coca-Cola Bottling Investments, Inc., Coca-Cola Ventures, Inc. and Palmetto Bottling Company.	Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2002 (File No. 0-9286).

Exhibit No.	Description	Incorporated by Reference or Filed/Furnished Herewith
10.38	First Amendment to Management Agreement, effective as of January 1, 2001, by and among the Company, Piedmont Coca-Cola Bottling Partnership (formerly known as Carolina Coca-Cola Bottling Partnership), CCBC of Wilmington, Inc., Piedmont Partnership Holding Company and Coca-Cola Ventures, Inc.	Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (File No. 0-9286).
10.39	Third Amendment to Management Agreement, dated December 18, 2018, by and among the Company, Piedmont Coca-Cola Bottling Partnership (formerly known as Carolina Coca-Cola Bottling Partnership), CCBC of Wilmington, Inc., Carolina Coca-Cola Bottling Investments, Inc. and Coca-Cola Ventures, Inc.	Exhibit 10.46 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2018 (File No. 0-9286).
10.40+	Amended and Restated Limited Liability Company Operating Agreement of Coca-Cola Bottlers' Sales & Services Company LLC, made as of November 18, 2019, by and between Coca-Cola Bottlers' Sales & Services Company LLC and Consolidated Beverage Co., a wholly owned subsidiary of the Company.	Filed herewith.
10.41*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Annual Bonus Plan, amended and restated effective as of January 1, 2018.	Filed herewith.
10.42*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Long-Term Performance Plan, amended and restated effective as of January 1, 2018.	Filed herewith.
10.43*	Form of Long-Term Performance Plan Bonus Award Agreement.	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 2010 (File No. 0-9286).
10.44*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Supplemental Savings Incentive Plan, amended and restated effective as of November 1, 2011.	Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2012 (File No. 0-9286).
10.45*	Amendment No. 1, dated May 31, 2013, to Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Supplemental Savings Incentive Plan, amended and restated effective as of November 1, 2011.	Exhibit 10.56 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2018 (File No. 0-9286).
10.46*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Director Deferral Plan, amended and restated effective as of January 1, 2005.	Exhibit 10.17 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2006 (File No. 0-9286).
10.47*	Amendment No. 1, dated December 10, 2013, to Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Director Deferral Plan, amended and restated effective as of January 1, 2005.	Exhibit 10.58 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2018 (File No. 0-9286).
10.48*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Officer Retention Plan, amended and restated effective as of January 1, 2007.	Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2007 (File No. 0-9286).
10.49*	Amendment No. 1, effective as of January 1, 2009, to Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Officer Retention Plan, amended and restated effective as of January 1, 2007.	Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2008 (File No. 0-9286).
10.50*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Long Term Retention Plan, adopted effective as of March 5, 2014.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2014 (File No. 0-9286).
10.51*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Long-Term Performance Equity Plan, adopted effective as of January 1, 2018.	Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed on March 26, 2018 (File No. 0-9286).
10.52*	Omnibus Amendment to Coca-Cola Consolidated, Inc. Nonqualified Employee Benefit Plans, dated as of September 6, 2019.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 29, 2019 (File No. 0-9286).

Exhibit No.	Description	Incorporated by Reference or Filed/Furnished Herewith
10.53*	Omnibus Amendment to Coca-Cola Consolidated, Inc. and CCBCC Operations, LLC Qualified Employee Benefit Plans, dated as of September 6, 2019.	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 29, 2019 (File No. 0-9286).
10.54*	Form of Amended and Restated Split-Dollar and Deferred Compensation Replacement Benefit Agreement, effective as of November 1, 2005, by and between the Company and eligible employees of the Company.	Exhibit 10.24 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2006 (File No. 0-9286).
10.55*	Consulting and Separation Agreement and Release, dated as of November 12, 2018, by and between the Company and James E. Harris.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 13, 2018 (File No. 0-9286).
21	List of Subsidiaries of the Company.	Filed herewith.
23	Consent of Independent Registered Public Accounting Firm.	Filed herewith.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith.
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith.

* Indicates a management contract or compensatory plan or arrangement.
** Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission.
*** Certain confidential portions of this exhibit have been redacted in accordance with Item 601(b)(10) of Regulation S-K.

\+ Certain schedules and similar supporting attachments to this agreement have been omitted, and the Company agrees to furnish supplemental copies of any such schedules and similar supporting attachments to the Securities and Exchange Commission upon request.

(b) Exhibits.

See Item 15(a)(3) above.

(c) Financial Statement Schedules.

See Item 15(a)(2) above.

Item 16. Form 10-K Summary.

None.

Schedule II

COCA-COLA CONSOLIDATED, INC.
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Allowance for Doubtful Accounts

	Fiscal Year		
(in thousands)	**2019**	**2018**	**2017**
Balance at beginning of year	$ 9,141	$ 7,606	$ 4,448
Additions charged to expenses and as reductions to net sales	9,769	9,964	4,464
Deductions	5,128	8,429	1,306
Balance at end of year	**$ 13,782**	**$ 9,141**	**$ 7,606**

Deferred Income Tax Valuation Allowance

	Fiscal Year		
(in thousands)	**2019**	**2018**	**2017**
Balance at beginning of year	$ 5,899	$ 4,337	$ 1,618
Adjustment for federal tax legislation(1)	-	-	2,419
Additions charged to costs and expenses	1,291	1,562	877
Deductions credited to expense	-	-	577
Balance at end of year	**$ 7,190**	**$ 5,899**	**$ 4,337**

(1) In 2017, the Company increased its valuation allowance as a result of the deductibility of certain deferred compensation based on the current interpretation of the Tax Act.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 CONSOLIDATED, INC.
(REGISTRANT)

Date: February 25, 2020

By: /s/ J. Frank Harrison, III
J. Frank Harrison, III
Chairman of the Board of Directors
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	Signature	Title	Date
By:	/s/ J. Frank Harrison, III **J. Frank Harrison, III**	Chairman of the Board of Directors, Chief Executive Officer and Director (Principal Executive Officer)	February 25, 2020
By:	/s/ F. Scott Anthony **F. Scott Anthony**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 25, 2020
By:	/s/ William J. Billiard **William J. Billiard**	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 25, 2020
By:	/s/ Sharon A. Decker **Sharon A. Decker**	Director	February 25, 2020
By:	/s/ Morgan H. Everett **Morgan H. Everett**	Senior Vice President and Director	February 25, 2020
By:	/s/ James R. Helvey, III **James R. Helvey, III**	Director	February 25, 2020
By:	/s/ William H. Jones **William H. Jones**	Director	February 25, 2020
By:	/s/ Umesh M. Kasbekar **Umesh M. Kasbekar**	Vice Chairman of the Board of Directors and Director	February 25, 2020
By:	/s/ David M. Katz **David M. Katz**	President, Chief Operating Officer and Director	February 25, 2020
By:	/s/ Jennifer K. Mann **Jennifer K. Mann**	Director	February 25, 2020
By:	/s/ James H. Morgan **James H. Morgan**	Director	February 25, 2020
By:	/s/ John W. Murrey, III **John W. Murrey, III**	Director	February 25, 2020
By:	/s/ Sue Anne H. Wells **Sue Anne H. Wells**	Director	February 25, 2020
By:	/s/ Dennis A. Wicker **Dennis A. Wicker**	Director	February 25, 2020
By:	/s/ Richard T. Williams **Richard T. Williams**	Director	February 25, 2020

DESCRIPTION OF SECURITIES OF THE COMPANY

General

Except as otherwise indicated or unless the context requires otherwise, all references herein to the "Company," "we," "us," "our" and similar terms refer to Coca-Cola Consolidated, Inc.

The description below summarizes certain general terms and provisions of our Common Stock. Our Common Stock is the only class or series of our securities which has been registered under Section 12 of the Securities Exchange Act of 1934, as amended. In addition, the description below summarizes certain general terms and provisions of our Class B Common Stock and Class C Common Stock. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to: (i) our Restated Certificate of Incorporation, as amended (the "Restated Certificate of Incorporation"); (ii) our Amended and Restated By-laws (the "Amended and Restated By-laws"); (iii) the certificate of designations filed by us with respect to shares of any series of preferred stock which may be issued subsequent to the date hereof; and (iv) the applicable provisions of the General Corporation Law of the State of Delaware (the "DGCL"). We encourage you to review complete copies of the Restated Certificate of Incorporation and the Amended and Restated By-laws, which we have previously filed with the U.S. Securities and Exchange Commission.

Our authorized capital stock consists of:

- 30,000,000 shares of Common Stock, par value of $1.00 per share;
- 10,000,000 shares of Class B Common Stock, par value of $1.00 per share;
- 20,000,000 shares of Class C Common Stock, par value of $1.00 per share;
- 50,000 shares of Convertible Preferred Stock, par value of $100.00 per share;
- 50,000 shares of Non-Convertible Preferred Stock, par value of $100.00 per share; and
- 20,000,000 shares of Preferred Stock, par value of $0.01 per share.

The outstanding shares of Common Stock and Class B Common Stock are fully paid and nonassessable.

Voting Rights

Except to the extent otherwise provided by law, holders of Common Stock, Class B Common Stock and Class C Common Stock vote together as a single voting group on any matters brought before our stockholders. Holders of Common Stock are entitled to one (1) vote per share on all such matters, while holders of Class B Common Stock are entitled to twenty (20) votes per share on all such matters and holders of Class C Common Stock are entitled to one-twentieth (1/20) vote per share on all such matters. None of our Common Stock, Class B Common Stock or Class C Common Stock possesses any cumulative voting rights under the Restated Certificate of Incorporation.

Under the Restated Certificate of Incorporation, we may not alter or change the relative rights, preferences, privileges, restrictions, dividend rights, voting powers or other powers of our Common Stock, Class B Common Stock or Class C Common Stock without approval by the holders of each class

of stock to be adversely affected thereby (voting as a separate class). Such approval requires the affirmative vote of not less than two-thirds (2/3) of all the votes entitled to be voted by the holders of each such class of stock. In the case, however, of a proposed increase in the authorized number of shares of Common Stock, Class B Common Stock or Class C Common Stock, the Restated Certificate of Incorporation requires the affirmative vote of a majority of all the votes entitled to be voted by the holders of Common Stock, Class B Common Stock and Class C Common Stock, voting together as a single class.

Dividends

General

Subject to any prior rights of holders of shares of any then-outstanding series of preferred stock, and to the provisions regarding relative dividend rights discussed below, holders of all three classes of our common stock are entitled to receive dividends when, as and if declared by our board of directors out of funds legally available therefor.

Relative Dividend Rights

Holders of Common Stock are entitled to receive such dividends, including stock dividends, if any, in such amounts and at such rates per share as may be declared by our board of directors out of funds legally available therefor. Holders of Class B Common Stock are entitled to receive such dividends, including stock dividends, if any, in such amounts and at such rates per share as may be declared by our board of directors out of funds legally available therefor; *provided, however*, that any such dividends may not exceed any such dividends declared and paid to holders of Common Stock. Dividends declared and paid to holders of Common Stock may exceed any dividends declared and paid to holders of Class B Common Stock. A dividend of shares may be declared and paid in Common Stock to holders of Common Stock and in Class B Common Stock to holders of Class B Common Stock, if the number of shares paid per share to holders of Common Stock and Class B Common Stock is the same.

Any dividends declared and paid to holders of Common Stock and Class C Common Stock must be equal in amount or value and may exceed, but not be less than, any such dividends declared and paid to holders of Class B Common Stock. Dividends of shares of Common Stock may be paid to holders of Common Stock and Class C Common Stock only, or to holders of all classes of our common stock if the number of shares paid per share to such holders is the same. Similarly, dividends of shares of Class B Common Stock may be paid to holders of Common Stock and Class C Common Stock only, or to holders of all classes of our common stock if the number of shares paid per share to such holders is the same. Dividends of shares of Class C Common Stock may be paid to holders of Common Stock and Class C Common Stock only, or to holders of all classes of our common stock if the number of shares paid per share to such holders is the same. Additionally, a dividend of Common Stock may be paid to holders of Common Stock simultaneously with a dividend of Class B Common Stock to holders of Class B Common Stock and a dividend of Class C Common Stock to holders of Class C Common Stock, *provided* that the number of shares paid per share to holders of each such class is the same.

If only shares of Class B Common Stock and Class C Common Stock are outstanding, then a dividend of shares of Common Stock, Class B Common Stock or Class C Common Stock may be declared and paid to holders of Class C Common Stock only, or to holders of Class B Common Stock and Class C Common Stock if the number of shares paid per share to such holders is the same, *provided* that a dividend of shares of Class B Common Stock may be declared and paid to holders of Class B Common Stock while holders of Class C Common Stock receive shares of Common Stock or Class C Common Stock if the number of shares paid per share to such holders is the same. Additionally, if only shares of Class B Common Stock and Class C Common Stock are outstanding, then a dividend of shares of

Common Stock or Class B Common Stock may be declared and paid to holders of Class B Common Stock only, *provided* that a dividend of shares of Common Stock or Class C Common Stock is declared and paid to holders of Class C Common Stock and the number of shares paid per share to such holders is the same.

If only shares of Common Stock and Class C Common Stock are outstanding, then a dividend of shares of Common Stock, Class B Common Stock or Class C Common Stock may be declared and paid to holders of Common Stock and Class C Common Stock if the number of shares paid per share to such holders is the same. Additionally, if only shares of Common Stock and Class C Common Stock are outstanding, then a dividend of shares of Common Stock may be declared and paid to holders of Common Stock and a dividend of shares of Class C Common Stock may be declared and paid to holders of Class C Common Stock if the number of shares paid per share to such holders is the same.

Preemptive Rights

Generally, holders of Common Stock, Class B Common Stock and Class C Common Stock do not have any preemptive or other rights to subscribe for additional shares of any class of our common stock.

Liquidation Rights

The Restated Certificate of Incorporation provides that, in the event of our liquidation or dissolution, or a winding up of our affairs, whether voluntary or involuntary, or in the event of our merger or consolidation, no distributions will be made to holders of any class of our common stock until after payment or provision for payment of our debts or liabilities, plus any amounts payable to holders of shares of any then-outstanding series of preferred stock. After we make such payments (or provisions therefor), holders of our Common Stock, Class B Common Stock and Class C Common Stock would be entitled to share ratably (i.e., an equal amount of assets for each share of such stock) in the distribution of our remaining assets.

Conversion Rights

Shares of Common Stock and Class C Common Stock do not possess any conversion rights. Shares of Class B Common Stock are convertible, at the option of the holder and without the payment of any additional consideration to us, into shares of Common Stock on a one share for one share basis by such holder providing written notice of the request for conversion to the Company. Shares of Class B Common Stock are not convertible into shares of Class C Common Stock.

Transferability and Public Trading Market

There are no restrictions on the transferability of shares of Common Stock, Class B Common Stock or Class C Common Stock. Our Common Stock is listed and traded on the NASDAQ Global Select Market under the symbol “COKE.” Neither our Class B Common Stock nor our Class C Common Stock is currently listed for trading on any securities exchange or authorized for quotation in an interdealer quotation system of a registered national securities association. As neither our Class B Common Stock nor our Class C Common Stock are registered, shares of such classes may be “restricted securities” under the federal securities laws, depending on certain facts and circumstances associated with such shares.

Other Factors

Provision Regarding Redemption or Call of Class C Common Stock

The Restated Certificate of Incorporation specifically provides that shares of Class C Common Stock shall not be made subject to any redemption or call by us.

Stock Splits and Reverse Stock Splits

The Restated Certificate of Incorporation provides that, except for dividends of our stock, which are governed by the provisions described above, shares of Class B Common Stock outstanding at any time shall not be split up or subdivided, whether by stock distribution, reclassification, recapitalization or otherwise, so as to increase the number of shares thereof issued and outstanding, unless at the same time the shares of Common Stock are split up or subdivided in like manner, in order to maintain the same proportionate equity ownership (i.e., the same proportion of shares held by each class) between the holders of Common Stock and Class B Common Stock as existed on the record date of any such transaction.

The Restated Certificate of Incorporation also provides that, except for dividends of our stock, if shares of Common Stock and Class B Common Stock outstanding at any time are split or subdivided, whether by stock distribution, reclassification, recapitalization or otherwise, so as to increase the number of shares thereof issued and outstanding, then the shares of Class C Common Stock shall be split or subdivided in like manner, in order to maintain the same proportionate equity ownership (i.e., the same proportion of shares held by each class) among the holders of Common Stock, Class B Common Stock and Class C Common Stock as existed on the date prior to such split or subdivision. Similarly, if shares of Class C Common Stock are split or subdivided in any manner, then all other outstanding classes of our common stock shall be proportionately split or subdivided.

In the case of reverse splits, the Restated Certificate of Incorporation provides that shares of Common Stock outstanding at any time shall not be reverse split or combined, whether by reclassification, recapitalization or otherwise, so as to decrease the number of shares thereof issued and outstanding, unless at the same time the shares of Class B Common Stock are reverse split or combined in like manner, in order to maintain the same proportionate equity ownership (i.e., the same proportion of shares held by each class) between the holders of Common Stock and Class B Common Stock as existed on the record date of any such transaction.

The Restated Certificate of Incorporation also provides that if shares of Common Stock and Class B Common Stock outstanding at any time are reverse split or combined, whether by reclassification, recapitalization or otherwise, so as to decrease the number of shares thereof issued and outstanding, then the shares of all other classes of our common stock shall be reverse split or combined in like manner, in order to maintain the same proportionate equity ownership (i.e., the same proportion of shares held by each class) among the holders of Common Stock, Class B Common Stock and Class C Common Stock as existed on the date prior to such reverse split or combination. Similarly, if shares of Class C Common Stock are reverse split or combined in any manner, then all other outstanding classes of our common stock shall be proportionately reverse split or combined.

Anti-Takeover Effects of Delaware Law, the Restated Certificate of Incorporation and the Amended and Restated By-laws

Certain provisions of the DGCL, the Restated Certificate of Incorporation and the Amended and Restated By-laws may have the effect of delaying, deferring or preventing another person from acquiring

control of the Company, including takeover attempts that might result in a premium over the market price for the shares of Common Stock.

Delaware Law

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years following the time that such person became an interested stockholder, unless:

- before the person became an interested stockholder, the board of directors of the corporation approved either the transaction that would result in a business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation that was outstanding at the time the transaction commenced. For purposes of determining the number of shares outstanding, shares owned by directors who are also officers of the corporation and shares owned by employee stock plans, in specified instances, are excluded; or

- at or after the time the person became an interested stockholder, the business combination is both approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

A “business combination” is defined generally to include mergers or consolidations between a Delaware corporation and an interested stockholder, transactions with an interested stockholder involving the assets or stock of the corporation or any majority-owned subsidiary, transactions which increase an interested stockholder’s percentage ownership of stock of the corporation or any majority-owned subsidiary, and receipt by the interested stockholder of various financial benefits provided by or through the corporation or any majority-owned subsidiary. In general, an “interested stockholder” is defined as any person or entity that is the beneficial owner of 15% or more of a corporation’s outstanding voting stock or is an affiliate or associate of the corporation and was the beneficial owner of 15% or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date of determination if such person is an interested stockholder.

A Delaware corporation may opt out of this provision with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or by-laws resulting from a stockholders’ amendment approved by at least a majority of the outstanding voting shares. However, we have not opted out of this provision. The application of the statute could prohibit or delay mergers or other takeover or change-in-control attempts and, accordingly, may discourage attempts to acquire us.

The Restated Certificate of Incorporation and the Amended and Restated By-laws

The Restated Certificate of Incorporation and the Amended and Restated By-laws contain the following provisions that could have the effect of delaying, deferring or preventing a change in control of the Company:

- *Amendment to the Restated Certificate of Incorporation*. The Restated Certificate of Incorporation contains enhanced voting requirements for stockholders to amend certain provisions of the Restated Certificate of Incorporation.

- *Amendment to the Amended and Restated By-laws*. The Amended and Restated By-laws contain enhanced voting requirements for stockholders to amend, alter, change or repeal certain provisions of the Amended and Restated By-laws.

- *Advance Notification.* The Amended and Restated By-laws contain advance notice requirements for stockholder proposals and director nominations.

- *Issuance of Preferred Stock.* The Restated Certificate of Incorporation gives our board of directors the authority to issue, without stockholder approval, preferred stock with designations and rights that the board may determine.

- *No Cumulative Voting.* Neither the Restated Certificate of Incorporation nor the Amended and Restated By-laws provide for cumulative voting in the election of directors.

Limitations of Liability and Indemnification of Directors and Officers

Section 145 of the DGCL provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful, except that, in the case of an action by or in the right of the corporation, no indemnification may be made in respect of any claim, issue or matter as to which such person is adjudged to be liable to the corporation, unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court deems proper. The Amended and Restated By-laws provide that we will indemnify our directors and officers to the fullest extent permitted by law.

Section 102(b)(7) of the DGCL permits a corporation to include a provision in its certificate of incorporation eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, *provided* that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) for unlawful payment of dividends or purchase or redemption of shares; or (iv) for any transaction from which the director derived an improper personal benefit. The Restated Certificate of Incorporation contains a provision which eliminates the personal liability of our directors for monetary damages for breaches of fiduciary duties to the fullest extent permitted by the DGCL.

Section 145 of the DGCL also permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation. We maintain directors' and officers' liability insurance for our directors and officers, as permitted in the Amended and Restated By-laws.

Exhibit 10.40

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
COCA-COLA BOTTLERS' SALES & SERVICES COMPANY LLC

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TRANSFER RESTRICTIONS

The limited liability company interests in Coca-Cola Bottlers' Sales & Services Company LLC created and issued under this Agreement (the "Interests") are subject to the restrictions on transfer and other terms and conditions set forth in this Agreement.

The Interests have been acquired for investment and have not been registered under (a) the securities laws of the State of Delaware, (b) any other state securities laws, or (c) the United States Securities Act of 1933, as amended (the "Securities Act").

Neither the Interests nor any part thereof may be offered for sale, pledged, hypothecated, sold, assigned, or transferred except in compliance with the terms and conditions of this Agreement and

(1) pursuant to an effective registration statement under applicable state securities laws, or in a transaction which either is exempt from registration under such laws or is otherwise in compliance with such laws, and

(2) pursuant to an effective registration statement under the Securities Act or in a transaction which either is exempt from registration under the Securities Act or is otherwise in compliance with the Securities Act.

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF
COCA-COLA BOTTLERS' SALES & SERVICES COMPANY LLC

This Amended and Restated Limited Liability Company Operating Agreement of Coca-Cola Bottlers' Sales & Services Company LLC (the "Company") is entered into this 18th day of November by and among the Members (as defined below), and made effective as of January 1, 2019 (the "Effective Date").

WHEREAS, the Company was formed as a Delaware limited liability company on September 5, 2002;

WHEREAS, the Company and its members previously entered into that certain Limited Liability Company Operating Agreement, effective as of January 1, 2003 (as amended, the "Prior Operating Agreement");

WHEREAS, the Members constitute all the members of the Company;

WHEREAS, the Members desire to amend and restate in their entirety any and all operating agreements of the Company, including the Prior Operating Agreement, effective as of the Effective Date and as provided herein; and

WHEREAS, the Members desire to enter into this Agreement to govern the operations and affairs of the Company and its relationship with the Members.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound, the Members hereby agree as follows:

ARTICLE I

DEFINED TERMS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this ARTICLE I shall, for the purposes of this Agreement, have the meanings herein specified.

"Additional Members" has the meaning set forth in Section 13.1.

"Adjustment Year" has the meaning set forth in Section 11.1(e).

"Affiliate" means, with respect to a specified Person, any Person that directly or indirectly controls, is controlled by, or is under common control with, the specified Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of all or substantially all of the management and policies of a Person, or to manage the sale of one or more products trademarked by or licensed to The Coca-Cola Company in any portion of the Territory, whether through ownership of voting securities, by contract (including a management contract), joint venture, or otherwise. No Person shall be deemed to be an Affiliate of another Person merely because of the relationship of a Coca-Cola Franchise between such Persons. A Person becomes a "controlled Affiliate" when control of such Person is directly or indirectly acquired by another Person through stock purchase, merger, consolidation or otherwise.

"Agreement" means this Amended and Restated Limited Liability Company Operating Agreement of the Company, as amended, modified, supplemented or restated from time to time.

"Appraisal Value" has the meaning set forth in Section 14.1(b)(ii).

"Approved Subsidiary" means, in the case of a Bottler that carries on its business in the country of Canada, a wholly-owned U.S. subsidiary corporation of such Bottler, which is taxed as a corporation under the Code.

"Arbitration Panel" has the meaning set forth in Section 16.13.

"ARTM Agreement" means, for a given Bottler, the Master Agreement between The Coca-Cola Company and such Bottler for ARTM Programs, which is approved by The Coca-Cola System Leadership Governance Board and governs alternative route to market programs for beverage products bearing trademarks owned by or licensed to The Coca-Cola Company, as such agreement may be renewed, replaced, amended, modified, supplemented, or superseded, together with any other agreements between such Bottler and The Coca-Cola Company relating to alternative route to market programs.

"Authorized Member" has the meaning set forth in Section 11.1(b).

"Board" means the board of directors of the Company established pursuant to Section 6.1(a).

"BSNA" means Coca-Cola Business Services North America, LLC, a Delaware limited liability company.

"BSNA Agreement Effective Date" means the Effective Date, as defined in the BSNA Purchase Agreement.

"BSNA Business" means BSNA's business of providing services to BSNA Client Bottlers, as such services are provided by BSNA as of immediately prior to the BSNA Agreement Effective Date or as of the Closing Date, as defined in the BSNA Purchase Agreement, as applicable.

"BSNA Client Bottlers" means each Bottler who participates in or receives services provided by BSNA (i) as of immediately prior to the BSNA Agreement Effective Date, and/or (ii) after the BSNA Agreement Effective Date.

"BSNA Master Business Services Agreement" means, with respect to each BSNA Client Bottler, any Master Business Services Agreement heretofore or hereafter entered into by BSNA and such BSNA Client Bottler governing the terms and condition upon which BSNA provides services to such BSNA Client Bottler, including all related statements of work, service level agreements, exhibits and schedules, all as may be amended from time to time.

"BSNA Purchase Agreement" means that certain Membership Interest Purchase Agreement, dated September 17, 2019, by and among the Company (as Buyer), Coca-Cola Refreshments USA, LLC, a Delaware limited liability company (as Seller), and BSNA.

"Capital Account" means, with respect to any Member, the account maintained for such Member in accordance with the provisions of this Agreement.

"Capital Contribution" means, with respect to any Member, the initial capital contribution (if any), including the actual amount of money and the fair market value of any property (other than money), made by such Member and referred to in Section 4.1 of this Agreement, together with any additional contributions of funds or property that may be made, from time to time, by such Member in accordance with Section 4.2 of this Agreement.

"CCNA" means Coca-Cola North America, a division of The Coca-Cola Company.

"CCNA Director" has the meaning set forth in Section 6.1(b).

"CCNA PAA" means that certain Amended and Restated Procurement Agency Agreement, effective as of January 1, 2008, by and between The Coca-Cola Company and the Company, together with any supplements, modifications, extensions, or replacements thereof.

"Certificate" means the Certificate of Formation of the Company and any and all amendments thereto and restatements thereof filed on behalf of the Company with the office of the Secretary of State of the State of Delaware pursuant to the Delaware Act.

"Chair" means the Director (but need not otherwise be an agent or employee of the Company) elected as the chairman of the Board pursuant to Section 6.2.

"Coca-Cola Bottler" or "Bottler" means each business entity that is not an Affiliate of The Coca-Cola Company and that holds, directly or indirectly, a Coca-Cola Franchise applicable to one or more geographic areas within the Territory. For purposes of this Agreement, each entity that holds a Coca-Cola Franchise and its Affiliate(s) shall be deemed to constitute a single Coca-Cola Bottler. In no event, however, shall The Coca-Cola Company, or any Affiliate of The Coca-Cola Company, be deemed a Coca-Cola Bottler hereunder, and any Member that hereafter becomes an Affiliate of The Coca-Cola Company shall thereupon cease to be qualified as a Member as provided in Section 5.4. A list of all Coca-Cola Bottlers as of the Effective Date is attached hereto as **Exhibit A**.

"Coca-Cola Bottling System" means the system through which beverages bearing trademarks owned by or licensed to The Coca-Cola Company are manufactured and distributed.

"Coca-Cola Franchise" means the contract and trademark license authorizing a Person to bottle and/or sell one or more products bearing the trademark "Coca-Cola" or one of its derivatives in one or more geographic areas within the Territory.

"Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law). A reference to a specific section (§) of the Code refers not only to such specific section but also to any corresponding provision of the Code, as such specific section or corresponding provision is in effect on the date of application of the provisions of this Agreement containing such reference.

"Company" has the meaning set forth in the preamble of this Agreement.

“Company Division” means the current and future business divisions of the Company, including, without limitation, a division responsible for the procurement of goods and services and a division responsible for customer business solutions (including franchisor and franchisee services). As of the Effective Date, there are two (2) Company Divisions, which are referred to as the “Customer Business Solution (CBS) Division” and the “Procurement Division”.

“Company Policies” has the meaning set forth in Section 6.9(r).

“Compensation” has the meaning set forth in Section 8.2(c)

“Conflicted Director” has the meaning set forth in Section 12.8(a).

“Confidential Information” has the meaning set forth in Section 16.12(e).

“Covered Person” means (i) a Member, a Director, or an Officer, (ii) any Affiliate of a Member, (iii) any officers, directors, members, managers, shareholders, partners, employees, representatives or agents of a Member, a Director, or an Officer and their respective Affiliates, and (iv) each employee, representative, or agent of the Company or its Affiliates.

“Creditor” and “Creditors” have the meaning set forth in Section 16.11(a).

“Cross-License Brand Products” means, for a given Bottler, non-alcoholic beverage products bearing trademarks that are not owned by or licensed to The Coca-Cola Company or its Affiliates.

“Data Sharing Agreements” means those certain data sharing agreements entered into by or on behalf of the Company and a Bottler.

“Delaware Act” means the Delaware Limited Liability Company Act, 6 *Del. C.* Section 18-101, *et seq*., and any successor statute, as amended from time to time.

“Director” means a natural person designated as a director of the Company and member of the Board pursuant to Section 6.1(a).

“Director Adjustment Year” means the 2021 calendar year, and each third (3rd) year thereafter (*i.e.*, 2024, 2027, and so on).

“Director Extraordinary Vote” means the affirmative vote of not less than eighty percent (80%) of the total votes that may be cast at the time by all Directors entitled to vote on such matter (*i.e.*, at least fourteen (14) votes where there are seventeen (17) Directors entitled to vote on such matter (*e.g.*, pursuant to Section 6.3(c), Section 12.8(a) and Section 14.2, certain Directors are not entitled to vote on certain matters)), voting in person or by proxy.

“Director Regular Vote” means the affirmative vote of not less than sixty-six and two-thirds percent (66 2/3%) of the total votes that may be cast at the time by all Directors entitled to vote on such matter (*i.e.*, at least twelve (12) votes where there are seventeen (17) Directors entitled to vote on such matter (*e.g.*, pursuant to Section 6.3(c), Section 12.8(a) and Section 14.2, certain Directors are not entitled to vote on certain matters)), voting in person or by proxy.

"Disclosing Party" has the meaning set forth in Section 16.12(d).

"Effective Date" has the meaning set forth in the preamble of this Agreement.

"Fair Value" has the meaning set forth in Section 14.1(b)(iii).

"Fiscal Year" means the Company's annual accounting period ending on December 31 or such other date as may be required by the Code or determined by the Board.

"Imputed Tax Underpayment" has the meaning set forth in Section 11.1(e)(i).

"Interest" means a Member's limited liability company interest in the Company which represents such Member's share of the profits and losses of the Company and a Member's right to receive distributions of the Company's assets in accordance with the provisions of this Agreement and the Delaware Act. A Member's Interest shall be reflected as a number of Units.

"IRS Adjustment" has the meaning set forth in Section 11.1(e).

"Large Regional Bottler" means any Bottler which is hereafter determined to have at least twelve and one-half percent (12.5%) of the Sales Volume (when expressed as a percentage, the numerator of which is the applicable Member's Sales Volume and the denominator of which is the aggregate Sales Volume of all Members) during the three (3) calendar year period ending immediately prior to the year in which the classification of Members as Large Regional Bottlers, Regional Bottlers or Mainstream Bottlers is to be made in accordance with Section 6.1(e).

"Laws" means:

(1) all constitutions, treaties, laws, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws, whether domestic, foreign or international;

(2) all judgments, orders, writs, injunctions, decisions, rulings, decrees and awards of any governmental body or any regulatory or self-regulatory organization having jurisdiction over the Company or any Member or their respective assets (including the rules and requirements of any securities exchange);

(3) all policies, practices and guidelines of any governmental body or any regulatory or self-regulatory organization having jurisdiction over the Company or any Member or their respective assets (including the rules and requirements of any securities exchange); and

(4) any amendment, modification, re-enactment, restatement or extension of the foregoing,

in each case binding on or affecting the party or Person referred to in the context in which such word is used; and "Law" shall mean any one of them.

"Mainstream Bottlers" means all Members other than the Regional Bottlers and the Large Regional Bottlers.

"Mainstream Bottler Directors" means the Directors appointed by the Mainstream Bottlers pursuant to Section 6.1(d).

"Member" means, subject to Section 2.1(b), Section 5.4 and Section 6.10(g), ARTICLE XIV hereof and any other event which disqualifies a Person from being a Member hereunder, each of the Coca-Cola Bottlers that executes this Agreement and also includes any Coca-Cola Bottler admitted as an Additional Member or a Substitute Member pursuant to the provisions of this Agreement, in such Coca-Cola Bottler's capacity as a member of the Company. Except for purposes of electing Directors as provided in Section 6.1, the Members shall constitute one (1) class or group of members. A list of the Members shall be maintained by the Company.

"Net Cash Flow" means, for each Fiscal Year or other period of the Company, the gross cash receipts of the Company from all sources, but excluding any amounts, such as taxes, that are held by the Company as a collection agent or in trust for others or that are otherwise not unconditionally available to the Company, less all amounts paid by or for the account of the Company during the same Fiscal Year or other period (including, without limitation, payments of principal and interest on any Company indebtedness and expenses reimbursed to the Members under Section 5.2), and less any amounts determined by the Board to be necessary to provide a reasonable reserve for working-capital needs or any other contingencies of the Company. Net Cash Flow shall not be reduced by depreciation, amortization, cost recovery deductions, depletion, similar allowances or other non-cash items, but shall be increased by any reduction of reserves to Net Cash Flow previously established.

"New Partnership Audit Rules" means the provisions of Subchapter C of Chapter 63 of the Code, as revised by Section 1101 of the Bipartisan Budget Act of 2015, as such provisions may thereafter be amended and including any Treasury Regulations or other guidance issued thereunder.

"Officer" has the meaning set forth in Section 7.1.

"Partnership Representative" has the meaning set forth in Section 11.1(a).

"Percentage Interest" means the Interest of a Member, expressed as a portion of one hundred percent (100%), determined by the proportion of the Units owned by such Member to the total number of Units issued and outstanding; "Percentage Interests" shall mean the Percentage Interest of two (2) or more Members.

"Person" means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization.

"President" means the Person appointed by the Board as the president of the Company, who shall perform the duties described in Section 7.3.

"Prior Operating Agreement" has the meaning set forth in the recitals of this Agreement.

"Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Section 703(a) of the Code, *provided* that any items of income, gain, loss or deduction specially allocated pursuant to Section 8.2 shall not be taken into account in computing Profits and Losses.

“Receiving Party” has the meaning set forth in Section 16.12(c).

“Regional Bottlers” means, subject to the last sentence of this definition, the fourteen (14) largest Members, based on Sales Volume during the three (3) calendar year period ending immediately prior to the year in which the classification of Members as Large Regional Bottlers, Regional Bottlers or Mainstream Bottlers is to be made pursuant to Section 6.1(e). If two or more Regional Bottlers become Affiliates of one another, only one of such affiliated Regional Bottlers shall continue to qualify as Regional Bottler and the other affiliated Regional Bottler(s) shall thereupon immediately cease to be qualified as Regional Bottlers. If one or more Regional Bottlers become an Affiliate of The Coca-Cola Company, such Regional Bottlers shall thereupon immediately cease to be qualified as Regional Bottlers. If and to the extent that any Large Regional Bottlers exist, the total number of Regional Bottlers specified herein shall be decreased by two (2) for each such Large Regional Bottler (*e.g.*, if there is one (1) Large Regional Bottler, the number of Regional Bottlers shall be reduced to twelve (12), if there are two (2) Large Regional Bottlers, the total number of Regional Bottlers shall be reduced to ten (10), and so on); *provided* that where the number of Regional Bottlers is reduced because one or more Large Regional Bottlers exist, such reduction shall apply to the Regional Bottlers with the lowest Sales Volume during the most recent adjustment period described in Section 6.1(e), and such Bottlers who previously qualified as Regional Bottlers shall be reclassified as Mainstream Bottlers in such instance to accommodate the necessary number of Large Regional Bottlers.

“Regional Bottler Directors” shall mean the Directors appointed by Regional Bottlers and the Large Regional Bottlers, if applicable, pursuant to Section 6.1(c).

“Reviewed Year” has the meaning set forth in Section 11.1(e).

“Sales Volume” means, for a given Bottler over a given period of time, the total volume of all sales, measured in equivalent cases, of (i) beverage products bearing trademarks owned by or licensed to The Coca-Cola Company, *plus* (without duplication) (ii) Cross-License Brand Products. For the purpose of this definition and without duplication, “sales” (a) includes all bottle/can *and* fountain volume sold by such Bottler directly to a customer via “direct store delivery”; (b) includes all bottle/can volume sold by an authorized distributor or third party operator in such Bottler’s Territory (to the extent that such Bottler holds distribution rights for such products), including, without limitation, all bottle/can volume for which such Bottler receives volume credit under the ARTM Agreement or, for a Cross-License Brand Product, under an analogous alternative route to market program; and (c) excludes any volume sold by such Bottler to another Coca-Cola Bottler (*e.g.*, agency sales or non-trade sales). For purposes of this Agreement, each calculation of Sales Volume shall be performed by the Company based on data provided by each Bottler, authorized distributors and/or third-party operators as well as other data provided to and/or collected by the Company (including pursuant to Section 3.3). The Company shall rely on, and shall not be responsible for independently verifying the accuracy of, any data delivered to the Company, absent manifest error of any such data. In the event a Bottler disagrees with any Sales Volume calculated by the Company, such Bottler may inquire to the Company about its method of calculation and the related data, and the Company and such Bottler shall work together in good faith to resolve any dispute relating to such calculation; *provided* that, in the event such dispute cannot be resolved by the President and such Bottler within a reasonable period of time, such dispute may be presented to the Board by the President or such Bottler for resolution pursuant to a Director Regular Vote, and such determination of the Board shall be final and binding on the parties and not subject to further appeal.

"Secretary" means the Person appointed by the Board as the secretary of the Company, who shall perform the duties described in Section 7.5.

"Selling Member" has the meaning set forth in Section 14.1(b)(iv).

"Subsidiary Special Allocations" has the meaning set forth in Section 8.2(b)

"Substitute Member" means a Coca-Cola Bottler that is admitted to the Company as a Member pursuant to Section 14.2.

"Tax Amount" has the meaning set forth in Section 9.4.

"Tax Matters Partner" has the meaning set forth in Section 11.4.

"Territory" means a defined geographic area consisting of (i) the fifty states of the United States of America and the District of Columbia and (ii) the country of Canada in which a Coca-Cola Bottler is authorized to bottle and/or sell one or more products bearing the trademark "Coca-Cola" or one of its derivatives. For the avoidance of doubt, Territory shall in no case include any territories located outside of Canada or the United States (whether incorporated or unincorporated and organized or unorganized), such as Puerto Rico, Guam, U.S. Virgin Islands, Northern Mariana Islands, and American Samoa.

"The Coca-Cola Bottlers' Association" means The Coca-Cola Bottlers' Association, a Georgia nonprofit corporation.

"The Coca-Cola Company" means The Coca-Cola Company, a Delaware corporation, and any successor to substantially all of its business and operations, and its Affiliates.

"Treasury Regulations" means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Unit" means the unit of measure of a Member's Interest determined in accordance with the terms of this Agreement. The Company may issue fractional Units to Members. A Unit held by a Member shall also include such Member's rights as a "member" under the Delaware Act, as modified by this Agreement, but a Unit held by a transferee that does not become a Substitute Member pursuant to Section 14.2 does not include rights as a "member" under the Delaware Act or this Agreement. The Board may, but it is not obligated to, authorize the issuance of certificates to represent the ownership of Units.

"Vice President of Finance" means the most senior person in the Company's finance department, who shall be appointed by the Board as the Vice President of Finance (or such other title as the Board may determine) of the Company and perform the duties described in Section 7.6.

Section 1.2 Headings. The headings and subheadings in this Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

ARTICLE II

FORMATION AND TERM

Section 2.1 Formation.

(a) The Company was formed as a limited liability company under and pursuant to the provisions of the Delaware Act and the rights, duties and liabilities of the Members shall be as provided in the Delaware Act, except as otherwise provided herein.

(b) A Coca-Cola Bottler, or in the case of a Bottler that carries on its business in the country of Canada, the Approved Subsidiary, shall be admitted as a Member of the Company if such Bottler or, in the case of a Bottler that carries on its business in the country of Canada, the Approved Subsidiary, executes and delivers this Agreement or a counterpart of this Agreement and, as applicable, satisfies all other terms and conditions set forth in ARTICLE XIII and/or ARTICLE XIV.

Membership in the Company is voluntary. Whether to participate in any Company Division is also voluntary. However, if a Coca-Cola Bottler does become a Member, the obligations set forth in Section 3.3 and the restrictions set forth in Section 12.8 will nonetheless be applicable to such Member to the extent and subject to the limitations set forth therein, regardless of whether it elects to participate in any Company Division, or any other service provided by the Company.

(c) As of the Effective Date, each Member owns that portion of the total number of Units issued and outstanding and holds the Percentage Interest that are set forth opposite such Member's name on Schedule 2.1(c) attached hereto. The Percentage Interest of (and Units held by) each Member will be calculated and adjusted as of February 1st each year based on such Member's Sales Volume as a fraction of all Members' Sales Volumes for the preceding three (3) calendar year period (as such Percentage Interests (and Units) are determined by the President, subject to approval by a Director Regular Vote). If a Member does not object to its Percentage Interest within 15 days of receipt of written notice of it, the Member shall be deemed to have accepted such Percentage Interest. If a Member does object in a timely way, (i) any adjustments agreed upon by such Member and the President shall be subject to approval by a Director Regular Vote, and (ii) if such Member and the President are unable to agree upon such Member's Percentage Interest within 30 days after such Member first objects to the Percentage Interest proposed for it, the parties shall promptly refer the issue of the appropriate amount of such Member's Percentage Interest to the Board. The Board may consult with The Coca-Cola Bottlers' Association in connection with any such dispute, but any determination of the Board pursuant to a Director Regular Vote shall be final and binding on the parties and not subject to further appeal. The Member in question and the Company shall cooperate in connection therewith and shall submit to the Board all information reasonably requested by the Board to permit the Board to make a determination in a timely way.

(d) The name, mailing address, telephone number and electronic mail address of each Member, the Percentage Interest of each Member, and the number of Units issued to each Member shall be recorded on Schedule 2.1(c) to be compiled by the Vice President of Finance, or his or her designee. The Vice President of Finance shall be required to update such Schedule from time to time as necessary to reflect accurately the information therein, including adjustments due to changes in the Members' Percentage Interests (and Units held by the Members) pursuant to Section 2.1(c), resignations or the admission of Additional Members or Substitute Members and permitted transfers of Units. Any update, amendment or revision to such Schedule made in accordance with this Agreement shall not be deemed an amendment to this Agreement for purposes of any approval otherwise required pursuant to this Agreement (including as provided in Section 16.10). Any reference in this Agreement to such Schedule shall be deemed to be a reference to such Schedule as updated and in effect from time to time. Upon request by a Member, the Company shall deliver to such Member an updated version of such Schedule, including the then-current Percentage Interests of the Members.

(e) Where an Approved Subsidiary is eligible to become a Member and satisfies all terms and conditions set forth in ARTICLE XIII and/or ARTICLE XIV, as applicable, for admission as a Member, (i) such Approved Subsidiary shall be considered to be a "Member" of the Company, (ii) all references in this Agreement to a "Member" shall be deemed to refer to such Approved Subsidiary; *provided*, for the avoidance of doubt, that all such references shall include, or refer solely to, the Bottler where the context requires, permits or it is otherwise reasonable to do so in order to give effect to the purposes of this Agreement and/or arrangements related thereto, which shall expressly include, without limitation, the definitions of "Mainstream Bottlers", "Regional Bottlers" and "Sales Volume" in Section 1.1. hereof, the calculation of Percentage Interest in Section 2.1(c) hereof, participation in any Company Division (or such other services or division provided by the Company) and all rights of the Member under this Agreement, (iii) both the Coca-Cola Bottler that carries on its business in the country of Canada and its Approved Subsidiary shall be jointly and severally liable for all obligations of the Approved Subsidiary as a Member under this Agreement, and (iv) such Coca-Cola Bottler shall execute and deliver a counterpart to this Agreement to acknowledge the foregoing joint and several liability with its Approved Subsidiary under this Agreement.

Section 2.2 Name. The name of the Company is Coca-Cola Bottlers' Sales & Services Company LLC. The business of the Company may be conducted upon compliance with all applicable Laws under any other name designated by the Board.

Section 2.3 Term. The term of the Company commenced on the date the Certificate was filed in the office of the Secretary of State of the State of Delaware and shall continue in perpetuity unless the Company is dissolved in accordance with the provisions of this Agreement. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate in the manner required by the Delaware Act.

Section 2.4 Registered Agent and Office. The Company's registered agent and office in the State of Delaware shall be c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808. At any time, the Board may designate another registered agent and/or registered office.

Section 2.5 Principal Place of Business. The principal place of business of the Company shall be in Atlanta, Georgia, USA. At any time, the Board may change the location of the Company's principal place of business to another location.

Section 2.6 Qualification in Other Jurisdictions. The Board shall cause the Company to be qualified under applicable Laws (or registered under assumed or fictitious name statutes or similar Laws) in any jurisdiction in which the business transactions of the Company so require. The Secretary, as the Company's authorized person within the meaning of the Delaware Act, shall execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business (or register under an assumed or fictitious name) in a jurisdiction if and to the extent required.

ARTICLE III

PURPOSE AND ACTIVITIES OF THE COMPANY

Section 3.1 Purpose; Powers. The purpose of the Company is to engage in any lawful act or activity for which limited liability companies may be formed under the Delaware Act and it shall have the organizational power to engage in any and all activities necessary, convenient, desirable or incidental to the foregoing, including, without limitation, to enhance the efficiency and competitiveness of the Coca-Cola Bottling System in the Territory. The Company shall possess and may exercise all the powers and privileges granted by the Delaware Act or by any other Law or by this Agreement, together with any powers incidental thereto, as are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company.

Section 3.2 Activities of the Company. The Company will not enter into any new line of business or service absent a Director Extraordinary Vote. For the avoidance of doubt, the foregoing restriction applies to additional business initiatives and does not apply to the Company Divisions existing on the Effective Date and does not prohibit the Company from undertaking actions determined to be necessary or appropriate to carry out such business activities or other actions which do not represent a new type of business.

Section 3.3 Participation by Members. Each Member shall cooperate in good faith with the Company in accomplishing the Company's activities. Each Member shall participate with the Company in good faith on any decision or proposal the Board makes with respect to the services to be provided by the Company. In addition, each Member agrees that the Company may obtain from time to time information about the Member's Sales Volume, maintain that information in the Company's records and provide that information to the Board to enable the Company to establish Percentage Interests, make adjustments contemplated in this Agreement (including with respect to classification of such Member and voting rights of such Member) and appropriately allocate Profits and Losses. All such information will be held subject to the confidentiality provisions of Section 16.12 and in accordance with the Data Sharing Agreements, as applicable.

Section 3.4 Participation by Non-Members. Notwithstanding the requirement set forth in this Agreement that all Members be Coca-Cola Bottlers, (i) the operations of Bottler-owned production cooperatives shall be entitled to avail themselves of the services of the Company on the same terms and conditions as are available to the Members; (ii) the operations of The Coca-Cola Company participating in the purchase of products and services purchased by the Company for Members and non-US Coca-Cola bottlers shall also be entitled to participate in the Company's services under such rules and policies as shall be approved by the Board by a Director Regular Vote; and (iii) such other Persons may participate in the Company's services under such rules and policies as approved by the Board by a Director Regular Vote.

Section 3.5 Non-Involvement in Certain Activities. Except to the extent permitted or required under a separate agreement, the Company shall not undertake any action which interferes with or is otherwise in conflict with any contractual relationship between a Member (or an Affiliate thereof) and The Coca-Cola Company (or an Affiliate thereof) or between a Member and any other Person.

Section 3.6 BSNA Matters. The Company recently entered into the BSNA Purchase Agreement, pursuant to which the Company has agreed to acquire all of the issued and outstanding equity interests of BSNA. In the event the acquisition of such equity interests is consummated or the Company otherwise acquires the BSNA Business, the Company and the Members intend that, following any such acquisition, (a) only Members that are, or become in the future, BSNA Client Bottlers will participate in or receive services provided by BSNA, (b) the BSNA Client Bottlers, as a group, will be responsible for all net costs, expenses, operating losses and liabilities of BSNA, and (c) the other Members that are not BSNA Client Bottlers shall not incur or otherwise be responsible for any debt, liability or obligation arising out of or relating to BSNA or its operations. If the Company acquires the BSNA Business pursuant to the BSNA Purchase Agreement or otherwise, the Members hereby agree that (i) BSNA will remain, and be managed as, a separate, wholly-owned subsidiary of the Company unless otherwise approved by the Board, (ii) all costs, expenses, operating losses and liabilities of BSNA, whether arising from the BSNA Purchase Agreement, the operations of BSNA or otherwise, will be borne by BSNA (or the BSNA Client Bottlers through service fees and not as members of the Company) and will not be allocated to, or borne by, the Members who are not BSNA Client Bottlers, (iii) the Master Business Services Agreements executed by the BSNA Client Bottlers, the terms of which provide for certain payments in the event of a BSNA Client Bottler exit, will remain in effect and enforceable unless otherwise approved by the Board, (iv) the Company will administer appropriate expense allocations between BSNA and other operations of the Company, and will provide transparent reporting of BSNA's financials to the Board and committees designated by the Board from time to time, which financials shall be subject to audit by the Board and/or such committees, (v) there will be no commingling of funds between BSNA financial accounts and the Company's financial accounts and existing cash accounts, (vi) unless otherwise approved by the Board pursuant to a Director Extraordinary Vote, the Company will not directly or indirectly (A) make any loans or advances to, or any investment in, BSNA, or (B) guarantee any indebtedness, obligation, liability or performance of BSNA, and (vii) the Company will take (and/or cause BSNA to take) such other actions approved by the Board to effect the purpose of this Section 3.6, including the adoption of Company Policies to implement the purpose of this Section 3.6.

ARTICLE IV

CAPITAL CONTRIBUTIONS,
CAPITAL ACCOUNTS AND ADVANCES

Section 4.1 Initial Capital Contributions. As permitted by Section 18-301(d) of the Delaware Act, to the extent that any Member has made any Capital Contributions prior to the Effective Date, all such Capital Contributions are reflected on the books and records of the Company and the Capital Accounts of such Member.

Section 4.2 Additional Capital Contributions. No Member shall be required to make any additional Capital Contribution to the Company under any circumstances except as may be required by the Board as determined by a Director Extraordinary Vote.

Section 4.3 Personal Property. A Member's Interest shall for all purposes be personal property. A Member has no interest in specific Company property.

Section 4.4 Capital Accounts. An individual Capital Account shall be established and maintained for each Member in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv). No Member shall be obligated to restore a negative Capital Account balance. Upon the transfer of all or a portion of a Member's Units pursuant to Section 14.1, the Capital Account of the transferor Member that is attributable to the transferred Units shall carry over to the transferee Member.

Section 4.5 Advances; Consequences of Nonrecourse Loans. If any Member shall advance any funds to the Company, the amount of such advance shall neither increase its Capital Account nor entitle it to any increase in its share of the distributions of the Company. The amount of any such advance shall be a debt obligation of the Company to such Member and shall be subject to such terms and conditions acceptable to the Company and such Member; *provided*, *however*, that if the Member determines in good faith that the Company faces a financial emergency that immediately threatens its continuing operation, the Member may make an advance without the Company's prior approval and the terms and conditions of such advance must, under any circumstances be no more or less favorable to the Member than is commercially reasonable. Any such advance shall be payable and collectible only out of Company assets, and the other Members shall not be personally obligated to repay any part thereof. No Person who makes any loan to the Company shall have or acquire, as a result of making such loan, any direct or indirect interest in the profits, capital or property of the Company, other than as a creditor.

ARTICLE V

MEMBERS

Section 5.1 Powers of Members. The Members shall have the power to exercise any and all rights or powers granted to the Members pursuant to the express terms of this Agreement. The Members shall have the right (i) to approve or disapprove the sale of all or substantially all of the Company's assets in one transaction or in a series of related transactions; (ii) to approve or disapprove the Company's merger with, or consolidation into, another limited liability company or "other business entity" (as defined in Section 18-209(a) of the Delaware Act); (iii) except as otherwise contemplated by Section 15.2, to approve or disapprove the dissolution of the Company; (iv) to appoint or elect Directors as provided herein; and (v) to exercise the other rights and powers as are provided in this Agreement. In addition, the Mainstream Bottlers, on the basis of a majority of the number of Mainstream Bottlers (with each Member that is a Mainstream Bottler having one vote without regard to the number of Units held by such Member), shall have the right to approve any removal of a Mainstream Bottler from the Company pursuant to Section 6.10(g). Except as expressly provided herein, the Members shall have no power to bind the Company.

Section 5.2 Reimbursements. The Company may reimburse the Members for all reasonable out-of-pocket expenses incurred by the Members on behalf of the Company in accordance with policies established by the Board from time to time. Such reimbursement shall be treated as an expense of the Company that shall be deducted in computing the Net Cash Flow and shall not be deemed to constitute a distributive share of Profits or a distribution or return of capital to any Member.

Section 5.3 Partition. Each Member waives any and all rights that it may have to maintain an action for partition of the Company's property.

Section 5.4 Resignation; Disqualification. A Member may resign (i) upon (x) December 31, 2021 (or, in the case of an Additional Member, the third (3rd) anniversary of its having been admitted as a Member) and (y) thereafter on December 31 of the succeeding years immediately preceding the years in which a general adjustment in membership categories is to be implemented pursuant to Section 6.1(e) (*e.g.*, December 31, 2023, December 31, 2026, and so on), but only if in any such event the Member has given the Company at least one (1) year's advance written notice of its intention to resign; and (ii) upon the dissolution and winding up of the Company. Upon any resignation under clause (i) of the preceding sentence, the Member shall sell and Company shall purchase all the Units of the Member on the terms and conditions set forth in Section 14.1 applicable to a resigning Member. If a Member transfers all of its Units in accordance with the provisions of ARTICLE XIV it shall be disqualified as a Member and as provided therein shall no longer be treated as a Member of the Company. In addition, if a Member becomes an Affiliate of The Coca-Cola Company, it shall be disqualified as a Member and the Member shall sell and the Company shall purchase all the Units of the Member on the terms and conditions set forth in Section 14.1 applicable to such Member. A resignation or disqualification will not affect the Member's responsibilities and obligations under procurement contracts with the Company, under any applicable procurement agency agreement (or similar agreement), or under any Company Policies (to the extent surviving such resignation or disqualification), in each case as in effect as of the date of the resignation or disqualification. In addition, a resignation or disqualification will not affect the Member's participation in any Company Division programs to the extent, in the President's reasonable judgment, such Member's participation therein was a material condition of a procurement supply agreement in effect as of the date notice of the resignation was given, or as of the date disqualification became effective, as applicable.

Section 5.5 Meetings of Members; Voting by Members.

(a) Meetings of Members may be held at such time and place, within or outside the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

(b) Meetings of the Members or of a class of Members, for any purpose or purposes, (i) may be called by the President and (ii) shall be called by the President or Secretary at the request in writing of the holders of twenty-five percent (25%) of the Units owned by the Members or the class of Members and also as provided in Section 6.1(h)(ii). Any such written request by the Members or a class of Members shall state the purpose or purposes of the proposed meeting.

(c) Written notice of a meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each Member entitled to vote at such meeting.

(d) Business transacted at any meeting of Members shall be limited to the purposes stated in the notice, unless otherwise agreed by all of the Members.

(e) Subject to the provisions of Section 6.1, all voting by Members shall be on the basis of Units, each Unit shall be entitled to one (1) vote, and no Member may split the voting of its Units on any vote. For the avoidance of doubt, the Members shall constitute one (1) class or group of members, except for purposes of electing Directors as provided in Article VI.

(i) *Quorum for meetings of all Members*. The holders of that number of Units representing a majority of all Units issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings open to all the Members.

(ii) *Quorum for meeting of Mainstream Bottler Members*. The majority of the Members who are Mainstream Bottlers, present in person or represented by proxy (and not the owners of a majority of the Units held by Mainstream Bottlers) shall constitute a quorum for the transaction of business by that class of Members.

(f) When a quorum is present at any meeting of all the Members, the vote of Members holding that number of Units representing a majority of all Units, present in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by the Delaware Act or an express provision of this Agreement, a different vote is required, in which case such express provision shall govern (for instance, with respect to a dissolution of the Company, a vote of Members holding at least two-thirds (2/3) of all Units shall be required). When a quorum is present at any meeting of a class of Members (*e.g.*, the election of the Mainstream Bottler Directors pursuant to Section 6.1(d)), the vote shall be as required by the express provision of this Agreement that is applicable to the vote at such meeting.

(g) If, however, a quorum shall not be present or represented at any meeting of the Members or class of Members, the Members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting.

(h) Unless otherwise provided in this Agreement, at every meeting of the Members or a class of Members at which a Member is entitled to vote, such Member shall be entitled to vote in person or by proxy, which proxy shall (i) be executed in writing (which may be by electronic mail or other electronic transmission) by the Member and delivered to the Secretary at least two (2) days in advance of the meeting at which such proxy is expected to be invoked; (ii) be effective only for the duration of the meeting for which the proxy is expected to be invoked, unless a longer period is expressly provided therein, and (iii) not be granted to any Person other than another Member. Every proxy of a Member shall be revocable in the discretion of the Member executing it unless otherwise provided in such proxy; *provided* that such right to revocation shall not invalidate or otherwise affect actions taken under such proxy prior to such revocation.

(i) Members may participate in a meeting of the Members or a class of Members by means of conference telephone or similar communications equipment; *provided* all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all the participants are participating by conference telephone or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

(j) Unless otherwise provided in this Agreement, any action required to be taken at any meeting of the Members (or class of Members) or any action which may be taken at any meeting of such Members (or class), may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by Members holding the number of Units not less than the minimum number of Units (or, with respect to actions by the Mainstream Bottlers, signed by not less than the minimum number of Mainstream Bottlers) that would be necessary to authorize or take such action at a meeting at which all Members (or class of Members) entitled to vote thereon were present and voted. Prompt notice of the taking of the action without a meeting by less than unanimous consent shall be given to those Members who have not consented in writing.

ARTICLE VI

MANAGEMENT

Section 6.1 Board of Directors.

(a) The business and affairs of the Company shall be managed by or under the direction of a board of directors of the Company (the "Board") consisting of natural persons who are appointed or elected, as applicable, as directors of the Company as provided below (each, a "Director"). If the President of the Company is not also a Director, the President shall be an ex officio, non-voting member of the Board. All Directors other than the CCNA Director shall, when appointed, be owners or members of senior management of Members or their respective Affiliates.

(b) Subject to adjustment as provided below, there shall be seventeen (17) Directors, consisting of (i) fourteen (14) Directors appointed each Director Adjustment Year by the Regional Bottlers (or the Large Regional Bottlers, if applicable, in each case, as further described in subpart (c) below), each of whom shall have the authority to cast one vote; (ii) two (2) Directors elected each Director Adjustment Year by the Mainstream Bottlers (as further described in subpart (d) below), each of whom shall have the authority to cast one vote; and (iii) one Director appointed each Director Adjustment Year by CCNA (the "CCNA Director"), who shall be a member of senior management of CCNA and have the authority to attend Board meetings and cast one vote unless otherwise provided in Section 6.2 and Section 6.3(c).

(c) Each Regional Bottler Director shall be separately appointed by a Regional Bottler; *provided* that each Large Regional Bottler, if any, shall appoint two (2) Regional Bottler Directors.

(d) There shall be two (2) Mainstream Bottler Directors and the Mainstream Bottlers shall elect the Mainstream Bottler Directors on the basis of a majority of the number of Mainstream Bottlers (with each Member that is a Mainstream Bottler having one vote without regard to the number of Units held by such Member).

(e) The classification of a Member as a Regional Bottler, a Large Regional Bottler or a Mainstream Bottler (and the determination of which Members have the right to appoint the Regional Bottler Directors and which Members have the right to elect the Mainstream Bottler Directors as provided in Sections 6.1(c) and 6.1(d) above) shall be made and determined by the President, subject to approval by a Director Regular Vote, every Director Adjustment Year as of February 1 of such year based on the Members' Sales Volume for the preceding three (3) calendar year period. The next Director Adjustment Year will be 2021, with the three-year cadence beginning after such year (*i.e.*, 2024, 2027, and so on). Notwithstanding the foregoing, if during the interim between the regular

adjustments any Regional Bottler ceases to qualify as a Regional Bottler, or any Large Regional Bottler ceases to qualify as either a Large Regional Bottler or a Regional Bottler, because it becomes an Affiliate of The Coca-Cola Company, becomes a controlled Affiliate of another Regional Bottler or another Large Regional Bottler or has otherwise ceased to exist, the President, subject to approval by a Director Regular Vote, promptly shall designate the largest Mainstream Bottler, based on the Members' Sales Volume for the immediately preceding three (3) calendar year period, as the replacement Regional Bottler with the right to immediately appoint replacement Regional Bottler Director(s) pursuant to Section 6.1(f); *provided* that such Mainstream Bottler may elect to forego its designation as the replacement Regional Bottler by giving notice of such election to the Company, in which case the next largest Mainstream Bottler, based on the Members' Sales Volume for the immediately preceding three (3) calendar year period, shall be designated as the replacement Regional Bottler, subject to the terms and conditions of this Section 6.1(e).

(f) The natural Persons who serve as the Directors of the Company as of the Effective Date are listed on **Exhibit B** attached hereto and hereby made a part hereof and the Members entitled to appoint or elect Directors are deemed to have so appointed or elected them, as applicable. Those Members entitled to appoint or elect, as applicable, one or more members of a class of Directors as set forth above shall appoint or elect, as applicable, the Director or Directors of such class to serve until replaced hereunder. Each Director Adjustment Year, (i) any Member that becomes a Regional Bottler or Large Regional Bottler under Section 6.1(e) which has not previously appointed a Regional Bottler Director shall promptly do so; (ii) any Regional Bottler Director who was appointed by a Member which is no longer a Regional Bottler, or a Large Regional Bottler, if applicable, shall be immediately disqualified and shall be replaced as provided in Section 6.1(e); and (iii) the other Regional Bottlers, or Large Regional Bottler(s), if applicable, and the Mainstream Bottlers may, if they choose, replace their Directors as provided in Section 6.7. Each Director appointed or elected, as applicable, shall hold office until a successor is appointed or elected, as applicable, or until such Director's earlier death, resignation, removal or automatic disqualification.

(g) The authorized number of Directors and the number of each class of Directors may be increased or decreased by the affirmative vote of (i) Members holding Units equal to at least seventy-five percent (75%) of all Units, and (ii) at least eighty percent (80%) of the Units held by Members who may vote for the affected class of Director vote in favor of the change (or, if the affected class is the Mainstream Bottler Directors, by eighty percent (80%) of the number of Mainstream Bottlers, regardless of their Unit ownership).

(h) Vacancies in Director positions, including those caused by automatic disqualification of a Director under Section 6.7(c) shall be filled promptly following the occurrence of the vacancy and in any event within sixty (60) days thereof, as follows:

(i) Subject to the remaining provisions of this Section 6.1(h), a Regional Bottler Director vacancy caused by the removal, resignation, disqualification or death of a Regional Bottler Director shall be filled by appointment of a new Director by the Regional Bottler (or Large Regional Bottler, if applicable) that appointed the Director who vacated the office. If that Regional Bottler or Large Regional Bottler has become a controlled Affiliate of another Regional Bottler, or another Large Regional Bottler or of The Coca-Cola Company, or has ceased to exist, the vacant directorship shall instead be promptly appointed by the Member that will become a Regional Bottler under Section 6.1(e) (*i.e.*, the largest Member, in terms of Sales Volume, that was previously a Mainstream Bottler).

(ii) A Mainstream Bottler Director vacancy shall be filled by election at a special meeting of the Mainstream Bottlers, or through such other process as is determined by such Mainstream Bottlers, and they shall elect such Director's successor by majority vote of the Mainstream Bottlers (and not by majority vote of their Units); *provided*, *however*, that a Mainstream Bottler that has (I) become a controlled Affiliate of another Member or (II) ceased to exist, shall not be eligible to vote in such election and only the remaining Mainstream Bottlers shall elect the successor Director by majority vote of such Members (and not by majority vote of their Units).

(iii) A CCNA Director vacancy shall be promptly filled by the appointment of a new CCNA Director by CCNA, which new Director shall be a member of senior management of CCNA.

(i) Each Member that becomes an Affiliate of another Member shall give notice thereof to the Company not later than ten (10) days after the closing of the transaction in which the Member became an Affiliate. Each Member that enters into a transaction or adopts a plan under which it will cease to have a legal existence shall give notice thereof to the Company upon entering into such transaction or adopting such plan. The Company shall give notice of each such event as to which it is provided notice to each other Member whose voting rights may be affected hereunder within thirty (30) days after the Company's receipt of notice of such event. No Director who has become disqualified to serve as a Director for any reason shall be entitled to vote on any matter submitted to a vote of Directors and, in each case where such disqualification has occurred, the Member or class or classes of Members affected by such disqualification shall be entitled to replace the disqualified Director in the manner described herein before any such vote is effected.

Section 6.2 Meetings of the Board. There shall be a minimum of four (4) Board meetings each year. The Board may hold meetings, both regular and special, within or outside the State of Delaware. The first meeting of each newly elected Board shall be held each Director Adjustment Year immediately after the annual meeting of Members, if any, and at the same place, and no notice of such meeting shall be necessary to the newly-elected Directors in order legally to constitute the meeting, *provided* a quorum shall be present. In the event there is no annual meeting of the Members or such Board meeting is not held at that time and place, the first meeting of the newly-elected Board may be held each Director Adjustment Year at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board, or as shall be specified in a written waiver signed by all of the Directors. At such meeting, the newly-elected Directors shall elect a Chair who shall preside over that meeting of the Board and all subsequent meetings of the Board and of the Members until the next Chair is elected, and shall have such other duties and responsibilities as the Board may from time to time determine. The Chair shall be elected by a Director Regular Vote and shall, for years 2021 and after, serve for a three (3) year term coinciding with each Director Adjustment Year, with the next three (3) year term beginning February 1, 2021. Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board. Special meetings of the Board may be called by the President on three (3) days' notice to each Director, either personally, by telephone, by mail, by electronic mail or by any other means of communication; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two or more of the Directors. Notwithstanding anything to the contrary contained herein, upon the request of (a) the Chair of the Board or the Company's General Counsel or (b) the Board following a Director Regular Vote (with the CCNA Director being excluded from such Director Regular Vote), the CCNA Director may be excluded from participating in or attending a Board meeting and from receiving and reviewing any Board materials if and to the extent (i) the Board discussions relate to, and/or such Board materials contain, sensitive or confidential information of one or more Members (or any Coca-Cola Bottler, regardless of whether such Person is a Member) or relate to the relationship between the Company and The Coca-Cola Company, or (ii) the disclosure of such discussions or materials would be a violation of Company Policies or applicable Law (the determinations required under clauses (i) and (ii) shall be made by either the Company's General Counsel or by a Director Regular Vote (with the CCNA Director being excluded from such Director Regular Vote), which Director Regular Vote shall take place following the written request for such Director vote by two (2) or more of the Directors; *provided* that if the Company's General Counsel and the Board disagree on any such determination, the determinations of the Board shall be conclusive and controlling for purposes of this Section 6.2), and the CCNA Director shall not have the right to review or access any of such information.

Section 6.3 Quorum and Acts of the Board and of Committees; Proxies.

(a) At all meetings of the Board, sixty-six and two-thirds percent (66 2/3%) of the voting power of the Directors, present in person or by proxy, shall constitute a quorum for the transaction of business and, except as otherwise expressly provided in Section 6.10 or any other provision of this Agreement, a Director Regular Vote shall be the act of the Board. For purposes of committee meetings, unless a higher percentage for quorum or committee action is otherwise provided by such committee's charter or by resolution of the Board, a quorum of such committee shall consist of a majority of its members, and at all committee

meetings, a quorum being present, all matters shall be decided by the affirmative vote of a majority of such committee's members, except as otherwise required by applicable Law or by this Agreement (including Section 6.5, Section 6.9 and Section 6.10). If a quorum shall not be present at any meeting of the Board or a committee, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Any action required or permitted to be taken at any meeting of the Board or of any committee designated by the Board thereof may be taken without a meeting, if the members of the Board or such committee, as the case may be, unanimously consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the Board or such committee.

(b) Unless otherwise provided in this Agreement, at every meeting of the Directors at which a Director is entitled to vote, such Director shall be entitled to vote either in person or by proxy, which proxy shall (i) be executed in writing (which may be by electronic mail or other electronic transmission) by such Director and delivered to the Secretary at least two (2) days in advance of the meeting at which such proxy is expected to be invoked; (ii) be effective only for the duration of the meeting for which the proxy is expected to be invoked, unless a longer period is expressly provided therein, and (iii) not be granted to any Person other than another Director. Every proxy of a Director shall be revocable in the discretion of the Director executing it unless otherwise provided in such proxy; *provided* that such right to revocation shall not invalidate or otherwise affect actions taken under such proxy prior to such revocation.

(c) Notwithstanding anything to the contrary contained in the foregoing, the CCNA Director shall not have the right:

(i) to vote by proxy on any matter coming before the Board or to designate any Person, by proxy or otherwise, to attend in place of such CCNA Director in the event such Director is unable to attend a meeting of the Board; or

(ii) to vote on any matter coming before the Board to the extent related to the relationship between the Company and The Coca-Cola Company, as determined by a Director Regular Vote (with the CCNA Director being excluded from such Director Regular Vote), which Director Regular Vote shall take place following the written request for such Director vote by two (2) or more of the Directors.

Section 6.4 Electronic Communications. Members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all the participants are participating by conference telephone or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

Section 6.5 Committees. The Board may, by resolution passed by a Director Regular Vote, designate one or more committees, the members of which shall be selected by the Board. Any such committee shall consist of one or more Directors; *provided, however,* that the membership of the Procurement Committee shall be comprised of Directors representing a broad representation of Members for whom procurement is undertaken by the Company (as such broad representation may be determined in accordance with applicable Company Policies). As of the Effective Date, the standing committees consist of the following: the Audit Committee, the Strategy and Governance Committee, the Human Resources and Compensation Committee, and the Procurement Committee.

In selecting the membership of any given committee, the Board shall consider the committee's function and the extent to which the class membership of any Directors on the committee should reflect the class membership of the Board as a whole. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee.

Any such committee, to the extent expressly provided in a resolution of the Board or in the charter of the applicable committee adopted by the Board, in each case passed by a Director Regular Vote, shall have and may exercise all the powers and authority so delegated by the Board in the management of the business and affairs of the Company, but no such committee shall have the power or authority to take any of the actions described in Section 6.9 or Section 6.10 of this Agreement unless authorized by unanimous vote or unanimous written consent of the Board. The powers and authorities of the committees shall be as stated in a Board-approved charter document, in a Board resolution, and otherwise determined by the Board from time to time, but shall include providing the Company and the Board with the benefit of the knowledge and insights of committee members in developing effective plans, strategies and tactics in the functional areas addressed by each committee. Such committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Each committee shall keep regular minutes of its meetings and promptly report the same to the Board.

Section 6.6 Expenses. The Directors may be paid their reasonable expenses, if any, of attendance at any meeting of the Board; *provided* that the CCNA Director may be paid his or her reasonable expenses, if any, of attendance at any meeting of the Board only to the extent that all other Directors are so paid by the Company. No such payment shall preclude any Director from serving the Company in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like reimbursement of reasonable expenses for attending committee meetings.

Section 6.7 Removal, Resignation and Automatic Disqualification of Directors.

(a) Unless otherwise restricted by Law, Directors may be removed at any time, with or without cause, (i) in the case of a Regional Bottler Director, by the Regional Bottler (or Large Regional Bottler, if applicable) which appointed the Director; (ii) in the case of a Mainstream Bottler Director, by a vote of sixty-six and two-thirds percent (66 2/3%) of the Mainstream Bottlers (with each Member that is a Mainstream Bottler having one vote without regard to the number of Units held by such Member); and (iii) in the case of the CCNA Director, by CCNA.

(b) A Director may resign by written notice signed by the Director resigning and delivered to (i) the Member that appointed such Director or the Members that were in the group that elected such Director, (ii) the other Directors, and (iii) the President. Unless otherwise specified in the notice, the resignation will become effective sixty (60) days after the date the notice was given.

(c) A Regional Bottler Director shall be automatically disqualified from office and shall immediately cease to serve as a Director if the Regional Bottler or Large Regional Bottler, as applicable, that appointed such Director thereafter becomes a controlled Affiliate of another Regional Bottler, or another Large Regional Bottler, or of The Coca-Cola Company or otherwise ceases to exist. A Mainstream Bottler Director shall be automatically disqualified from office and shall immediately cease to serve as a Director if such Director is an employee of a Mainstream Bottler or an Affiliate thereof and, after such Director is elected, such Mainstream Bottler either ceases to exist or becomes an Affiliate of The Coca-Cola Company, a Regional Bottler, or a Large Regional Bottler.

(d) A CCNA Director shall be automatically disqualified from office and shall immediately cease to serve as a Director, and CCNA's right to designate a CCNA Director shall herein automatically terminate with such office thereby eliminated, if (i) the CCNA PAA is no longer in effect for any reason (whether due to expiration, termination, discontinuance, or otherwise), (ii) the Company ceases to be authorized to act as agent for CCNA in connection with procurement of the items originally listed in the CCNA PAA, or (iii) the Company permanently ceases the activities of its Procurement Division.

Section 6.8 Directors as Agents. No Director (including the CCNA Director) shall have the authority to bind the Company, to execute contracts or to expend funds unless such action has been authorized by the requisite Director vote.

Section 6.9 Actions Requiring a Director Regular Vote. Notwithstanding any other provision of this Agreement to the contrary, the Company shall not take any of the following actions unless authorized to do so by a Director Regular Vote:

(a) subject to the provisions of Section 5.1, the sale, exchange or other disposition of any of the assets of the Company in a single transaction or in a series of related transactions, with a fair market value in excess of ten percent (10%) of total net asset value of the Company, except for sales in the Company's ordinary course of business;

(b) the commencement of a voluntary proceeding seeking reorganization or other relief with respect to the Company or any controlled Affiliate of the Company under any bankruptcy or other similar Law or seeking the appointment of a trustee, receiver, custodian or other similar official of the Company or any such controlled Affiliate or any substantial part of their respective property, or the making by the Company or any such controlled Affiliate of a general assignment for the benefit of creditors;

(c) the declaration or making of any distributions to Members, except distributions of the Tax Amount as set out in Section 9.4 of this Agreement;

(d) the entering into of any material contract of any nature with (i) The Coca-Cola Company or its Affiliates or (ii) any Member or its Affiliates, and, in each case, any material amendment, early termination or renewal thereof (other than a procurement agency agreement or related services agreement between a Member and the Company; *provided* that each such agreement is substantially in a form that has been previously approved by the Board);

(e) the entering into by the Company of any agreement, facility, commitment, guaranty, instrument or other undertaking providing for, or relating to, the incurrence of any indebtedness for borrowed money by the Company, or granting or permitting to exist any lien, encumbrance, option, pledge, security interest, mortgage, right of first option, right of first refusal or similar restriction on any of the assets or equity interests of the Company, except (i) to the extent specifically authorized in a business plan approved by the Board, or (ii) for statutory liens for taxes and materialmen's liens (or similar liens for labor, materials or supplies) that arise in the Company's ordinary course of business and that are not yet due and payable;

(f) the formation, organization or liquidation of any subsidiary of the Company and the appointment of directors of (or persons with comparable authority with respect to) any such subsidiary; *provided* that, unless otherwise directed by the Board, the Company shall, and shall cause each of its subsidiaries to, cause (i) the composition of the boards of directors (or other similar governing body) of each such subsidiary to be the same as the Board, and (ii) substantially identical restrictions on actions that may be taken by the Company and/or the Board as set forth in this Agreement to be inserted into the governing documents of each such subsidiary;

(g) the issuance, sale, or, except as otherwise specifically contemplated by Section 14.1(b), repurchase by the Company of any Interest or other equity interest (or option, warrant, conversion or similar right with respect to any equity interest) in or of the Company;

(h) the commitment to any material capital expenditure by the Company in any Fiscal Year of the Company, except to the extent specifically authorized in a business plan approved by the Board;

(i) the adoption or any significant amendment of the Company's annual and long-term business plan and annual operating budget for the Company (or any updates to any of them);

(j) except as otherwise provided herein, the selection and dismissal of Officers, the determination of the duties of Officers (*i.e.*, duties in addition to those duties described in ARTICLE VII), and the entering into, amendment or termination of employment contracts with Officers or any other contracts with Directors or Officers;

(k) the appointment or change of the independent auditors of the Company;

(l) the acquisition or lease by the Company of any real property, or any sale, lease or sublease of, or similar arrangement affecting, any real property owned or leased by the Company, except to the extent specifically authorized in a business plan approved by the Board;

(m) the incurrence or assumption of any material liability or obligation, whether contractually or otherwise, by the Company, except to the extent specifically authorized in a business plan approved by the Board;

(n) the making of any political contributions, except to the extent specifically authorized in a business plan approved by the Board;

(o) the making of any charitable contributions, except to the extent specifically authorized in a business plan approved by the Board;

(p) (i) any change in accounting principles, methods or practices of the Company other than those necessary to conform with generally accepted accounting principles; (ii) any voluntary change in the Fiscal Year of the Company or any subsidiary; (iii) any voluntary change in the taxable year or method of tax accounting for income tax purposes of the Company or any subsidiary; (iv) the conversion by the Company to a different method of taxation as contemplated by Section 11.3; (v) each of the decisions requiring Board approval pursuant to Section 8.2(e) or Section 11.1 with respect to Company tax audits; and (vi) the making of any tax elections on behalf of the Company;

(q) the approval of the annual financial statements of the Company and its subsidiaries;

(r) the adoption, material amendment, or repeal of the following policies of the Company governing the Company, any Company Division or any Company subsidiary (collectively, the “Company Policies”): (1) policies governing the services provided by a Company Division and/or a Company subsidiary (including procurement policies), which such policies are binding upon Members who elect to participate in such Company Division and/or in such Company subsidiary, (2) policies governing the Board or committees of the Board, and (3) policies relating to the Company’s code of conduct or Director conflicts of interest (it being acknowledged and agreed that all such Company Policies in effect immediately prior to the Effective Date shall remain in effect without any additional vote or ratification of the Board under this Section 6.9(r)), and the Members hereby authorize the President to adopt, amend, or repeal all other policies of the Company without any action on the part of the Board; *provided* that any such policy adopted, amended, or repealed by the President (and any powers thereby conferred) may be amended, altered, or repealed by Director Regular Vote in the Board’s sole discretion;

(s) the initiation, termination, or settlement of any judicial, administrative or arbitration proceedings involving the Company or any subsidiary, or the payment or settlement of any claim involving the Company or any subsidiary which exceeds two hundred thousand U.S. dollars (US $200,000);

(t) the entering into of any contract or other agreement having a term greater than five (5) years or involving a sum greater than ten million U.S. dollars (US $10,000,000) per annum or the equivalent in any other currency, or the modification of any material term of any such contract or agreement, including, without limitation, modifications of payment terms, extensions and cancellations, except to the extent specifically authorized in a business plan approved by the Board;

(u) the purchase or other acquisition by the Company of any equity interest (or option, warrant, conversion or similar right with respect to any equity interest) in or of any Person, including a subsidiary approved by the Board pursuant to Section 6.9(f);

(v) the entering into by the Company of any joint venture, partnership, strategic alliance or similar arrangement with any Person, except to the extent specifically authorized in a business plan approved by the Board;

(w) the making of any loan or otherwise lending funds of the Company to any Person (including any Member), except (i) for the extension of credit in the Company's ordinary course of business, or (ii) to the extent specifically authorized in a business plan approved by the Board;

(x) the making of any Subsidiary Special Allocation (each Subsidiary Special Allocation to be made after consultation with the Company's tax advisers to ensure such Subsidiary Special Allocation is compliant with Section 704(b) of the Code and the Treasury Regulations issued thereunder); or

(y) the entering into of any contract or agreement to do any of the things described in subsections (a) through (x) above or the authorizing of any of, or committing or agreeing to take any of, such actions.

Section 6.10 Actions Requiring a Director Extraordinary Vote. Notwithstanding any other provision of this Agreement to the contrary, the Company shall not take any of the following actions unless authorized to do so by a Director Extraordinary Vote:

(a) undertake any new line of business, or terminate the functions of any Company Division;

(b) take any action requiring a Director Extraordinary Vote as provided in Section 3.2 or Section 12.8(a);

(c) restrict payment of a Tax Amount under Section 9.4;

(d) determine the "Fair Value" of a Member's Units under the valuation procedures applicable under Section 14.1(b)(iii) when a Member becomes an Affiliate of The Coca-Cola Company, unless that determination is effected by mutual agreement with the Member in question;

(e) subject to Section 5.1, dissolve the Company pursuant to Section 15.2(a);

(f) impose a sanction reasonably determined to be appropriate by the Board on a Member for violating its commercial obligations regarding any Company Division, or other service provided by the Company; *provided* that no sanction will be implemented under this Section 6.10(f) unless the Company gives the applicable Member notice of such violations and a reasonable period of time as determined by the Board in which to cure such violations, which period of time shall be not less than thirty (30) days after the date the notice is given;

(g) subject to Section 5.1, remove any Member from membership in the Company. In voting to remove a Member under this Section 6.10(g), the Directors shall be guided by whether, in their judgment, the Member has engaged in activity that has had, or is expected to have, a negative impact on the Company, the development of its goals, or its operations. All the Units of any Member who is so removed shall be sold by the Member and purchased by the Company in accordance with Section 14.1(b). The removal of a Member will not affect the Member's procurement contracts with the Company in effect as of the date of the removal. A Member will not be removed under this Section 6.10(g) unless the Company gives the Member notice of the activity resulting in a potential removal and a reasonable period of time as determined by the Board in which to modify its conduct, which period of time shall be not less than thirty (30) days after the date such notice is given; or

(h) require any additional Capital Contribution from the Members; *provided* that any such call for additional Capital Contributions shall be made to all Members, pro rata, based upon the respective Percentage Interests of the Members (as determined periodically pursuant to Section 2.1(c)); and *provided further*, that in connection with any such additional Capital Contribution requirement, the Directors shall provide a reasonable time for the Members to fund such additional Capital Contributions and shall notify all Members in writing of the deadline for such funding, the purposes of the additional Capital Contributions, and the consequences and remedies for any failure or refusal to fund any such additional Capital Contribution within the time period specified therefor, which deadlines, consequences and remedies shall be applied consistently to all Members.

Section 6.11 Duties of Directors. When taking actions as a Board, Directors shall act in good faith and consider the purposes for which the Company was formed which are to enhance the efficiency and competitiveness of the Coca-Cola Bottling System in the Territory; provided, that nothing contained in this Section 6.11 shall, or shall be deemed to, conflict with, limit or restrict in any way the provisions of Section 12.2, Section 12.3 or Section 12.4 of this Agreement.

ARTICLE VII

OFFICERS

Section 7.1 Officers. The Board may select, as provided in Section 6.9, natural persons who are agents or employees of the Company to be designated as officers of the Company ("Officers"), with such titles as the Board shall determine. Any number of offices may be held by the same person, except that the offices of President, Secretary and the Vice President of Finance shall be held by different persons. The Board may appoint such other Officers, including a General Counsel, and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform the duties of such offices as set forth in this Article VII and such other duties as shall be determined, as provided in Section 6.9(j), from time to time by the Board. The salaries of all Officers and agents of the Company shall be fixed by or in the manner recommended by the President and approved by the Board. The Officers shall hold office until his/her resignation, removal, disqualification, retirement, death or until his or her successor has been duly appointed. Any Officer may be removed at any time with or without cause by a Director Regular Vote and any vacancy occurring in any office of the Company may be filled by a like vote of the Board.

Section 7.2 The Chairman of the Board. The Chairman of the Board shall serve as the chair of all meetings of the Board and shall have such other duties and responsibilities as the Board may from time to time determine. The Chairman of the Board shall be a Director but need not otherwise be an officer, agent or employee of the Company.

Section 7.3 The President. The President shall be the chief executive officer of the Company, shall have general and active management of the business of the Company and shall see that all orders and resolutions of the Board are carried into effect. The President shall execute bonds, mortgages and other contracts, except where required or permitted by Law to be otherwise signed and executed and except where signing and execution thereof shall be otherwise authorized or delegated or except as otherwise permitted in Section 7.4. The President shall have the power to fix the compensation of elected Officers whose compensation is not fixed by the Board or a committee thereof and also to engage, discharge, determine the duties and fix the compensation of all employees and agents of the Company necessary or proper for the transaction of the business of the Company. The President shall report to the Board, with the Chairman serving as the primary contact for such purpose on behalf of the Board.

Section 7.4 The Senior Vice President(s). In the absence of the President or in the event of the President's inability to act, the Senior Vice President, if any (or in the event there be more than one Senior Vice President, the Senior Vice Presidents in the order designated by the Directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Senior Vice President(s), if any, shall perform such other duties and have such other powers as the Board may from time to time prescribe. As of the Effective Date, the executives leading the Company Divisions have been appointed as Vice Presidents (or Senior Vice Presidents) of the Company.

Section 7.5 The Secretary. The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Board and all meetings of the Members and record all the proceedings of the meetings of the Company and of the Board in a book to be kept for that purpose and shall perform like duties for the standing committees of the Board. The Secretary shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board (and committees thereof), and shall perform such other duties as may be prescribed by the Board or President, under whose supervision the Secretary shall be.

Section 7.6 The Vice President of Finance. The Vice President of Finance (or the most senior employee in the finance department with a title as designated by the Board) shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board. The Vice President of Finance shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and the Board, at its regular meetings, or when the Board so requires, an account of all the Company's transactions and of the financial condition of the Company.

Section 7.7 Officers as Agents. The Officers, to the extent of their powers set forth in this Agreement or otherwise vested in them by action of the Board, are agents of the Company for the purpose of the Company's business, and the actions of the Officers taken in accordance with such powers shall bind the Company.

Section 7.8 Duties of Officers. Each Officer shall discharge his or her duties in good faith, in a manner such Officer reasonably believes to be in or not opposed to the best interests of the Company, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. Notwithstanding the foregoing, each Officer shall not engage with respect to the Company (i) in any act or omission which involves intentional misconduct or a knowing violation of Law or (ii) in any transaction from which such Officer would receive an improper personal benefit. Except as provided herein, the Officers shall be under no other fiduciary duty to the Company or the Members to conduct the affairs of the Company in a particular manner and an Officer who so performs those duties in a manner consistent with this Section 7.8 shall not be liable by reason of being an Officer of the Company.

ARTICLE VIII

ALLOCATIONS

Section 8.1 Profits and Losses. As of the end of each Fiscal Year, and after giving effect to the special tax allocations set forth in Section 8.2, Profits and Losses shall be allocated among the Members for Capital Account, as well as for federal income tax purposes:

(a) Subject to the allocation rules of Section 8.2, Profits for any Fiscal Year shall be allocated among the Members in proportion to their Percentage Interests.

(b) Subject to the allocation rules of Section 8.2, Losses for any Fiscal Year shall be allocated among the Members in proportion to their Percentage Interests.

Section 8.2 Special Allocations. At the end of each Fiscal Year and notwithstanding any provision of Section 8.1, the following special allocations shall be made for both Capital Account and for federal income tax purposes unless otherwise provided:

(a) In accordance with the ordering rules of Treasury Regulations Section 1.704-2(j), items of gross income and realized gain first shall be allocated in an amount and in a manner that complies with the "chargeback" requirement of Treasury Regulations Section 1.704-2(i)(4), the "qualified income offset" requirement of Treasury Regulations Section 1.704-1(b)(2)(ii)(d), and the "minimum gain chargeback" requirement of Treasury Regulations Section 1.704-2(f). Further, any "partner nonrecourse deductions" within the meaning of Treasury Regulations Section 1.704-2(i)(2) attributable to "partner nonrecourse debt" shall be allocated to the Member who bears the "economic risk of loss" for such debt in accordance with Treasury Regulations Section 1.704-2(i). Nonrecourse deduction as defined in Treasury Regulations Section 1.704-2(b)(1) shall be allocated among the Members in accordance with their Percentage Interests. Any losses in excess of the losses allowable to the Members pursuant to the Treasury Regulations promulgated under Code Section 704(b) shall first be allocated to the extent allowable hereunder to Members who are not precluded from receiving such allocations by the preceding provisions of this subparagraph (a), if any, and shall thereafter be allocated as provided in Section 8.1.

(b) If, when and to the extent that pursuant to Section 6.9(x) the Board approves the making of any special "book" or tax allocations to any Members with respect to any items of income, gain, loss or deduction of any subsidiary of the Company for part or all of any Fiscal Year ("Subsidiary Special Allocations"), then such Subsidiary Special Allocations would be made immediately after the special allocations set forth in Section 8.2(a).

(c) If a taxing authority ignores the characterization of any amounts paid to a Member (or an Affiliate thereof) as salaries, management fees, commissions, interest or other compensation for services ("Compensation"), and refuses to treat such payments as either guaranteed payments within the meaning of Code Section 707(c) or payments made to such Member other than in such Member's capacity as a "partner" within the meaning of Code Section 707(a), and such taxing authority ultimately treats such amounts paid to a Member (or an affiliate thereto) as a distribution to such Member for federal income tax purposes which reduces such Member's Capital Account, then the Compensation shall be treated as an allocation of an item of income or gain of the Company to the recipient Member so that, consistent with the intent of the Members, the Compensation shall not be treated as a distribution which reduces the recipient Member's Capital Account. Accordingly, such Member shall be allocated the first available items of Company income and gain (including in a succeeding year) in an amount equal to the Compensation.

(d) Special Basis Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Section 734(b) or Section 743(b) of the Code is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(m).

(e) Items Resulting from Partnership Audits. Subject to approval of the Board, the Partnership Representative may make special allocations of income, gain, loss or deduction to correct for distortions arising from a Company audit under the New Partnership Audit Rules. Allocations so made shall preserve to the greatest extent permitted by law, the after-tax economic arrangement of the Members.

Section 8.3 Allocation Rules.

(a) For purposes of determining the Profits, Losses or any other items allocable to any period, Profits, Losses and any such other items shall be determined on a daily, monthly or other basis, as determined by the Company in consultation with its tax accountants using any method that is permissible under Section 706 of the Code and the Treasury Regulations thereunder.

(b) Except as otherwise provided (i) in this Agreement or (ii) in any resolution establishing a Subsidiary Special Allocation as contemplated in Section 8.2(b) hereof, all items of Company income, gain, loss, deduction and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits and Losses for the Fiscal Year in question.

(c) The Members are aware of the income tax consequences of the allocations made by this Article VIII and hereby agree to be bound by the provisions of this Article VIII in reporting their shares of Company income and loss for income tax purposes.

(d) The Members intend that the allocation provisions set forth in this Agreement shall comply with Section 704(b) of the Code and the Treasury Regulations issued thereunder and the provisions are to be interpreted in a manner consistent with those Treasury Regulations.

Section 8.4 Section 704(c). In accordance with Section 704(c) of the Code and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial fair market value.

Section 8.5 Section 754 Election; Other Elections. In connection with any transfer of Units pursuant to Section 14.1, following written request of any Member and approval by the Board (such approval not to be unreasonably withheld), the Company shall make an election pursuant to Section 754 of the Code to adjust the basis of the Company's property in the manner permitted by Sections 734(b) and 743(b) of the Code. All other federal, state and local tax elections by the Company shall be approved by the Board in its discretion.

ARTICLE IX

DISTRIBUTIONS

Section 9.1 Net Cash Flow. Except as otherwise provided in ARTICLE XV hereof (relating to the dissolution of the Company), any distribution of the Net Cash Flow during any Fiscal Year shall be made to the Members in proportion to their Percentage Interests.

Section 9.2 Distribution Rules. Except as provided in Section 9.4, all distributions pursuant to Section 9.1 shall be discretionary and shall be authorized, if at all, by the Board at such times and in such amounts as shall be determined by the Board pursuant to Section 6.9.

Section 9.3 Limitations on Distributions. Notwithstanding any provision to the contrary contained in this Agreement, the Company, and the Board on behalf of the Company, shall not make a distribution to any Member on account of its Interest in the Company if such distribution would violate Section 18-607 of the Delaware Act or other applicable Law.

Section 9.4 Distribution of the Tax Amount. If at any time the Company is treated for federal income tax purposes as a partnership, then, subject to any limitation imposed by the Delaware Act or other applicable law, absent a Director Extraordinary Vote to the effect that it is in the best interests of the Company not to make such a distribution (or to make only a portion thereof), the Company shall distribute with respect to each of its taxable years the Tax Amount (or portion thereof as determined by a Director Extraordinary Vote) to the Members in accordance with their respective Percentage Interests. The "Tax Amount" for a taxable year shall be determined by multiplying an amount equal to the Company's taxable income (as defined below) for such year by a percentage that is equal to the sum of: (i) the highest state tax rate applicable to any Member for the year, and (ii) the highest federal individual or corporate income tax rate for that year reduced by the product of such highest federal rate and the state tax rate determined under clause (i). As used herein, taxable income shall mean the Company's taxable income as determined for federal income tax purposes under Section 703 of the Code, disregarding the provisions of Code Section 703(a)(1). To the extent feasible, the Company shall make partial distributions of the Tax Amount for a taxable year, based on its best estimates from the information available to it at the time of the distribution, sufficiently prior to estimated tax payment dates for that year to permit the Members conveniently to pay their estimated taxes on their share of the Company's income. On or before March 10 of the year following the year as to which the Tax Amount relates the Company shall make such additional distributions, if any, which, when added to prior partial distributions of the Tax Amount for that year, equals the Company's good faith estimate of the Tax Amount based on the information available to it at that time from its regularly employed accountant or accounting firm. Subject to the first sentence of this Section 9.4, not later than the time the Company's federal income tax return for the year to which the Tax Amount

relates is filed, the Company shall distribute an amount, if any, equal to the difference between the Tax Amount as calculated on the basis of the information on such return and the partial distributions of that Tax Amount previously made. If at the time of the filing of such return the Company determines it has distributed more than the Tax Amount for the year to which the Tax Amount relates, the excess shall be treated as a partial distribution of the Tax Amount for the next following taxable year.

ARTICLE X

BOOKS AND RECORDS

Section 10.1 Books, Records and Financial Statements.

(a) At all times during the continuance of the Company, the Company shall maintain, at its principal place of business, separate books of account for the Company that shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received and all income derived in connection with the operation of the Company business in accordance with generally accepted accounting principles consistently applied, and, to the extent inconsistent therewith, in accordance with this Agreement. Such books of account, together with a copy of this Agreement and of the Certificate, shall at all times be maintained at the principal place of business of the Company and, subject to the confidentiality provisions of this Agreement, shall be open to inspection and examination at reasonable times by each Member and its duly authorized representative(s) for any purpose reasonably related to such Member’s interest in the Company.

(b) The Company, and the Board on behalf of the Company, shall prepare and maintain, or cause to be prepared and maintained, the books of account of the Company. The Company, and the Board on behalf of the Company, shall prepare and file, or cause to be prepared and filed, all applicable federal, state and local tax returns.

Section 10.2 Accounting Method. For both financial and tax reporting purposes and for purposes of determining Profits and Losses, the books and records of the Company shall be kept on the accrual method of accounting applied in a consistent manner in accordance with generally accepted accounting principles and shall reflect all Company transactions and be appropriate and adequate for the Company’s business.

Section 10.3 Financial Statements. The Officers shall cause to be prepared and promptly delivered to the Members (a) unaudited financial statements of the Company on a quarterly basis and as reasonably requested by a Member and (b) audited annual financial statements of the Company within four (4) months following the end of each Fiscal Year of the Company. Upon the request of one or more Members to enable the Members to comply with regulatory reporting requirements, the Board shall adjust the foregoing time periods if practical, with the incremental costs associated therewith to be allocated as the Board determines.

Section 10.4 Withholding. The Company shall withhold income or other taxes as may be required by, and otherwise comply with and take actions necessary as the result of, the provisions of the Code or any state or local tax law requiring withholding. Any amounts of the Company's Net Cash Flow withheld pursuant to this Agreement shall be deemed to have been paid to the Members as distributions of the Company's Net Cash Flow in the amounts so withheld pursuant to ARTICLE IX.

ARTICLE XI

TAX MATTERS

Section 11.1 Partnership Representative. The provisions of this Section 11.1 shall apply for taxable years beginning after December 31, 2017 (or any earlier year, if the Board so elects and in each case where such Board approval is required in this Section 11.1, such action shall require a Director Regular Vote), and all references to the "Code" are as amended by the New Partnership Audit Rules.

(a) The Board shall designate a partnership representative (in such capacity, the "Partnership Representative") to act under Section 6233 of the Code and in any similar capacity under state, local or non-U.S. law, as applicable. The Board has initially designated the Vice President of Finance to serve as the Partnership Representative. The Partnership Representative may be removed and replaced by the Board at any time in its sole discretion.

(b) The Partnership Representative, in consultation with the audit committee or such other committee designated by the Board, shall be authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and other expenses reasonably incurred in connection therewith. The Partnership Representative may authorize a Member (in such capacity, an "Authorized Member") to assist the Partnership Representative in representing the Company (at the Company's expense) in connection with any such tax examination. Each Member agrees to cooperate with the Company and to do or refrain from doing any or all things reasonably requested by the Company with respect to the conduct of such proceedings. The Partnership Representative shall be authorized to make any available election, to the extent eligible, under Code Sections 6221 through 6241 and take any action it deems necessary or appropriate to comply with the requirements of the Code and the conduct of the Company under Code Sections 6221 through 6241, but in each case only with the approval of the Board.

(c) The Partnership Representative shall keep all Members reasonably advised on a current basis of any contacts by or discussions with the tax authorities, and the Members shall have the right to observe and participate through representatives of their own choosing (at their sole expense) in any tax proceedings. In the event of an inquiry by the Internal Revenue Service, the Partnership Representative is authorized to seek assistance from Members and their respective tax resources. Members acting in such capacity shall have the same protections as the Partnership Representative related to recourse from other Members as set forth in Section 11.1(g) below. Nothing herein shall diminish, limit or restrict the rights of any Member under the New Partnership Audit Rules.

(d) Except as expressly provided otherwise in Article XII, the Members shall have no claim against the Company, the Board, the Partnership Representative or any Authorized Member for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Company in order to comply with Sections 6231 through 6241 of the Code or similar provisions of state, local or non-U.S. Law.

(e) In the case of any adjustment by the IRS in the amount of any item of income, gain, loss, deduction, or credit of the Company or any Member's distributive share thereof ("IRS Adjustment"), the Partnership Representative shall respond to such IRS Adjustment in accordance with this Agreement, as approved by the Board. "Adjustment Year" means (1) in the case of an adjustment pursuant to the decision of a court, the Company's taxable year in which the decision becomes final; (2) in the case of an administrative adjustment request, the Company's taxable year in which the administrative adjustment is made; or (3) in any other case, the Company's taxable year in which the notice of final partnership adjustment is mailed. "Reviewed Year" means the Company's taxable year to which the item being adjusted related.

(i) Payment by the Company. In accordance with Section 6225 of the Code, the Company shall pay an imputed underpayment as calculated under Section 6225(b) of the Code with respect to the IRS Adjustment, including interest and penalties ("Imputed Tax Underpayment") in the Adjustment Year. The Partnership Representative shall use commercially reasonable efforts to pursue available procedures to reduce any Imputed Tax Underpayment on account of any Member's tax status and each Member shall promptly comply with any reasonable request made by the Partnership Representative to accommodate such procedures.

(ii) Issue Adjusted Schedules K-1. Alternatively, with the approval of the Board, the Partnership Representative may elect under Section 6226 of the Code to cause the Company to issue adjusted Internal Revenue Service Schedules "K-1" (or such other form as applicable) reflecting a Member's share of any IRS Adjustment, including, without limitation, in the case of any IRS Adjustment which may result from or otherwise relate to any matter addressed in a Subsidiary Special Allocation.

(f) At the direction of the Board or the Partnership Representative, each Member agrees to take into account its allocable share of the Company's income (or losses), including any adjustments to tax attributes, resulting from an IRS Adjustment and to pay any tax due as required under Section 6225(c)(2) of the Code, even if an Imputed Tax Underpayment liability of the Company or IRS Adjustment occurs after the Member's withdrawal from the Company, either by (x) amending its U.S. federal income tax return(s) for the Reviewed Year and for any other affected tax years to include such adjustments or (y) providing such information for the alternative procedure as required by Section 6225(c)(2)(B) of the Code.

(g) Each Member does hereby agree to indemnify and hold harmless the Company, the Board, the Partnership Representative, the Member serving as Tax Matter Partner, and any Authorized Member from and against any liability with respect to the Member's proportionate share of any Imputed Tax Underpayment or other IRS Adjustment resulting in liability imposed upon the Company under the New Partnership Audit Rules, regardless of whether such Member is a Member in the Company in an Adjustment Year, with such proportionate share as reasonably determined by the Board, including the Board's reasonable discretion to consider each Member's interest in the Company in the Reviewed Year and a Member's timely provision of information necessary to reduce the amount of Imputed Tax Underpayment set forth in Section 6225(c) of the Code. This obligation shall survive a Member's ceasing to be a Member of the Company and/or the termination, dissolution, liquidation and winding up of the Company.

Section 11.2 Taxation as Partnership. The Company shall be treated as a partnership for United States federal income tax purposes.

Section 11.3 Potential Conversion to Taxable Corporation Status. The Company shall review and consider from time to time whether it should elect to be taxed as a corporation under Subchapter C of the Code, given the types of assets it holds, the income it produces, the impact of its income on the Members, the indemnity costs incurred under Section 12.7, and the tax consequences of such an election.

Section 11.4 Tax Matters Partner. The provisions of this Section 11.4 shall apply for taxable years ending on or before December 31, 2017, to the extent that the Board does not elect for the provisions of Section 11.1 to apply to such tax years.

(a) The Board may by a Director Regular Vote designate a Member as the "Tax Matters Partner" of the Company for purposes of Section 6231(a)(7) of the Code, subject to the consent of such Member. The Board may from time to time by a Director Regular Vote (i) require that the Tax Matters Partner submit to the Board for prior approval such actions as may be designated by the Board, and (ii) replace the Tax Matters Partner with a different Member, subject to the consent of such Member.

(b) The Tax Matters Partner shall provide to each Member copies of all notices or other information specified in and in accordance with Treasury Regulation §301.6223(g)-1.

ARTICLE XII

LIMITED LIABILITY, EXCULPATION, AND INDEMNIFICATION; CONFLICTS OF INTEREST AND BUSINESS OPPORTUNITIES

Section 12.1 Limitation on Liability. Except as otherwise expressly required by the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member, Officer or Director shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member, Officer or Director.

Section 12.2 Exculpation.

(a) No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by or pursuant to this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's fraud, gross negligence, willful misconduct, intentional and material breach of this Agreement or conduct that is the subject of a criminal proceeding (where such Covered Person had a reasonable cause to believe that such conduct was unlawful).

(b) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, Profits, Losses or Net Cash Flow or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

Section 12.3 Fiduciary Duty. To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any Member, Officer or Director (which are not expressly disclaimed in this Agreement), a Covered Person acting under this Agreement shall not be liable to the Company or to any Member, Officer or Director for its, her or his good faith reliance on the provisions of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, this Agreement is not intended to, and does not, create or impose any fiduciary duty on any Member or Director. Furthermore, to the extent permissible under the Delaware Act, each of the Members and the Company hereby disclaims and waives any and all fiduciary duties that, absent such waiver, may

be specified or implied by applicable Law, and in doing so, acknowledges and agrees that the duties and obligations of each Member and Director to each other and to the Company are only as may be expressly set forth in this Agreement; *provided* that the Members and the Company hereby agree that, consistent with Section 18-1101(c) of the Delaware Act, the foregoing disclaimer and waiver does not eliminate the implied contractual covenant of good faith and fair dealing required of each Member and Director. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of any Member or Director otherwise existing at Law or in equity, are agreed by the Company and the Members to replace such other duties and liabilities of such Members and Directors.

Section 12.4 Indemnification of a Covered Person. To the fullest extent permitted by applicable Law, including the Delaware Act (as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement, only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the Delaware Act permitted the Company to provide prior to such amendment, substitution or replacement)), the Company shall indemnify, hold harmless, defend, pay, and reimburse a Covered Person for any loss, damage, judgment, liability, or claim, including reasonable attorneys' fees and expenses, incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person on behalf of the Company if (a) such Covered Person acted in good faith and in a manner such Covered Person reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, (b) such Covered Person's conduct did not constitute fraud, gross negligence, willful misconduct, or an intentional and material breach of this Agreement, and (c) with respect to any criminal proceeding, such Covered Person did not have reasonable cause to believe such Covered Person's conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the Covered Person did not satisfy the requirements of clauses (a) through (c) of this Section 12.4. Any indemnity under this Section 12.4 shall be provided out of and to the extent of Company assets only, and no Covered Person shall have any personal liability with respect to such indemnity.

Section 12.5 Expenses of a Covered Person. To the fullest extent permitted by applicable Law, reasonable expenses (including reasonable legal fees) incurred by a Covered Person in defending any claim, demand, action, suit or proceeding shall, from time to time upon and subject to approval by a Director Regular Vote (which approval may be subject to certain terms and conditions imposed by the Board), be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking, satisfactory to the Board, by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in Section 12.4. The rights to indemnification and the payment of expenses incurred in defending any claim, demand, action, suit or proceeding in advance of its final disposition conferred in this Article XII shall not be exclusive of any other right that any Covered Person may have or hereafter acquire under any statute, provision of this Agreement, any other agreement, any vote of the Members or disinterested Directors or otherwise.

Section 12.6 Insurance. The Company may purchase and maintain insurance, to the extent and in such amounts as the Board shall, in its sole discretion, deem reasonable, on behalf of Covered Persons and such other Persons as the Board shall determine, against any liability that may be asserted against or expenses that may be incurred by any such Person in connection with the activities of the Company or such indemnities, regardless of whether the Company would have the power to indemnify such Person against such liability under the provisions of this Agreement. Subject to approval by a Director Regular Vote (which approval may be subject to certain terms and conditions imposed by the Board), the Company may enter into indemnity contracts with Covered Persons and such other Persons as the Board shall determine and adopt written procedures pursuant to which arrangements are made for the advancement of expenses and the funding of obligations under Section 12.5 and containing such other procedures regarding indemnification as are appropriate.

Section 12.7 Indemnification for Certain State Tax Return Preparation and Audit Expenses. The Company shall indemnify each Member against: (a) the reasonable costs and expenses incurred, including but not limited to professional fees incurred, by the Member for state tax return preparation and the filing of such return or returns in one or more states of the United States in which the Member would not be required to file such return or returns if the Member were not a Member of the Company; and (b) the reasonable costs and expenses incurred, including but not limited to professional fees incurred, associated with any audit of any such return (or any audit asserting the Member is required to file such a return), conducted by any such state's revenue authorities; *provided*, *however*, that in no event shall the Company be obligated under this provision to reimburse a Member for any tax, interest or penalty incurred by the Member in such state or states. The Member seeking indemnification of any such costs or expenses shall submit to the Company a written statement signed by the Member's chief financial officer and its outside accountant certifying that to the best of their knowledge and belief the Member would not be required to file the return at issue in the state or states involved if it were not a Member of the Company and itemizing the expenses incurred. The Company shall, within 30 days after receipt of the foregoing statement, pay or reimburse the Member for all such expenses to which the Company does not object and shall list in a written notice to the Member its objections to any of the expenses that it does not pay or reimburse. If the Member and the Company cannot resolve any dispute as to whether a cost or expense is to be reimbursed or the amount to be reimbursed within 60 days after the Company delivers its notice containing its objections, the matter shall be eligible for arbitration under Section 16.13 at the request of the Member or the Company. Any payment made by the Company under this Section 12.7 shall be considered an expense of the Company (and not a distribution) and shall be accounted for as such. Any indemnity under this Section 12.7 shall be provided out of and to the extent of the Company assets only, and no Member or Affiliate of a Member shall have any personal liability with respect to such indemnity.

Section 12.8 Conflicts of Interest; Business Opportunities.

(a) *Resolution of Conflicts of Interest*. Unless otherwise expressly provided in this Agreement, whenever a potential or actual conflict of interest exists or arises between one or more Directors, Officers or their respective Affiliates, on the one hand, and the Company, on the other, any resolution or course of action by the Board in respect of such conflict of interest shall be permitted and shall not constitute a breach of this Agreement, of any agreement contemplated herein, or of

any duty stated or implied by law or equity, including any fiduciary duty, if the resolution or course of action in respect of such conflict of interest is (i) approved by a Director Extraordinary Vote without participation by any Director who has, or represents a Member having, a conflict of interest (in either case, a "Conflicted Director"), and (ii) determined by a Director Extraordinary Vote without participation by any Conflicted Director to (A) be on terms no less favorable to the Company than those generally being provided to or available from unrelated third parties, or (B) be fair and reasonable to the Company, after taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Company). If the Board determines that the resolution or course of action taken with respect to a conflict of interest satisfies this provision, then it shall be presumed that, in making its decision, the Board acted in good faith, and in any proceeding brought by any Member or by or on behalf of such Member challenging such approval, the Person bringing or prosecuting such proceeding shall have the burden of overcoming such presumption. The failure to comply with any or all of the conditions set forth in this Section shall not cause a presumption or be evidence that any breach of this Agreement, or any agreement contemplated herein, or of any duty stated or implied by law or equity, including any fiduciary duty, shall have occurred.

(b) *Outside Opportunities.* No Member or Affiliate thereof shall be obligated to present any particular investment opportunity to the Company or to any other Member or Affiliate thereof even if such opportunity is of a character that, if presented to the Company, could be taken by the Company, and any Member or Affiliate thereof shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment opportunity.

ARTICLE XIII

ADDITIONAL MEMBERS

Section 13.1 Admission. The Company is authorized to admit any Coca-Cola Bottler that is not currently a Member as an additional member of the Company (each, an "Additional Member" and collectively, the "Additional Members") upon a Director Regular Vote on such terms and conditions as the Board shall specify in such vote. Each such Coca-Cola Bottler shall be admitted as an Additional Member at the time such Coca-Cola Bottler (i) satisfies any terms or conditions imposed by the aforesaid vote of the Board; and (ii) executes this Agreement or a counterpart of this Agreement; *provided* that, absent extraordinary circumstances as determined by the Board, Additional Members will be admitted only as of the first day of each Fiscal Year. The legal fees and expenses of the Company associated with such admission shall be borne by the Company.

Section 13.2 Allocations. Additional Members shall not be entitled to any retroactive allocation of the Company's income, gains, losses, deductions, credits or other items; *provided* that, subject to the restrictions of § 706(d) of the Code, Additional Members shall be entitled to their respective share of the Company's income, gains, losses, deductions, credits and other items arising under contracts entered into before the effective date of the admission of any Additional Members to the extent that such income, gains, losses, deductions, credits and other items arise after such effective date. To the extent consistent with § 706(d) of the Code and Treasury Regulations promulgated thereunder, the Company's books may be closed at the time Additional Members are admitted (as though the Company's tax year had ended) or the Company may credit to the Additional Members pro rata allocations of the Company's income, gains, losses, deductions, credits and items for that portion of the Company's Fiscal Year after the effective date of the admission of the Additional Members, as determined by the Vice President of Finance.

ARTICLE XIV

TRANSFER OF INTERESTS AND SUBSTITUTE MEMBERS

Section 14.1 Transfers of Interests.

(a) Transfer with Franchise and Within Controlled Group. A Member shall transfer to any Person who acquires from such Member by purchase, exchange, contract, or otherwise control (as described in the definition of Affiliate) of, all or any portion of such Member's Territory a proportionate share of such Member's Units. The determination by the President of the Company as to the number of Units to be so transferred shall be consistent with the method used to determine such Member's Percentage Interest pursuant to Section 2.1(c) and shall be final and binding on the parties. Upon advance written notice to the Company, a Member may: (i) transfer all or any portion of such Member's Units to an entity that both (A) holds a Coca-Cola Franchise, directly or indirectly, and (B) is a member of the same affiliated group (within the meaning of Section 1504(a) of the Code) as the Member or is owned wholly by one or more members of such affiliated group, and (ii) cause any such entity described in clause (i) to transfer all or any portion of such Units back to the transferring Member or to any other entity described in clause (i).

(b) Transfer Under Section 5.4 or Section 6.10. All of a Member's Units shall be purchased by the Company and cancelled if the Member's Units are purchased by the Company under either Section 5.4 or Section 6.10. Upon such purchase, the Company shall pay the Member the applicable purchase price of the Member's Units determined as provided herein and shall close the purchase as hereinafter provided.

(i) *Return of Capital—Resignations*. If a Member resigns under clause (i) of the first sentence of Section 5.4, the purchase price for the Member's Units shall be the lesser of (A) the amount paid by the Member as its Capital Contribution (if any), without interest, or (B) the positive Capital Account balance as of the effective date of the resignation. The Vice President of Finance shall certify the amount of the purchase price based upon the foregoing and the books and records of the Company, which certification shall be, absent manifest error, final and binding on the parties hereto and not subject to any appeal.

(ii) *Appraisal Value—Removals*. If a Member is removed from membership pursuant to Section 6.10, the purchase price for the Member's Units shall be the Appraisal Value of the Member's Units. For these purposes, the "Appraisal Value" of a Member's Units shall mean the product of (I) the amount in U.S. dollars that the Members would receive upon a sale of all of the Units of the Company in an arms' length transaction between a willing buyer and a willing seller, determined within sixty (60) days following the event giving rise to the purchase obligation; and (II) the Percentage Interest in the Company represented by the Units as to which the Appraisal Value is to be determined. The Appraisal Value shall be mutually agreed upon by the Member and the Company or, if the Member and the Company are unable to agree within sixty (60) days following the event giving rise to the purchase obligation, the Appraisal Value shall instead be determined by an investment banking firm or other designated valuation expert of recognized national standing jointly selected by the Member and the Company. If the Member and the Company are unable to agree on an investment banking firm or other valuation expert within such sixty (60) day period, they shall each promptly designate an investment banking firm or valuation expert and those two shall, in good faith, select a third investment banking firm or valuation expert within fifteen (15) days of their designation. In the event that the Member should fail to designate an investment banking firm or valuation expert for this purpose within ten (10) days after the expiration of such sixty (60) day period, the Company shall be entitled, in its sole discretion, to designate a single national or international investment banking firm for purposes of determining the Appraisal Value hereunder, which designation shall be final and binding upon the parties. In either case, the investment banking firm or valuation expert so selected shall prepare an appraisal setting forth its determination of the Appraisal Value, which determination shall be final and binding on the removed Member and the Company. The cost of any such investment banking firm(s) or valuation expert(s) shall be borne equally by the removed Member and the Company. Such Member and the Company shall cooperate fully in selecting investment bankers or other experts and shall cooperate fully in the determination of the Appraisal Value by such persons. The investment banking firm or valuation expert so retained to deliver its written opinion as to the Appraisal Value shall be instructed to render its opinion in accordance with the terms of this Section 14.1(b)(ii) and to deliver such opinion to the removed Member and Company within thirty (30) days following the selection of such investment banking firm or valuation expert. In determining Appraisal Value, no premiums for control nor discounts for lack of control or lack of marketability shall be applied, and there shall be no requirement that the assets and the Company be separately valued by third party appraisers or that a special audit of the books and records of the Company be performed. The Appraisal Value as mutually agreed upon by the removed Member and the Company, or as set forth in the written opinion of the investment banker or valuation expert, shall be final and binding on the parties hereto and not subject to appeal.

(iii) *Fair Value—Certain Affiliations*. If a Member is disqualified from membership because it becomes an Affiliate of The Coca-Cola Company, the purchase price for such Member's Units shall be the Fair Value of the Units. For these purposes, the "Fair Value" shall mean the fair market value of the Member's Units. The Company and the Member shall mutually agree upon the Fair Value of the Units or if they are unable to agree within sixty (60) days following the event giving rise to the purchase obligation, the Fair Value shall instead be determined by a Director Extraordinary Vote. The Fair Value as so determined shall be final and binding on the parties hereto and not subject to appeal.

(iv) *Closing of Purchase*. Subject to Section 14.4, the closing of any purchase and sale of a Member's Units pursuant to this Section 14.1(b) shall be held at such time and place as may be designated by the Company, but in any event within thirty (30) days after the amount of the purchase price is determined. At any such closing, the Member required to sell its Units (the "Selling Member") shall transfer to the Company any certificates or documents evidencing the Units being purchased, duly endorsed for transfer, together with such assignments or instruments reasonably required by counsel for the Company to consummate such a purchase, and the Company shall pay the purchase price in cash. In addition, at the closing of such purchase and sale, the Selling Member shall deliver to the Company an executed, written agreement, in form and substance reasonably satisfactory to legal counsel for the Company, which shall include, without limitation, representations that the Selling Member owns the Units being transferred free and clear of all liens and encumbrances and that upon delivery of such Units to the Company, the Company shall be vested with all of the Selling Member's right, title and interest in such Units, and the Company shall deliver to the Selling Member such investment representations as may be reasonably necessary and requested for securities Law purposes.

(c) No Other Transfer. A Member shall not transfer or assign any or all of its Units other than as required or permitted under this Section 14.1.

(d) Tax Treatment. The Company and the applicable Member agree that the Company's redemption or repurchase of Units pursuant to Section 5.4 or Section 6.10 shall be treated as a liquidating payment under Section 736(b) of the Code to the extent of such Member's "interest in Company property" within the meaning of Section 736(b) of the Code and the excess, if any, shall be treated as a Section 707(c) "guaranteed payment" under Section 736(a) of the Code.

Section 14.2 Substitute Members. When a Member transfers all or any part of its Units in the Company to the Person (not already a Member) who acquires from such Member control of any portion of the Member's Territory, such transfer shall entitle the transferee to become a Substitute Member. Upon the transferee's execution of an instrument reasonably satisfactory to the President of the Company accepting and agreeing to the terms and conditions of this

Agreement, including a counterpart of this Agreement, and upon paying to the Company a fee sufficient to cover all reasonable expenses of the Company in connection with such transferee's admission as a Substitute Member, such transferee shall become a Substitute Member. In the event of a dispute as to whether a transaction, event or other circumstance entitles a Person to qualify as a Substitute Member, such dispute shall be resolved by a Director Regular Vote, subject to exclusion from voting of any Director representing a Member (or Bottler) that has a material interest in the dispute. Such transferee shall be admitted to the Company effective immediately prior to the effective date of the transfer and, immediately following such admission, if the transferring Member has transferred all of its Interest and Units, it shall cease to be a Member of the Company. Until approved as a Substitute Member, such transferee shall not be entitled to exercise or receive any of the rights, powers or benefits of a Member other than the right to receive the distributions to which the transferring Member would be entitled, if any, and the right to participate in the Company's procurement function as provided herein or in the Company Policies.

Section 14.3 Recognition of Transfer by Company. No transfer, or any part thereof, that is in violation of this Article XIV shall be valid or effective, and neither the Company nor the Board shall recognize the same for the purpose of making distributions of Net Cash Flow pursuant to Section 9.1 with respect to such Interest or part thereof. Neither the Company nor the Board shall incur any liability as a result of refusing to make any such distributions to the transferee of any such invalid transfer.

Section 14.4 Effective Date of Transfer. Any valid transfer of a Member's Interest pursuant to the provisions of Section 14.1 shall be effective as of the close of business on the last day of the calendar month in which such transfer occurs. The Company shall, from the effective date of such transfer and subject to the conditions stated in this Article XIV, thereafter pay all further distributions on account of the Interest so transferred to the transferee of such Interest. As between any Member and its transferee, Profits and Losses for the Fiscal Year of the Company in which such transfer occurs shall be apportioned for federal income tax purposes in accordance with any convention permitted under §706(d) of the Code and selected by the Vice President of Finance.

Section 14.5 Pledge. No Member may pledge or otherwise encumber all or any part of its Units without the prior written consent of the Board, which consent may be given or withheld in the sole and absolute discretion of the Board.

ARTICLE XV

DISSOLUTION, LIQUIDATION AND TERMINATION

Section 15.1 No Dissolution. The Company shall not be dissolved by the admission of Additional Members or Substitute Members in accordance with the terms of this Agreement.

Section 15.2 Events Causing Dissolution. The Company shall be dissolved, and its affairs shall be wound up, only upon the occurrence of any of the following events:

(a) the affirmative vote of (i) a Director Extraordinary Vote and (ii) the vote of the Members holding at least two-third (2/3) of all Units pursuant to Section 5.1;

(b) at any time that there are no Members of the Company, unless the Company is continued in accordance with the Delaware Act; or

(c) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Delaware Act.

Section 15.3 Liquidation. Upon dissolution of the Company, the Board shall carry out the winding up of the Company and shall immediately commence to wind up the Company's affairs; *provided, however*, that a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the satisfaction of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The Members shall continue to share Profits and Losses during liquidation in the same proportions, as specified in Article VIII hereof, as before liquidation. The proceeds of liquidation shall be distributed in the following order and priority:

(a) to creditors of the Company, including Members who are creditors, to the extent otherwise permitted by Law, in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof); and

(b) to the Members in accordance with their relative positive Capital Account balances, after giving effect to all contributions, distributions and allocations for all periods.

Section 15.4 Termination. The Company shall terminate when all the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company, shall have been distributed to the Members in the manner provided for in this Article XV and the Certificate shall have been canceled in the manner required by the Delaware Act.

Section 15.5 Claims of the Members. The Members and former Members shall look solely to the Company's assets for the return of their positive Capital Accounts, and if the assets of the Company remaining after payment of or due provision for all debts, liabilities and obligations of the Company are insufficient to return such positive Capital Accounts, the Members and former Members shall have no recourse against the Company or any other Member.

ARTICLE XVI

MISCELLANEOUS

Section 16.1 Notices. All notices provided for in this Agreement shall be in writing, duly signed (including by electronic mail signature, if applicable) by the party giving such notice, and shall be mailed via an overnight courier service, sent via electronic mail, or mailed by registered or certified mail, as follows:

(a) if given to the Company, at its address or the electronic mail address of the President, as shall be notified to the Directors and Members;

(b) if given to a Director, at such Director's mailing address or electronic mail address, as provided to the Company; or

(c) if given to any Member, at the address or electronic mail address set forth in the Schedule described in Section 2.1(d) or on its signature page hereto (or to any counterpart hereof), or at such other address or electronic mail address as such Member may hereafter designate by written notice to the Company.

A notice shall be deemed given on the date mailed, emailed, or delivered to the courier service if mailed first class mail (with postage prepaid) or delivered to an overnight courier service (with the fee prepaid), and shall be deemed received on the date of electronic confirmation of a delivery receipt if electronically mailed, on the tenth (10th) business day after having been mailed by certified or registered mail if so mailed, and on the second (2nd) business day after having been sent by overnight courier if so couriered.

Such notice shall be given at such other address as a party to this Agreement may furnish to another party to this Agreement pursuant to the foregoing.

Section 16.2 Failure to Pursue Remedies. The failure of any party to seek redress for violation of, or to insist upon the strict performance of, any provision of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

Section 16.3 Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by Law or otherwise.

Section 16.4 Binding Effect. This Agreement shall be binding upon and inure to the benefit of all the parties and, to the extent permitted by this Agreement, their successors, legal representatives and assigns.

Section 16.5 Interpretation. Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine, neuter, singular or plural, whichever shall be applicable. All references herein to "Articles," "Sections" and "Paragraphs" shall refer to corresponding provisions of this Agreement.

Section 16.6 Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

Section 16.7 Counterparts and Signatures. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one instrument. A signed copy of this Agreement delivered by electronic mail or other means of electronic transmission (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) shall be deemed to have the same legal effect as delivery of an original, manually signed copy of this Agreement for all purposes.

Section 16.8 Integration. This Agreement amends and restates the Prior Agreement in its entirety as of the Effective Date. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

Section 16.9 Governing Law. This Agreement and the rights of the parties hereunder shall be interpreted in accordance with the Laws of the State of Delaware, and all rights and remedies shall be governed by such laws without regard to principles of conflict of Laws.

Section 16.10 Amendments.

(a) Except as otherwise provided in this Section 16.10, an amendment to this Agreement shall be adopted and effective only if in writing and executed by the holders of not less than ninety five percent (95%) of the outstanding Units of all the Members; *provided* that the Members so adopting the amendment shall include not less than a majority of the number of Mainstream Bottlers (without regard to the number of Units held by such Members); and *provided further* that no amendment shall adversely affect the interests of a Member who does not join in its adoption unless such amendment will have the same effect on the interests of similarly situated Members who do join in its adoption.

(b) An amendment to this Agreement may be adopted by a Director Extraordinary Vote if such amendment would cause only the restructuring or reorganization of the Company in a manner that the Board specifically determines in such vote, is: (i) consistent with the economic and operational consequences of this Agreement and the governance structure under this Agreement; (ii) will substantially enhance the efficient achievement of the Company’s business goals while not materially reducing the Company’s ability to achieve, or making it materially more costly for the Company to achieve, its objectives as to any of its then-existing lines of business; (iii) does not cause a greater than de minimis disadvantage to the Company as compared to the consequences to the Company under the structure created by this Agreement; and (iv) does not cause a greater than de minimis disadvantage to any Member as compared to the consequences to the Member under this Agreement, except to the extent such Member knowingly waives such disadvantages. The Board vote on the proposed restructuring or reorganization shall be taken only after the Board has received a detailed analysis of the proposal in light of these factors prepared by one or more Officers or committees as the Board shall commission to examine the proposal.

Section 16.11 No Implied Rights or Remedies; Creditors Not Benefitted. Nothing contained in this Agreement shall, or shall be deemed to, confer upon any Person, except the Company and its Members, Officers and Directors, any rights or remedies of any kind under or by reason of this Agreement. Without limiting the foregoing and notwithstanding any other provision of this Agreement to the contrary:

(a) Nothing contained in this Agreement shall, or shall be deemed to, benefit any creditor, vendor, customer or contractor of, or any other third party claimant against, the Company, any Affiliate of the Company or any Member (including, without limitation, any employee of the Company or any Affiliate of the Company)(each such creditor, vendor, customer, contractor and claimant is referred to in this Section 16.11 as a "Creditor" and, collectively, as "Creditors");

(b) No Creditor shall, or shall be deemed to, have any rights, interests or claims of any kind or nature arising under or in connection with this Agreement, or be entitled to any benefits hereunder, including, without limitation, any right to enforce the provisions of this Agreement against or on behalf of any Person;

(c) Nothing contained in this Agreement shall, or shall be deemed to, grant to any Creditor any right or entitlement to require the Company, any Affiliate of the Company or any Member to solicit or accept, or to require any Member to make, (i) any loan, advance, investment or additional capital contribution to or for the benefit of the Company or any Affiliate of the Company or (ii) any guarantee of any indebtedness, obligation, liability or performance of the Company, any Affiliate of the Company or any Member; and

(d) Nothing contained in this Agreement shall, or shall be deemed to, grant to any Creditor any right or entitlement to require the Company, any Affiliate of the Company or any Member to enforce any right that the Company, any Affiliate of the Company or any Member may have against any other Member, or that any Member may have against the Company or any Affiliate of the Company, under this Agreement or otherwise.

Section 16.12 Confidentiality.

(a) The Members acknowledge that each of them may be required to disclose Confidential Information (as defined below) by Law, upon the advice of counsel, and each shall endeavor to limit disclosure to that purpose. To the extent permitted by Law, each Member will give the Company prior written notice of any disclosure pursuant to this Section 16.12, which notice shall specify the substance of any such disclosure.

(b) The Company and each Member will take appropriate steps to enable the Company, the Directors, and other Members to identify information which should be protected as Confidential Information.

(c) Each party receiving Confidential Information (the "Receiving Party") recognizes and acknowledges 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 injury and harm.

(d) Each Receiving Party, whether the Company or a Member, 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, except as contemplated in Section 16.12(a). 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 employees and representatives. 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 the Company and Affiliates of the Company as contemplated by this Agreement or as permitted under the Data Sharing Agreements, if applicable.

(e) As used in this Agreement, the term "Confidential Information" shall mean information (in whatever form, whether oral, visual, written, electronic, intangible, tangible, or other form, and whether existing prior to, on or after the Effective Date), including trade secrets, technical or non-technical data, a formula, pattern, strategy, compilation, program, device, method, technique, drawing, process, financial data, or list of actual or potential customers or partners, which (i) derives economic value, actual or potential, from not being generally known to other Persons who can obtain economic value from its disclosure or use, (ii) is the subject of efforts which are reasonable under the circumstances to maintain its secrecy, or (iii) is specifically known to be or identified as confidential information. "Confidential Information" shall not include any information (x) which is or becomes generally known to the public through no fault of, or breach of this Agreement by, the Receiving Party, (y) which is received without legal or contractual restriction from a third party not bound by any duty of confidentiality with respect to such Confidential Information, or (z) which the Receiving Party subsequently developed through its own efforts which can be documented as having been developed without the use of any Confidential Information.

(f) To the extent that the terms and conditions of a Data Sharing Agreement to which a Member and the Company are parties conflict with this Section 16.12, the terms and conditions of such Data Sharing Agreement shall control with respect to such Member and the Company.

Section 16.13 Arbitration. In the event of a dispute between a Member and the Company or between Members regarding the construction of this Agreement or the rights and obligations of the Company and the Members hereunder or the performance of those obligations, a party hereto may initiate arbitration by giving written notice to the other party or parties of its demand to arbitrate the issue and designating one arbitrator. The other party or parties shall select an arbitrator within ten (10) days of delivery of such notice. Those two arbitrators shall then select within ten (10) days a third arbitrator (collectively, the "Arbitration Panel"). The governing law for the arbitration shall be the substantive law of the State of Delaware. The arbitration shall be held in Atlanta, Georgia, or such other place in the United States as may be specified by the Arbitration Panel (or in any other place as may be agreed upon by the parties to the arbitration proceeding) and shall be conducted in accordance with the then effective Commercial Arbitration Rules of the American Arbitration Association to the extent not inconsistent with this Agreement. The decision of the Arbitration Panel shall be rendered no later than forty-five (45) days after the date on which the parties agree to arbitration. The decision of the Arbitration Panel shall be final and binding as to any matters submitted to arbitration; *provided*, *however*, that if necessary, such decision may be enforced by any party to the arbitration in any court of record having jurisdiction over the subject matter or over any of the parties. The determination of which party or combination of parties bears the costs and expenses incurred in connection with any such arbitration proceeding shall be determined by the Arbitration Panel. For the avoidance of doubt, business disagreements, such as whether the Company should adopt a certain course of action or the appropriate sanction to be imposed by the Company under Section 6.10(f), are not eligible for arbitration, it being the intention of the parties that all such disagreements be resolved and such sanctions be finally determined by the applicable action taken by the Board.

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Limited Liability Company Operating Agreement of Coca-Cola Bottlers' Sales & Services Company LLC as of the Effective Date.

COCA-COLA BOTTLERS' SALES & SERVICES COMPANY LLC

By: /s/ Brandi Shortt
Name: Brandi Shortt
Title: President

[Signature pages of Members on file with the Company]

Exhibit 10.41

COCA-COLA BOTTLING CO. CONSOLIDATED
ANNUAL BONUS PLAN

(Amended and Restated Effective as of January 1, 2018)

COCA-COLA BOTTLING CO. CONSOLIDATED
ANNUAL BONUS PLAN

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COCA-COLA BOTTLING CO. CONSOLIDATED
ANNUAL BONUS PLAN

1. PURPOSE

Coca-Cola Bottling Co. Consolidated maintains the Coca-Cola Bottling Co. Consolidated Annual Bonus Plan to promote the best interests of the Company and its stockholders by providing key management employees with additional incentives to assist the Company in meeting and exceeding its annual business goals. The Plan, as amended and restated effective January 1, 2017, is being further amended and restated by this instrument to address changes made to Section 162(m) of the Internal Revenue Code by the Tax Cuts and Jobs Act.

2. DEFINITIONS

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

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

(b) **Board:** The Board of Directors of the Company.

(c) **Change in Control:** Any of the following:

i. The acquisition or possession by any person, other than Harrison Family Interests (as defined in Subparagraph v.A. of this Paragraph), 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

ii. 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 (A) more than 20% of the votes in the election of the Board and (B) 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

iii. 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

iv. Any merger or consolidation of the Company with another entity in which the Company is not the surviving entity and in which either (A) the surviving entity does not succeed to the rights and obligations of the Company with respect to the Plan or (B) after giving effect to the merger, a "Change in Control" under Subparagraph i. or ii. of this Paragraph would have occurred as defined therein were the surviving entity deemed to be the Company for purposes of Subparagraphs i. and ii. of this Paragraph (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).

v. For purposes of this Paragraph:

A. "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;

B. "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;

C. "beneficial ownership" has the meaning ascribed to such term in Rule 13d-3 of the Securities Exchange Act of 1934;

D. "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

E. "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.

Notwithstanding any other provision of this Paragraph, the revocable appointment of a proxy to vote shares of the Company's capital stock at a particular meeting of stockholders 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.

(d) **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.

(e) **Committee:** The Compensation Committee of the Board or a subcommittee of such Committee.

(f) **Company:** Coca-Cola Bottling Co. Consolidated, a Delaware corporation, or any entity which succeeds to its rights and obligations with respect to the Plan.

(g) **Participant:** An employee of the Company or a Participating Company who has been granted an award under the Plan in accordance with Paragraph 5.

(h) **Participating Company:** Subject to the provisions of Paragraph 13, the Company and any Affiliate which adopts the Plan with the approval of the Committee for the benefit of its designated employees. Each Participating Company shall be deemed to appoint the Committee as its exclusive agent to exercise on its behalf all of the power and authority conferred by the Plan upon the Company. The authority of the Committee to act as such agent shall continue until the Participating Company withdraws from the Plan or the Plan is terminated by the Company.

(i) **Performance Measures:** The measurable performance objective or objectives established pursuant to the Plan and used in calculating the Overall Goal Achievement Factor in Paragraph 6. Performance Measures may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the Participating Company, division, department, region or function within the Participating Company in which the Participant is employed. The Performance Measures may be established relative to the performance of other companies. The Performance Measures shall be determined by the Committee, based on one or more of the following criteria, as may be determined by the Committee: (i) return on equity; (ii) revenue or revenue growth; (iii) earnings before interest and taxes or before interest, taxes, depreciation and amortization; (iv) earnings before interest, taxes and amortization; (v) operating income; (vi) pre- or after-tax income; (vii) cash flow; (viii) cash flow per share; (ix) net earnings; (x) earnings per share; (xi) return on invested capital; (xii) return on assets; (xiii) economic value added (or an equivalent metric); (xiv) stock price performance; (xv) total stockholder return; (xvi) improvement in or attainment of expense levels; (xvii) improvement in or attainment of working capital levels; (xviii) debt reduction, or (xix) net debt.

Each Performance Measure will be determined after taking into account any gains or losses from the sale of assets outside the ordinary course of business, any gains or losses from discontinued operations, any extraordinary gains or losses, the effects of accounting changes, any unusual, nonrecurring, transition, one-time or similar items or charges, the diluted impact of goodwill on acquisitions, and any other items that the Committee determines.

If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company or a Participating Company, or the manner in which it conducts its business, or other events or circumstances render the Performance Measures unsuitable, the Committee may, in its sole discretion, modify such Performance Measures or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable. No payments shall be made with respect to awards made under the Plan subject to Performance Measures unless, and then only to the extent that, the Committee certifies the Performance Measures have been achieved.

(j) **Plan:** The Coca-Cola Bottling Co. Consolidated Annual Bonus Plan, as contained herein and as it may be amended from time to time hereafter.

(k) **Plan Administrator:** The Vice Chairman, Chief Financial Officer Vice President and Treasurer or such other person or persons as may be designated from time to time by the Chief Executive Officer of the Company.

(l) **Retirement:** A Participant's termination of employment with the Company and its Affiliates other than on account of death and:

i. After attaining age 60;

ii. After attaining age 55 and completing 20 "years of service;" or

iii. As the result of Total Disability.

For purposes of determining a Participant's "years of service" under Subparagraph ii. of this Paragraph, a Participant is credited with a year of service for any calendar year in which the Participant completes at least 1,000 hours of service, including periods of Total Disability and authorized leaves of absence and excluding periods of employment with Affiliates of the Company prior to becoming an Affiliate unless inclusion of such employment is approved by the Committee. "Hours of service" are credited in accordance with the provisions of the Company's Savings Plan, as amended from time to time, as if that plan were in existence when the service was performed.

(m) **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 under a Total Disability 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.

3. ADMINISTRATION

(a) **Committee:** The Plan will be administered by the Committee.

(b) **Authority of Committee:** In administering the Plan, the Committee is authorized to (i) establish guidelines for administration of the Plan, (ii) make determinations under and interpret the terms of the Plan, (iii) make awards pursuant to the Plan and prescribe the terms and conditions of such awards consistent with the provisions of the Plan and of any agreement or other document evidencing an award made under the Plan, and (iv) to take such other actions as may be necessary or desirable in order to carry out the terms, intent and purposes of the Plan. Subject to the foregoing, all determinations and interpretations of the Committee will be binding upon the Participating Companies and each Participant.

(c) **Delegation of Authority:** The Committee, in its discretion, may delegate to a special committee consisting of one or more officers of the Company, all or part of the Committee's authority and duties with respect to awards to individuals who at the time of the award are not, and are not anticipated to become, persons subject to the reporting and other provisions of Section 16 of the Securities Exchange Act of 1934. The Committee may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Committee's delegate or delegates that were consistent with the terms of the Plan.

4. ELIGIBILITY

The Committee is authorized to grant cash awards to any officer, including officers who are directors, and to other employees of a Participating Company and in key positions.

5. PARTICIPATION

Management will recommend annually key positions which it recommends be granted awards under the Plan. Management will inform individuals in selected key positions of their participation in the Plan.

6. QUALIFICATION FOR AND AMOUNT OF AWARDS

(a) **Performance Measures:** Participants will qualify for awards under the Plan based on the achievement of one or more Performance Measures established for the fiscal year.

(b) **Gross Cash Award:** The total cash award to the Participant will be computed as follows:

Gross Cash Award =

Base Salary *times*

Approved Bonus % Factor *times*

Indexed Performance Factor *times*

Overall Goal Achievement Factor

Notwithstanding the above formula, the maximum cash award that may be made to any individual Participant based upon performance for any fiscal year shall be $3,000,000. Annex A illustrates a sample calculation of the Gross Cash Award.

(c) **Base Salary:** The Base Salary is the Participant's base salary level for the fiscal year.

(d) **Approved Bonus % Factor:** The Approved Bonus % Factor is a number set by the Committee (not to exceed 100%) to reflect each Participant's relative responsibility and the contribution to Company performance attributed to each Participant's position with a Participating Company.

(e) **Indexed Performance Factor:** The Indexed Performance Factor is determined by the Committee prior to making payments of awards for each fiscal year, based on each individual's performance during such fiscal year.

(f) **Overall Goal Achievement Factor:** The Overall Goal Achievement Factor used in calculating the Gross Cash Award for each Participant each year will be determined by multiplying the weightage factor determined by the Committee for such year (which may be from 0% to 100% for each Performance Measure selected by the Committee) by the goal achievement percentage determined by the Committee for the level of performance achieved with respect to specified levels of, or growth or reduction in, such Performance Measure. Annex A illustrates the methodology for calculation of the Overall Goal Achievement Factor.

(g) **Approval of Awards:** The Committee will review and approve all awards. The Committee has the full and final authority in its discretion to adjust the Gross Cash Award determined in accordance with the formula described above in arriving at the amount of the award to be paid to any Participant; subject, however, to the limitation that such authority may be exercised in a manner which reduces (by using lower numbers for the Indexed Performance Factor or otherwise) or eliminates, but not in a manner which increases, the Gross Cash Award calculated in accordance with the formula prescribed in Subparagraph (b) of this Paragraph 6.

(h) **Qualification for Award:** Except as otherwise provided in Subparagraph (i) of this Paragraph 6, the Participant must be an active employee of the Company or an Affiliate on the last day of the applicable fiscal year to qualify for an award. If a Participant's employment with the Company and all Affiliates is terminated, voluntarily or involuntarily, during a fiscal year for any reason other than those described in Subparagraph (i) of this Paragraph 6, the Participant shall forfeit any right to an award or any portion thereof; provided, however, that in unusual circumstances, the Committee, in its sole discretion, may waive the forfeiture in whole or in part. Any employee who assumes a key position during a fiscal year may be eligible for a pro-rated award at the option of the Committee.

(i) **Total Disability, Retirement or Death during Fiscal Year:** In the event of the Total Disability, Retirement, or death of any Participant during any fiscal year, and in the event of the subsequent attainment of the Performance Measure applicable to such Participant, such Participant or such Participant's designated beneficiary or estate, as applicable, shall be entitled to receive no later than the March 31 next following the close of the fiscal year to which such award relates, a pro rata portion of the Participant's award based on the portion of the fiscal year completed through the date of the Participant's Total Disability, Retirement or death.

(j) **Change in Control:** Notwithstanding any provision of the Plan to the contrary, if a Change in Control occurs prior to the end of a fiscal year, within 15 days following the occurrence of the Change in Control, each Participant shall be entitled to receive a pro rata portion of the Participant's award for the fiscal year, based on the portion of the fiscal year completed through the date of the Change in Control. For purposes of any award payment made pursuant to this Subparagraph (j), an Overall Goal Achievement Factor of 100% shall be deemed to have been earned as of the effective date of the Change in Control for each Performance Measure.

7. PAYMENT DATE

(a) **Payment Date:** Except as provided in Subparagraph (b) of this Paragraph 7, awards shall be paid no later than the March 31 next following the close of the fiscal year to which such awards relate. In any event, the Committee shall provide written certification that the annual performance goals have been attained prior to any payments being made for any fiscal year.

(b) **Deferral of Awards:** A Participant may, in accordance with procedures established under the Company's Supplemental Savings Incentive Plan ("SSIP") and in accordance with the requirements of Section 409A of the Code, defer payment of an award under the SSIP. Thereafter, payment of any award so deferred will be subject to all provisions of the SSIP.

8. AMENDMENT OR TERMINATION

(a) **Amendment or Termination:** The Committee reserves the right at any time to amend or terminate the Plan, in whole or in part, 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. Notwithstanding the foregoing, any amendment which must be approved by the stockholders of the Company in order to comply with applicable law or the rules of the exchange on which shares of Common Stock are traded shall not be effective unless and until such approval has been obtained. Presentation of this Plan or any amendment thereof for stockholder approval shall not be construed to limit the Company's authority to offer similar or dissimilar benefits under other plans or otherwise with or without stockholder approval. Without limiting the generality of the foregoing, the Committee may amend this Plan to eliminate provisions that are no longer necessary as a result in changes in tax or securities laws or regulations.

(b) **Notice:** Notice of any amendment or termination of the Plan shall be given by the Committee to all Participating Companies.

9. WITHHOLDING

The Company shall have the authority and the right to deduct or withhold an amount sufficient to satisfy federal, state and local taxes required by law to be withheld with respect to any award.

10. COMPLIANCE WITH CODE SECTION 409A

Except with respect to awards deferred pursuant to Paragraph 7(b), the Plan is not intended to provide any payments that constitute a "deferral of compensation," as described in Treasury Regulations Section 1.409A-1(b). Notwithstanding the preceding sentence, to the extent the Plan or any payment made under the Plan is determined to be subject to the provisions of Section 409A of the Code, the Plan shall be interpreted, operated and administered consistent with this intent.

11. DESIGNATION OF BENEFICIARIES

(a) **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 any amount payable under the Plan after the Participant's death. A Participant may from time to time revoke or change such beneficiary by filing a new designation as described in the preceding sentence. 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 by 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 the payment(s) that would have been received by such beneficiary shall be made to the beneficiary's estate.

(b) **No Beneficiary Named or in Existence:** If no beneficiary designation is in effect at the time of a Participant's death (including a situation where no designated beneficiary is alive or in existence at the time of the Participant's death), any amounts 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. If there is any doubt as to the right of any person to receive such payments, the Plan Administrator may direct the Company to withhold payment, without liability for any interest thereon, until the rights thereto are determined, or the Plan Administrator may direct the 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 Company.

12. WITHDRAWAL OF PARTICIPATING COMPANY

(a) **Withdrawal of Participating Company:** A Participating Company (other than the Company) may withdraw from participation in the Plan by giving the Committee prior written notice approved by resolution of 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 which notice is received by the Committee. A Participating Company shall withdraw from the participation in the Plan if and when it ceases to be an Affiliate. The Committee may require a Participating Company to withdraw from the Plan as of any withdrawal date the Committee specifies.

(b) **Effect of Withdrawal:** A Participating Company's withdrawal from the Plan shall not in any way modify, reduce or otherwise affect the Participating Company's obligations under awards made before the withdrawal, as such obligations are defined under the provisions of the Plan existing immediately before this withdrawal. Withdrawal from the Plan by any Participating Company shall not in any way affect any other Participating Company's participation in the Plan.

13. MISCELLANEOUS

(a) **No Right to Continued Employment:** Nothing contained in the Plan shall give any employee the right to be retained in the employment of the Company or any Affiliate or affect the right of the Company or any Affiliate to dismiss any employee with or without cause. The adoption and maintenance of the Plan shall not constitute a contract between the Company and any 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 the Company, such employee is an "employee at will."

(b) **No Right to Designation as Participant:** Designation as a Participant in the Plan for a fiscal year shall not entitle or be deemed to entitle the Participant to be designated as a Participant for any subsequent fiscal year.

(c) **Payment on Behalf of Payee:** If the Committee 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 Committee 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 Committee 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 the Company therefor.

(d) **Nonalienation:** No interest, expectancy, benefit, payment, claim or right of any Participant or beneficiary under the Plan shall be (i) subject in any manner to any claims of any creditor of the Participant or beneficiary, (ii) subject to the debts, contracts, liabilities or torts of the Participant or beneficiary or (iii) 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 Paragraph, such action shall be null and void and of no effect and the Committee and the 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 the 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 Committee, cease and terminate, and in such event the Committee 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 Committee may deem proper.

(e) **Recoupment of Awards:** The Committee may require that any current or former Participant reimburse the Company for all or any portion of any award, terminate any outstanding or unpaid award or recapture any amount paid pursuant to an award made under the Plan to the extent required by any recoupment or clawback policy adopted by the Committee in its discretion or to comply with the requirements of any applicable laws.

(f) **No Trust or Fund Created:** The obligation of the Company to make payments hereunder constitutes a liability of the Company to a Participant or beneficiary, as the case may be. Such payments shall be made from the general funds of the Company and the 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. Neither a Participant nor a beneficiary shall have any interest in any particular asset of the 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 the Company and a Participant or any other person. 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.

(g) **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.

(h) **Coordination with Other Company Benefit Plans:** Any income Participants derive from payments pursuant to awards will not be considered eligible earnings for purposes of pension plans, savings plans, profit sharing plans or any other benefits plans sponsored or maintained by the Company or an Affiliate unless expressly included by the provisions of any such plan.

(i) **Entire Plan:** This document, any written amendments hereto and any Annex or Exhibit attached hereto 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.

(j) **Construction:** Unless otherwise indicated, all references to articles, sections, paragraphs and subparagraphs shall be to the Plan as set forth in this document. The titles of articles and the captions preceding sections and paragraphs 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.

(k) **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.

(l) **Limited Effect of Restatement:** This instrument amends and restates the Plan effective as of January 1, 2018. Nothing in this instrument shall in any way change, alter or affect the terms of any award made under the Plan prior to such date.

IN WITNESS WHEREOF, the Company has caused the Plan to be executed by a duly authorized officer this 30th day of November, 2018.

COCA-COLA BOTTLING CO. CONSOLIDATED

By:	/s/ David Katz
Officer's Name:	David Katz
Officer's Title:	Executive Vice President, Chief Financial Officer

Exhibit A

COCA-COLA BOTTLING CO. CONSOLIDATED

ANNUAL BONUS PLAN

BONUS CALCULATIONS FOR AWARD PAYMENTS

FOR ___________

OVERALL GOAL ACHIEVEMENT FACTOR					
Performance Measure	**Weightage Factor (A)**	**Goal**	**Goal Achievement**	**Incentive Level (From Applicable Performance Tables Below) (B)**	**Bonus % (A x B)**
[Insert Measure (ex. Revenue)]	TBD	Approved Budget	TBD	TBD	TBD
[Insert Measure (ex. Earnings Before Interest and Taxes (EBIT)]	TBD	Approved Budget	TBD	TBD	TBD
[Insert Measure (ex. Net Debt)]	TBD	Approved Budget	TBD	TBD	TBD
Calculated Overall Goal Achievement Factor					TBD

PERFORMANCE MEASURES					
[Insert Measure (ex. Revenue)]		**[Insert Measure (ex. EBIT)]**		**[Insert Measure (ex. Net Debt)]**	
Goal Achievement (in %)	Amount of Incentive (As a % of Maximum)	Goal Achievement (in %)	Amount of Incentive (As a % of Maximum)	Goal Achievement (in %)	Amount of Incentive (As a % of Maximum)
TBD	TBD	TBD	TBD	TBD	TBD

GROSS CASH AWARD CALCULATION

Step 1: Base Salary x Approved Bonus % Factor = TBD

Step 2: Step 1 x Indexed Performance Factor = TBD

Step 3: Determine "Overall Goal Achievement Factor" in above table

Step 4: Calculate "Gross Cash Award": Step 2 x Step 3 = Gross Cash Award

Exhibit 10.42

COCA-COLA BOTTLING CO. CONSOLIDATED
LONG-TERM PERFORMANCE PLAN

(Amended and Restated Effective January 1, 2018)

COCA-COLA BOTTLING CO. CONSOLIDATED
LONG-TERM PERFORMANCE PLAN

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COCA-COLA BOTTLING CO. CONSOLIDATED
LONG-TERM PERFORMANCE PLAN

PREAMBLE

Coca-Cola Bottling Co. Consolidated maintains the Coca-Cola Bottling Co. Consolidated Long-Term Performance Plan to (i) recognize and reward certain officers and employees of the Participating Companies for achieving performance goals reflective of the Participant Companies' long range plan and longer term success, (ii) provide the ability for such officers and employees and non-employee directors to receive long-term awards payable in Common Stock and (iii) promote the Participating Companies' ability to hire and retain management talent by ensuring that total pay opportunities remain competitive, yet affordable. The Plan, as amended and restated effective January 1, 2017, is being further amended and restated by this instrument to address changes made to Section 162(m) of the Internal Revenue Code by the Tax Cuts and Jobs Act.

ARTICLE I
DEFINITIONS

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

Section 1.1 **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 interests, and any other corporation or entity with respect to which the Company owns directly or indirectly 50% or more of such corporation's or entity's outstanding capital stock or other equity interests and which the Committee designates as an Affiliate.

Section 1.2 **Award**. For any Participant, means the grant to a Participant of an Incentive Award in accordance with Section 3.2, an Option in accordance with Section 3.3 or Restricted Shares or Restricted Share Units in accordance with Section 3.4 or any combination thereof, including Awards combining two or more types of Awards in a single grant.

Section 1.3 **Award Agreement**. An agreement between a Participating Company and a Participant setting forth the terms of an Award made to such Participant. An Agreement may be in electronic form, may be limited to a notation on the books and records of the Company and, with the approval of the Plan Administrator, need not be signed by a representative of the Participating Company or a Participant

Section 1.4 **Beneficiary**. The beneficiary or beneficiaries designated by a Participant pursuant to Article V to receive the amounts, 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.

Section 1.5 **Board**. The Board of Directors of the Company.

Section 1.6 **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)(i) 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:

(i) "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;

(ii) "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;

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

(iv) "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

(v) "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 stockholders 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.

Section 1.7 **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.

Section 1.8 **Committee**. The Compensation Committee of the Board or a subcommittee of such Committee.

Section 1.9 **Common Stock**. The common stock of the Company.

Section 1.10 **Company**. Coca-Cola Bottling Co. Consolidated, a Delaware corporation, or any entity which succeeds to its rights and obligations with respect to the Plan.

Section 1.11 **Date of Grant**. The date specified by the Committee on which a grant of Options or a grant or sale of Restricted Shares shall become effective.

Section 1.12 **Effective Date**. The Effective Date of the Plan, as amended and restated by this instrument, is January 1, 2018.

Section 1.13 **Employee**. A person who is a common-law employee of a Participating Company.

Section 1.14 **Incentive Award**. The grant to a Participant of an Award in accordance with Section 3.2.

Section 1.15 **Incentive Stock Option**. An Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereof.

Section 1.16 **Market Value**. As of any particular date, (i) the closing sale price per share of Common Stock as reported on the NASDAQ Stock Market, LLC or such other exchange on which shares of Common Stock are then trading, if any, or if there are no sales on such day, on the next preceding trading day during which a sale occurred, or (ii) if clause (i) does not apply, the fair market value of a share of Common Stock as determined by the Committee.

Section 1.17 **Non-Qualified Stock Option**. An Option that is not an Incentive Stock Option.

Section 1.18 **Option**. A stock option that entitles the holder to purchase from the Company a stated number of shares of Common Stock at the price set forth in an Award Agreement or in an Appendix to the Plan. An Option may be either an Incentive Stock Option or a Non-Qualified Stock Option.

Section 1.19 **Optionee**. The optionee named in an Award Agreement evidencing an outstanding Option.

Section 1.20 **Option Price**. The purchase price payable on exercise of an Option.

Section 1.21 **Participant**. An Employee or a non-Employee member of the Board who has been granted an Award under the Plan.

Section 1.22 **Participating Company**. Subject to the provisions of Article VI, the Company and any Affiliate which adopts the Plan with the approval of the Committee for the benefit of its designated Employees. Each Participating Company shall be deemed to appoint the Committee as its exclusive agent to exercise on its behalf all of the power and authority conferred by the Plan upon the Company. The authority of the Committee to act as such agent shall continue until the Participating Company withdraws from the Plan or the Plan is terminated by the Company.

Section 1.23 **Performance Measures**. The measurable performance objective or objectives established pursuant to the Plan for Participants who have received Awards pursuant to the Plan. Performance Measures may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the Participating Company, division, department, region or function within the Participating Company in which the Participant is employed. The Performance Measures may be established relative to the performance of other companies. The Performance Measures shall be based on specified levels of achievement, as determined by the Committee, with respect to: (a) return on equity; (b) revenue or revenue growth; (c) earnings before interest and taxes or before interest, taxes, depreciation and amortization; (d) earnings before interest, taxes and amortization; (e) operating income; (f) pre- or after-tax income; (g) cash flow; (h) cash flow per share; (i) net earnings; (j) earnings per share; (k) return on invested capital; (l) return on assets; (m) economic value added (or an equivalent metric); (n) stock price performance; (o) total stockholder return; (p) improvement in or attainment of expense levels; (q) improvement in or attainment of working capital levels; (r) debt reduction, or (s) net debt.

Each Performance Measure will be determined after taking into account any gains or losses from the sale of assets outside the ordinary course of business, any gains or losses from discontinued operations, any extraordinary gains or losses, the effects of accounting changes, any unusual, nonrecurring, transition, one-time or similar items or charges, the diluted impact of goodwill on acquisitions, and any other items that the Committee determines.

If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company or a Participating Company, or the manner in which it conducts its business, or other events or circumstances render the Performance Measures unsuitable, the Committee may, in its sole discretion, modify such Performance Measures or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable. No payments shall be made with respect to Awards subject to Performance Measures unless, and then only to the extent that, the Committee certifies the Performance Measures have been achieved.

Section 1.24 **Performance Period**. A multi-year period designated by the Committee within which the Performance Measures relating to an Award are to be achieved. A new Performance Period may commence each fiscal year as determined by the Committee. Notwithstanding any other provision of the Plan to the contrary, the Committee may, in its sole discretion, grant successive Awards with overlapping Performance Periods to any Participant.

Section 1.25 **Plan**. The Coca-Cola Bottling Co. Consolidated Long-Term Performance Plan, as contained herein and as it may be amended from time to time hereafter.

Section 1.26 **Plan Administrator**. The Vice Chairman, Chief Financial Officer or such other person or persons as may designated from time to time by the Chief Executive Officer of the Company.

Section 1.27 **Restricted Period**. The period during which Restricted Shares are subject to forfeiture.

Section 1.28 **Restricted Shares or Restricted Share Units**. Common Stock or units denominated in Common Stock granted pursuant to Section 3.4 of the Plan that is forfeitable by the Participant until the completion of a specified period of future service or until otherwise determined by the Committee or in accordance with the terms of the Plan and an Award Agreement.

Section 1.29 **Retirement**. Termination of employment with the Company and its Affiliates other than on account of death and:

(a) After attaining age 60;

(b) After attaining age 55 and completing 20 “years of service;” or

(c) As the result of Total Disability.

For purposes of determining a Participant’s “years of service” under Subsection (c) of this Section, a Participant is credited with a year of service for any calendar year in which the Participant completes at least 1,000 hours of service, including periods of Total Disability and authorized leaves of absence and excluding periods of employment with Affiliates of the company prior to becoming an Affiliate unless inclusion of such employment is approved by the Committee. “Hours of service” are credited in accordance with the provisions of the Company’s Savings Plan, as amended from time to time, as if that plan were in existence when the service was performed.

Section 1.30 **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 a 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 under a Total Disability 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.

ARTICLE II
ELIGIBILITY AND PARTICIPATION

Section 2.1 **Eligibility**. Awards may be granted under the Plan from time to time by the Committee to Employees who perform services for a Participating Company on a substantially full-time basis and to any member of the Board who is not an Employee. Unless otherwise determined by the Committee, “substantially full-time basis” means average work hours in excess of 35 per week.

ARTICLE III
GRANT OF AWARDS

Section 3.1 **General**.

(a) **Grants of Awards**: Awards may be granted under the Plan at any time and from time to time as the Committee shall determine. Awards may be granted as Incentive Awards in accordance with Section 3.2, Options in accordance with Section 3.3 or Restricted Shares or Restricted Share Units in accordance with Section 3.4.

(b) **Shares Available Under the Plan**:

(i) Subject to adjustment as provided in Section 3.1(b)(ii) and Section 8.6 of the Plan, the number of shares of Common Stock that may be issued or transferred (A) upon the exercise of Options, (B) as Restricted Shares or Restricted Share Units are released from substantial risk of forfeiture thereof, (C) in payment of Incentive Awards granted under Section 3.2 of the Plan or (D) in payment of dividend equivalents paid with respect to Restricted Share or Restricted Share Unit Awards made under the Plan shall not exceed in the aggregate 250,000 shares of Common Stock. Such shares may be shares of original issuance, treasury shares or a combination of the foregoing.

(ii) The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute Awards) and make adjustments in the number of shares of Common Stock available under Section 3.1(b)(i) above or otherwise specified in the Plan or in any Award granted hereunder if the number of shares actually delivered differs from the number of shares previously counted in connection with an Award. Shares of Common Stock subject to an Award that are canceled, expired, forfeited, settled in cash or are otherwise terminated without a delivery of Common Stock to the Participant will again be available for Awards. Shares withheld in payment of the exercise price or taxes relating to an Award and shares surrendered in payment of any exercise price or taxes relating to an Award shall be deemed to constitute shares of Common Stock delivered to the Participant and shall not be available for Awards under the Plan. This Section 3.1(b)(ii) shall apply to the number of shares of Common Stock reserved and available for Incentive Stock Options only to the extent consistent with applicable Treasury regulations relating to Incentive Stock Options under the Code.

(c) **Award Limitations**: Notwithstanding any other provision of the Plan to the contrary, in no event shall any Participant in any fiscal year of the Company be granted:

(i) an Award of Options, in the aggregate, for more than 50,000 shares of Common Stock,

(ii) an Award of Restricted Shares and Restricted Share Units covering more than 50,000 shares of Common Stock;

(iii) an Incentive Award of more than $3,000,000.

Section 3.2 **<u>Incentive Awards</u>**.

(a) **Award Agreements**: The Committee may establish Performance Measures applicable to any Incentive Award in an Award Agreement, or in an Appendix to the Plan. The Committee shall establish the amounts to which a Participant shall be entitled upon attainment of the applicable Performance Measures. With respect to any Performance Measure applicable to an Incentive Award, the Committee shall select (i) a minimum level of performance ("Threshold") under which the Participant shall not be entitled to any payment under the Incentive Award, (ii) an expected level of performance ("Target") at which the Participant shall be entitled to the targeted payment under the Incentive Award, (iii) a maximum level of performance ("Maximum") at which the Participant shall be entitled to the maximum payment under the Incentive Award, (iv) the calculation methods to be used for the Performance Period, and (v) the relative weightings of the Performance Measures for the Performance Period. Notwithstanding any other provision of the Plan to the contrary, the Committee, in its sole discretion, may provide, in the relevant Award Agreement or in an Appendix to the Plan, that performance below a stated level of performance with respect to any Performance Measure applicable to an Incentive Award (or other general benchmark selected by the Committee with respect to such Award) shall result in no payment being made to the Participant under such Incentive Award irrespective of whether any particular level of performance was achieved by the Participant with respect to any other Performance Measures applicable to the Award.

(b) **Determination of Awards**: As soon as practicable (but not later than the first March 31) after the end of the Performance Period, the Committee shall certify whether and to what extent the Performance Measures have been met and what Incentive Awards have been earned, and shall notify each Participant of his or her entitlement, if any, to the payment of an Incentive Award.

(c) **Vesting of Awards**: Except as otherwise provided in Section 3.2(e) with respect to death, Total Disability, or Retirement or in Section 3.2(f) with respect to a Change in Control, Incentive Awards may be earned only by those Participants who remain Employees through the end of the term of the Award.

(d) **Payment of Awards**: Except as otherwise provided in Section 3.2(f) following a Change in Control, Incentive Awards earned shall be paid no later than the March 31 next following the end of the applicable Performance Period. Incentive Awards may be paid in cash, in Common Stock or in a combination of cash or Common Stock as determined by the Committee and as specified in an Award Agreement or in an Appendix to the Plan. The number of shares of Common Stock payable to a Participant to settle an Incentive Award payment shall be determined by dividing the amount of the Incentive Award payable in cash by the Market Value of the shares of the Company's Common Stock on the last trading day of the Performance Period.

(e) **Total Disability, Death or Retirement**: In the event of the Total Disability, Retirement or death of any Participant after completion of the first year of a Performance Period but prior to the end of the Performance Period, and in the event of the subsequent attainment of the Performance Measure or Measures applicable to such Participant, such Participant or such Participant's designated Beneficiary or estate, as applicable, shall be entitled to receive, no later than the March 31 next following the end of the applicable Performance Period, a pro rata portion of the Participant's Incentive Award based on the portion of the Performance Period completed through the date of the Participant's Total Disability, Retirement or death. If the Participant's employment with all Participating Companies is terminated, voluntarily or involuntarily, prior to the end of the applicable Performance Period for any reason other than Total Disability, Retirement or death, the Participant shall forfeit any right to an Incentive Award or any portion thereof; provided, however, that in unusual circumstances, the Committee, in its sole discretion, may waive the forfeiture in whole or in part.

(f) **Change in Control**: Notwithstanding any provision of the Plan to the contrary, if a Change in Control occurs prior to the end of a Performance Period, within 15 days following the occurrence of the Change in Control, each Participant shall be entitled to receive a pro rata portion of the Participant's Incentive Award for any Performance Period incomplete as of the date of the Change in Control, based on the portion of the Performance Period completed through the date of the Change in Control. For purposes of any Incentive Award payment made pursuant to this Section, the Target payout opportunities shall be deemed to have been earned as of the effective date of the Change in Control based on an assumed achievement of all relevant Performance Measures.

(g) **Deferral of Award**: The Committee may provide for the deferred payment of an Incentive Award in accordance with procedures established by the Committee, which may be procedures established under the Company's Supplemental Savings Incentive Plan ("SSIP") or any other plan maintained by the Company providing for the deferral of compensation, and in accordance with the requirements of Section 409A of the Code. Thereafter, payment of any Incentive Award so deferred will be subject to all provisions of the SSIP or such other plan.

Section 3.3 <u>Options</u>.

(a) **Grant of Options**: The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of Options to purchase shares of Common Stock. The Committee shall have the power to determine the number of shares of Common Stock subject to the Option to be granted to each Participant and the terms and conditions of such Awards. Successive grants may be made to the same Participant whether or not any Options previously granted to such Participant remain unexercised. No Options shall be exercisable more than 10 years from the Date of Grant. No Option may provide for the payment of dividend equivalents to the Optionee.

(b) **Award Agreements**: Each Option grant shall specify in an Award Agreement, or in an Appendix to the Plan such terms and provisions, consistent with the Plan and applicable sections of the Code, as the Committee may approve, including the following provisions:

(i) The type of Option granted.

(ii) The number of shares of Common Stock to which it pertains, subject to adjustments as provided in Section 8.6 of the Plan.

(iii) The Option Price per share, which shall be equal to or greater than the Market Value per share of Common Stock on the Date of Grant.

(iv) The period or periods of continuous service by the Optionee with the Company or any Affiliate that is necessary before the Option or installments thereof will become exercisable.

(v) Any Performance Measures that must be achieved and the level of such achievement as a condition to the grant or exercise of such Options.

(c) **Payment of the Option Price**: The Committee shall establish procedures governing the exercise of Options. Each grant shall specify whether the Option Price shall be payable (i) in cash or by check acceptable to the Company, (ii) by the actual or constructive transfer to the Company of Common Stock owned by the Optionee, (iii) by a combination of such methods of payment. To the extent permitted by law, any grant may provide for payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares of Common Stock to which such exercise relates (a "cash-less exercise") or any other method determined by the Committee and provided in the relevant Award Agreement.

Section 3.4 <u>Restricted Shares or Restricted Share Units</u>.

(a) **Grant of Restricted Shares or Restricted Share Units**: The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting or sale to Participants of Restricted Shares or Restricted Share Units. The Committee shall have the power to determine the number of Restricted Shares or Restricted Share Units to be granted to each Participant, the Restricted Period, and other terms and conditions of such Awards. Each such grant or sale of Restricted Shares shall constitute an immediate transfer of the ownership of Common Stock to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to. Each such grant or sale of Restricted Share Units shall constitute an immediate transfer of the right for the Participant to receive an equivalent number of shares of Common Stock in consideration of the performance of services, but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to. Restricted Stock Units shall not entitle a Participant to voting, dividend and other ownership rights unless and until the Restricted Period with respect to such Restricted Stock Units has expired and shares of Common Stock in respect of such Restricted Stock Units have been issued to the Participant. Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than Market Value per share of Common Stock at the Date of Grant.

(b) **Award Agreements**: For each grant of Restricted Shares or Restricted Share Units, the Committee shall specify in an Award Agreement, or in an Appendix to the Plan such terms and provisions, consistent with the Plan and applicable sections of the Code, as the Committee may approve, including the following provisions:

(i) The number of Restricted Shares or Restricted Share Units granted to each Participant.

(ii) The duration of the Restricted Period. Each such grant or sale shall provide that the Restricted Shares or Restricted Share Units covered by such grant or sale shall be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code for a period to be determined by the Committee at the Date of Grant.

(iii) The transferability restrictions applicable during the Restricted Period which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Shares or Restricted Share Units to a continuing substantial risk of forfeiture in the hands of any transferee.

(iv) Any Performance Measures that must be achieved as a condition to the grant of Restricted Shares or Restricted Share Units, or the achievement of which will result in termination or early termination of the restrictions applicable to such shares or units. Each grant may specify in respect of such Performance Measures a minimum acceptable level of achievement and shall set forth a formula for determining the number of Restricted Shares or Restricted Share Units on which restrictions will terminate if performance is at or above the minimum level, but falls short of full achievement of the specified Performance Measures.

(v) Any grant or sale of Restricted Shares may require that any or all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and reinvested in additional Restricted Shares, which may be subject to the same restrictions as the underlying Award.

(c) **Legend**: Any Common Stock issued to or in the name of a Participant in respect of Restricted Shares prior to the expiration of the Restricted Period shall be registered in the name of the Participant and shall bear such restrictive legend or be subject to such transfer restrictions as the Committee determines appropriate. Unless otherwise directed by the Committee, all Common Stock representing Restricted Shares shall be held in custody by the Company until all restrictions thereon shall have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such shares.

ARTICLE IV
ADMINISTRATION

Section 4.1 **Powers and Duties of the Committee**.

(a) **General**: The Plan will be administered by the Committee. In administering the Plan, the Committee is authorized to interpret the provisions of the Plan and to perform and exercise all of the duties and powers granted to it under the terms of the Plan by action of a majority of its members in office from time to time. The Committee is authorized to set Performance Measures, measure the results and determine the amounts payable under Awards. While the Committee may not increase the amount payable under an Award for a Performance Period, it retains discretionary authority to reduce the amount that would otherwise be payable to a Participant under his or her Award if the Performance Measures are attained. The Committee may also adopt such rules and regulations for the administration of the Plan as are consistent with the terms hereof and shall keep adequate records of its proceedings and acts. All interpretations and decisions made (both as to law and fact) and other action taken by the Committee with respect to the Plan shall be conclusive and binding upon all parties having or claiming to have an interest under the Plan. Not in limitation of the preceding provisions of this Section, the Committee shall have the discretion to decide any factual or interpretative issues that may arise in connection with its administration of the Plan (including, without limitation, any determination as to claims for benefits hereunder), and the Committee's exercise of such discretion shall be conclusive and binding on all affected parties as long as it is not arbitrary or capricious.

(b) **Delegation of Authority**: The Committee, in its discretion, may delegate to a special committee consisting of one or more officers of the Company, all or part of the Committee's authority and duties with respect to grants and awards to individuals who at the time of grant are not, and are not anticipated to become, persons subject to the reporting and other provisions of Section 16 of the Securities Exchange Act of 1934. The Committee may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Committee's delegate or delegates that were consistent with the terms of the Plan.

ARTICLE V
DESIGNATION OF BENEFICIARIES

Section 5.1 **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 any amount of an Incentive Award payable under the Plan, exercise an Option or receive Restricted Shares or Restricted Share Units under the Plan after the Participant's death. A Participant may from time to time revoke or change such Beneficiary by filing a new designation as described in the preceding sentence. 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 by 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) or other rights that would have been given 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 the payment(s) or rights that would have been received by such Beneficiary shall be made to the Beneficiary's estate.

Section 5.2 **No Beneficiary Named or in Existence**. If no Beneficiary designation is in effect at the time of a Participant's death (including a situation where no designated Beneficiary is alive or in existence at the time of the Participant's death), any amounts payable or rights due 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. If there is any doubt as to the right of any person to receive such payments, 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 VI
WITHDRAWAL OF PARTICIPATING COMPANY

Section 6.1 **Withdrawal of Participating Company**. A Participating Company (other than the Company) may withdraw from participation in the Plan by giving the Committee 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 which notice is received by the Committee. A Participating Company shall withdraw from participation in the Plan if and when it ceases to be an Affiliate. The Committee may require the Participating Company to withdraw from the Plan as of any withdrawal date the Committee specifies.

Section 6.2 **Effect of Withdrawal**. A Participating Company's withdrawal from the Plan shall not in any way modify, reduce or otherwise affect the Participating Company's obligations under Awards made before the withdrawal, as such obligations are defined under the provisions of the Plan existing immediately before this 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 VII
AMENDMENT OR TERMINATION OF THE PLAN

Section 7.1 **Right to Amend or Terminate Plan**. The Committee reserves the right at any time to amend or terminate the Plan, in whole or in part, 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. Notwithstanding the foregoing, any amendment which must be approved by the stockholders of the Company in order to comply with applicable law or the rules of the exchange on which shares of Common Stock are traded shall not be effective unless and until such approval has been obtained. Presentation of the Plan or any amendment thereof for stockholder approval shall not be construed to limit the Company's authority to offer similar or dissimilar benefits under other plans or otherwise with or without stockholder approval. Without limiting the generality of the foregoing, the Committee may amend the Plan to eliminate provisions that are no longer necessary as a result in changes in tax or securities laws or regulations, or in the interpretation thereof.

Section 7.2 **Stockholder Approval**. The Plan may not be amended to reduce the Option Price of any outstanding Option, and no Option shall be cancelled and replaced with an Option having a lower Option Price, without further approval of the stockholders of the Company.

Section 7.3 **Termination of the Plan**. No grant of Awards shall be made under the Plan after December 31, 2021, but all grants made on or prior to such date shall continue in effect thereafter subject to the terms thereof and of the Plan.

Section 7.4 **Notice**. Notice of any amendment or termination of the Plan shall be given by the Board or the Committee, whichever adopts the amendment, to all Participating Companies.

ARTICLE VIII
GENERAL PROVISIONS AND LIMITATIONS

Section 8.1 **No Right to Continued Employment**. Nothing contained in the Plan shall give any Employee the right to be retained in the employment of a 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."

Section 8.2 **No Rights as a Stockholder**. A Participant shall have no rights as a stockholder with respect to any shares of Common Stock covered by an Award until he or she shall have become the holder of record of such Common Stock, and no adjustments shall be made for dividends in cash or other property or distribution or other rights in respect of any such shares, except as otherwise specifically provided for in the Plan or an Award Agreement.

Section 8.3 **No Right to Designation as Participant**. Designation as a Participant in the Plan for a Performance Period shall not entitle or be deemed to entitle the Participant to be designated as a Participant for any subsequent Performance Periods.

Section 8.4 **Payment on Behalf of Payee**. If the Committee 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.

Section 8.5 **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 Committee 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. Notwithstanding the foregoing, the Committee may permit an Award to be assigned or transferred by will or the laws of distribution. Except as authorized by the Committee, Options shall be exercisable during the Optionee's lifetime only by the Optionee or by his or her legal representative.

If the 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.

Section 8.6 **Adjustments**. The Committee shall make or provide for such adjustments in the number of shares of Common Stock covered by outstanding Options granted hereunder, in the Option Price provided in outstanding Options, and in the kind of shares covered thereby, as the Committee, in its sole discretion, exercised in good faith, shall determine is equitably required to prevent dilution or enlargement of the rights of Participants or Optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, or (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets (including, without limitation, a special or large non-recurring dividend), issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing (a "Corporate Transaction"). Notwithstanding the foregoing, to the extent that a Corporate Transaction involves a nonreciprocal transaction between the Company and its stockholders that causes the per-share value of the Common Stock underlying outstanding Awards under the Plan to change, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend (an "Equity Restructuring"), the Committee shall be required to make or provide for such adjustments set forth in the preceding sentence that, in its sole discretion, are required to equalize the value of the outstanding Awards under the Plan before and after the Equity Restructuring. In the event of any Corporate Transaction, the Committee, in its discretion, may provide in substitution for any or all outstanding Awards under the Plan such alternative consideration as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all Awards so replaced. The Committee may also make or provide for such adjustments in the numbers of shares specified in Section 3.1 of the Plan as the Committee in its sole discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described in this Section 8.6; provided, however, that any such adjustment shall be made only if and to the extent that such adjustment would not cause any Option intended to qualify as an Incentive Stock Option to fail so to qualify. Notwithstanding the foregoing, no adjustment shall be required pursuant to this Section 8.6 if such action would cause an Award to fail to satisfy the conditions of any applicable exception from the requirements of Section 409A of the Code or otherwise could subject a Participant to the additional tax imposed under Section 409A of the Code with respect to an outstanding Award.

Section 8.7 **Recoupment of Awards**. The Committee may require in any Agreement that any current or former Participant reimburse the Company for all or any portion of any Award, terminate any outstanding, unexercised, unexpired or unpaid Award, rescind any exercise, payment or delivery pursuant to an Award or recapture any shares of Common Stock (whether restricted or unrestricted) or proceeds from the Participant's sale of shares of Common Stock issued pursuant to an Award made under the Plan to the extent required by any recoupment or clawback policy adopted by the Committee in its discretion or to comply with the requirements of any applicable laws.

Section 8.8 **No Trust or Funding Created**. The obligations of each Participating Company to make payments hereunder constitutes 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. 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.

Section 8.9 **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.

Section 8.10 **Coordination with Other Company Benefit Plans**. Any income Participants derive from payments pursuant to Awards will not be considered eligible earnings for purposes of pension plans, savings plans, profit sharing plans or any other benefits plans sponsored or maintained by the Company or an Affiliate, unless expressly included by the provisions of any such plan.

Section 8.11 **Limited Effect of Restatement**. This instrument amends and restates the Plan effective as of the Effective Date. Nothing in this instrument shall in any way change, alter or affect the terms of any Award made under the Plan prior to such date.

Section 8.12 **Entire Plan**. This document and any Award Agreement, any written amendments hereto and any Appendix attached hereto 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.

Section 8.13 **Withholding**. Each Participating Company shall have the right to deduct from any payment under the Plan an amount equal to the federal, state, local, foreign and other taxes which in the opinion of the Company are required to be withheld by it with respect to such payment and to the extent that the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. At the discretion of the Committee, such arrangements may include relinquishment of a portion of such benefit.

Section 8.14 **Application of Section 409A of the Code**. Except as otherwise provided in Section 3.2(g), the Plan is not intended to provide any payments that constitute a "deferral of compensation," as described in Treasury Regulations Section 1.409A-1(b). Notwithstanding the preceding sentence, to the extent the Plan or any payment made under the Plan is determined to be subject to the provisions of Section 409A of the Code, the Plan shall be interpreted, operated and administered to comply with the requirements of Section 409A of the Code.

Section 8.15 **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.

Section 8.16 **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 the Plan to be executed by a duly authorized officer this 30th day of November, 2018.

COCA-COLA BOTTLING CO. CONSOLIDATED

By:	/s/ David Katz
Officer's Name:	David Katz
Officer's Title:	Executive Vice President, Chief Financial Officer

Exhibit 21

COCA-COLA CONSOLIDATED, INC.
LISTING OF SUBSIDIARIES AS OF DECEMBER 29, 2019

Entity	State or Other Jurisdiction of Incorporation or Organization	Date of Incorporation or Organization	Owned By	Ownership Percentage
CCBCC, Inc.	Delaware	12/20/1993	Coca-Cola Consolidated, Inc.	100.0%
CCBCC Operations, LLC	Delaware	10/15/2003	Coca-Cola Consolidated, Inc.	100.0%
Chesapeake Treatment Company, LLC	North Carolina	6/5/1995	CCBCC Operations, LLC	100.0%
Coca-Cola Ventures, Inc.	Delaware	6/17/1993	Coca-Cola Consolidated, Inc.	100.0%
Consolidated Beverage Co.	Delaware	1/8/1997	Coca-Cola Consolidated, Inc.	100.0%
Consolidated Real Estate Group, LLC	North Carolina	1/4/2000	Coca-Cola Consolidated, Inc.	100.0%
Data Ventures, Inc.	North Carolina	9/25/2006	Coca-Cola Consolidated, Inc.	100.0%
Heath Oil Co., Inc.	South Carolina	9/9/1986	CCBCC Operations, LLC	100.0%
TXN, Inc.	Delaware	1/3/1990	Data Ventures, Inc.	100.0%
Tennessee Soft Drink Production Company	Tennessee	12/22/1988	CCBCC Operations, LLC	100.0%
Piedmont Coca-Cola Bottling Partnership	Delaware	7/2/1993	Coca-Cola Ventures, Inc.	77.3%
CCBC of Wilmington, Inc.	Delaware	6/17/1993	Piedmont Coca-Cola Bottling Partnership	100.0%
Swift Water Logistics, Inc.	North Carolina	4/24/2006	Coca-Cola Consolidated, Inc.	100.0%
Data Ventures Europe BV	Netherlands	1/23/2007	Data Ventures, Inc.	100.0%
Equipment Reutilization Solutions, LLC	North Carolina	4/12/2010	CCBCC Operations, LLC	100.0%
Red Classic Services, LLC	North Carolina	11/19/2010	Coca-Cola Consolidated, Inc.	100.0%
Red Classic Equipment, LLC	North Carolina	11/19/2010	Red Classic Services, LLC	100.0%
Red Classic Transportation Services, LLC	North Carolina	11/19/2010	Red Classic Services, LLC	100.0%
Red Classic Transit, LLC	North Carolina	11/19/2010	Red Classic Transportation Services, LLC	100.0%
Red Classic Contractor, LLC	North Carolina	11/19/2010	Red Classic Transportation Services, LLC	100.0%

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-181345) of Coca-Cola Consolidated, Inc. of our report dated February 25, 2020 relating to the financial statements, the financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Charlotte, North Carolina
February 25, 2020

Exhibit 31.1

CERTIFICATION

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

1. I have reviewed this Annual Report on Form 10-K of Coca-Cola Consolidated, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: February 25, 2020

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

Exhibit 31.2

CERTIFICATION

I, F. Scott Anthony, certify that:

1. I have reviewed this Annual Report on Form 10-K of Coca-Cola Consolidated, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: February 25, 2020

/s/ F. Scott Anthony
F. Scott Anthony
Executive Vice President 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 Annual Report on Form 10-K of Coca-Cola Consolidated, Inc. (the “Company”) for the fiscal year ended December 29, 2019, 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 F. Scott Anthony, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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, as amended; and

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

/s/ J. Frank Harrison, III
J. Frank Harrison, III
Chairman of the Board of Directors and
Chief Executive Officer
February 25, 2020

/s/ F. Scott Anthony
F. Scott Anthony
Executive Vice President and Chief Financial Officer
February 25, 2020