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

FORM 10-Q

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

For the quarterly period ended March 29, 2015

Commission File Number 0-9286

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

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

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

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

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

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

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

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

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

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

Class	Outstanding at April 30, 2015
Common Stock, $1.00 Par Value	7,141,447
Class B Common Stock, $1.00 Par Value	2,150,782

COCA-COLA BOTTLING CO. CONSOLIDATED
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 29, 2015

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	First Quarter	
	2015	2014
Net sales	$453,253	$388,582
Cost of sales	268,880	232,249
Gross margin	184,373	156,333
Selling, delivery and administrative expenses	167,471	144,217
Income from operations	16,902	12,116
Interest expense, net	7,347	7,223
Other income (expense)	(5,089)	0
Income before income taxes	4,466	4,893
Income tax expense	1,513	1,792
Net income	2,953	3,101
Less: Net income attributable to noncontrolling interest	729	652
Net income attributable to Coca-Cola Bottling Co. Consolidated	$ 2,224	$ 2,449
Basic net income per share based on net income attributable to Coca-Cola Bottling Co. Consolidated		
Common Stock	$ .24	$ .26
Weighted average number of Common Stock shares outstanding	7,141	7,141
Class B Common Stock	$ .24	$ .26
Weighted average number of Class B Common Stock shares outstanding	2,136	2,115
Diluted net income per share based on net income attributable to Coca-Cola Bottling Co. Consolidated		
Common Stock	$ .24	$ .26
Weighted average number of Common Stock shares outstanding – assuming dilution	9,317	9,296
Class B Common Stock	$ .23	$ .26
Weighted average number of Class B Common Stock shares outstanding – assuming dilution	2,176	2,155
Cash dividends per share		
Common Stock	$ .25	$ .25
Class B Common Stock	$ .25	$ .25

See Accompanying Notes to Consolidated Financial Statements.

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

	First Quarter 2015	First Quarter 2014
Net income	$2,953	$3,101
Other comprehensive income, net of tax:		
Foreign currency translation adjustment	(4)	0
Defined benefit plans reclassification included in pension costs:		
Actuarial loss	489	259
Prior service costs	5	5
Postretirement benefits reclassification included in benefits costs:		
Actuarial loss	440	346
Prior service costs	(516)	(232)
Other comprehensive income, net of tax	414	378
Comprehensive income	3,367	3,479
Less: Comprehensive income attributable to noncontrolling interest	729	652
Comprehensive income attributable to Coca-Cola Bottling Co. Consolidated	$2,638	$2,827

See Accompanying Notes to Consolidated Financial Statements.

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

	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 21,163	$ 9,095	$ 18,774
Accounts receivable, trade, less allowance for doubtful accounts of $1,514, $1,330 and $1,461, respectively	144,356	125,726	118,205
Accounts receivable from The Coca-Cola Company	30,639	22,741	25,816
Accounts receivable, other	12,308	14,531	11,969
Inventories	91,129	70,740	76,113
Prepaid expenses and other current assets	41,141	44,168	29,563
Total current assets	340,736	287,001	280,440
Property, plant and equipment, net	391,838	358,232	306,073
Leased property under capital leases, net	41,587	42,971	47,474
Other assets	64,014	60,832	59,959
Franchise rights	520,672	520,672	520,672
Goodwill	109,984	106,220	102,049
Other identifiable intangible assets, net	103,906	57,148	3,597
Total assets	$1,572,737	$1,433,076	$1,320,264

See Accompanying Notes to Consolidated Financial Statements.

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

	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014
LIABILITIES AND EQUITY			
Current Liabilities:			
Current portion of debt	$ 0	$ 0	$ 20,000
Current portion of obligations under capital leases	6,679	6,446	6,062
Accounts payable, trade	58,458	58,640	52,309
Accounts payable to The Coca-Cola Company	60,211	51,227	39,049
Other accrued liabilities	80,446	68,775	78,106
Accrued compensation	24,650	38,677	17,422
Accrued interest payable	8,768	3,655	9,389
Total current liabilities	239,212	227,420	222,337
Deferred income taxes	131,895	140,000	146,181
Pension and postretirement benefit obligations	133,809	134,100	89,825
Other liabilities	229,889	177,250	127,975
Obligations under capital leases	50,905	52,604	57,477
Long-term debt	526,809	444,759	413,613
Total liabilities	1,312,519	1,176,133	1,057,408
Commitments and Contingencies (Note 12)			
Equity:			
Common Stock, $1.00 par value:			
Authorized – 30,000,000 shares;			
Issued – 10,203,821 shares	10,204	10,204	10,204
Class B Common Stock, $1.00 par value:			
Authorized – 10,000,000 shares;			
Issued – 2,778,896, 2,757,976 and 2,757,976 shares, respectively	2,777	2,756	2,756
Capital in excess of par value	113,064	110,860	110,684
Retained earnings	210,864	210,957	189,006
Accumulated other comprehensive loss	(89,500)	(89,914)	(57,798)
	247,409	244,863	254,852
Less-Treasury stock, at cost:			
Common – 3,062,374 shares	60,845	60,845	60,845
Class B Common – 628,114 shares	409	409	409
Total equity of Coca-Cola Bottling Co. Consolidated	186,155	183,609	193,598
Noncontrolling interest	74,063	73,334	69,258
Total equity	260,218	256,943	262,856
Total liabilities and equity	$1,572,737	$1,433,076	$1,320,264

See Accompanying Notes to Consolidated Financial Statements.

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

	Common Stock	Class B Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity of CCBCC	Noncontrolling Interest	Total Equity
Balance on Dec. 29, 2013	$10,204	$2,735	$108,942	$188,869	$ (58,176)	$(61,254)	$191,320	$ 68,606	$259,926
Net income				2,449			2,449	652	3,101
Other comprehensive income, net of tax					378		378		378
Cash dividends paid Common ($.25 per share)				(1,785)			(1,785)		(1,785)
Class B Common ($.25 per share)				(527)			(527)		(527)
Issuance of 20,900 shares of Class B Common Stock		21	1,742				1,763		1,763
Balance on Mar. 30, 2014	$10,204	$2,756	$110,684	$189,006	$ (57,798)	$(61,254)	$193,598	$ 69,258	$262,856
Balance on Dec. 28, 2014	$10,204	$2,756	$110,860	$210,957	$ (89,914)	$(61,254)	$183,609	$ 73,334	$256,943
Net income				2,224			2,224	729	2,953
Other comprehensive income, net of tax					414		414		414
Cash dividends paid Common ($.25 per share)				(1,785)			(1,785)		(1,785)
Class B Common ($.25 per share)				(532)			(532)		(532)
Issuance of 20,920 shares of Class B Common Stock		21	2,204				2,225		2,225
Balance on Mar. 29, 2015	$10,204	$2,777	$113,064	$210,864	$ (89,500)	$(61,254)	$186,155	$ 74,063	$260,218

See Accompanying Notes to Consolidated Financial Statements.

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

	First Quarter	
	2015	2014
Cash Flows from Operating Activities		
Net income	$ 2,953	$ 3,101
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense	17,065	14,486
Amortization of intangibles	592	83
Deferred income taxes	42	222
(Gain)/loss on sale of property, plant and equipment	282	(179)
Impairment of property, plant and equipment	148	0
Amortization of debt costs	504	478
Amortization of deferred gain related to terminated interest rate agreements	(142)	(139)
Stock compensation expense	1,116	853
Fair value adjustment of acquisition-related contingent consideration	5,089	0
Increase in current assets less current liabilities (exclusive of acquisition)	(23,898)	(18,909)
Increase in other noncurrent assets (exclusive of acquisition)	(3,310)	(1,819)
Decrease in other noncurrent liabilities (exclusive of acquisition)	(2,229)	(5,485)
Other	(7)	0
Total adjustments	(4,748)	(10,409)
Net cash used in operating activities	(1,795)	(7,308)
Cash Flows from Investing Activities		
Additions to property, plant and equipment (exclusive of acquisition)	(30,842)	(17,814)
Proceeds from the sale of property, plant and equipment	118	958
Acquisition of new territories, net of cash acquired	(33,389)	0
Net cash used in investing activities	(64,113)	(16,856)
Cash Flows from Financing Activities		
Borrowings under revolving credit facility	82,000	35,000
Cash dividends paid	(2,317)	(2,312)
Principal payments on capital lease obligations	(1,619)	(1,449)
Other	(88)	(62)
Net cash provided by financing activities	77,976	31,177
Net increase in cash	12,068	7,013
Cash at beginning of period	9,095	11,761
Cash at end of period	$ 21,163	$ 18,774
Significant noncash investing and financing activities:		
Issuance of Class B Common Stock in connection with stock award	$ 2,225	$ 1,763
Additions to property, plant and equipment accrued and recorded in accounts payable, trade	4,734	6,194

See Accompanying Notes to Consolidated Financial Statements.

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

1. Significant Accounting Policies

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

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

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (GAAP) for interim financial reporting and the instructions to Form 10-Q and Article 10 of Regulation S-X. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accounting policies followed in the presentation of interim financial results are consistent with those followed on an annual basis. These policies are presented in Note 1 to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 28, 2014 filed with the United States Securities and Exchange Commission.

2. Acquisitions

In April 2013, the Company announced that it had signed a non-binding letter of intent with The Coca-Cola Company to expand the Company’s franchise territory to include distribution rights in parts of Tennessee, Kentucky and Indiana served by Coca-Cola Refreshments USA, Inc. (“CCR”), a wholly owned subsidiary of The Coca-Cola Company.

Cleveland and Cookeville, Tennessee Territory Acquisitions

On December 5, 2014, the Company and CCR entered into an asset purchase agreement (the “January Asset Purchase Agreement”) relating to the territory served by CCR through CCR’s facilities and equipment located in Cleveland and Cookeville, Tennessee (the “January Expansion Territory”). The closing of this transaction occurred on January 30, 2015 for a cash purchase price of $13.8 million, which will remain subject to adjustment until March 13, 2016 in accordance with the terms and conditions of the January Asset Purchase Agreement.

The Company has preliminarily allocated the purchase price for the January Expansion Territory to the individual acquired assets and assumed liabilities. The valuations are subject to adjustment as additional information is obtained, but any adjustments are not expected to be material.

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

2. Acquisitions

The fair values of acquired assets and assumed liabilities as of the acquisition date are summarized as follows:

In Thousands	Fair Value
Cash	$ 59
Inventories	1,237
Prepaid expenses and other current assets	675
Property, plant and equipment	6,717
Other assets (including deferred taxes)	759
Goodwill	1,134
Other identifiable intangible assets	17,750
Total acquired assets	$28,331
Current liabilities (acquisition related contingent consideration)	$ 843
Other liabilities (acquisition related contingent consideration)	13,729
Total assumed liabilities	$14,572

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

In Thousands	Fair Value	Estimated Useful Life
Distribution agreements	$17,200	40 years
Customer lists	550	12 years
Total	$17,750	

The goodwill of $1.1 million is primarily attributable to the workforce of the January Expansion Territory. Goodwill of $0.1 million is expected to be deductible for tax purposes.

Louisville, Kentucky and Evansville, Indiana Territory Acquisitions

On December 17, 2014, the Company and CCR entered into an asset purchase agreement (the "February Asset Purchase Agreement") related to the territory served by CCR through CCR's facilities and equipment located in Louisville, Kentucky and Evansville, Indiana (the "February Expansion Territory"). The closing of this transaction occurred on February 27, 2015, for a cash purchase price of $19.8 million, which will remain subject to adjustment until April 7, 2016 in accordance with the terms and conditions of the February Asset Purchase Agreement.

The Company has preliminarily allocated the purchase price of the February Expansion Territory to the individual acquired assets and assumed liabilities. The valuations are subject to adjustment as additional information is obtained, but any adjustments are not expected to be material.

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

2. Acquisitions

The fair values of acquired assets and assumed liabilities as of the acquisition date are summarized as follows:

In Thousands	Fair Value
Cash	$ 105
Inventories	1,269
Prepaid expenses and other current assets	1,084
Property, plant and equipment	16,574
Other assets (including deferred taxes)	1,573
Goodwill	2,670
Other identifiable intangible assets	29,600
Total acquired assets	$52,875
Current liabilities (acquisition related contingent consideration)	$ 1,659
Other current liabilities	370
Other liabilities (acquisition related contingent consideration)	31,052
Total assumed liabilities	$33,081

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

In Thousands	Fair Value	Estimated Useful Life
Distribution agreements	$28,400	40 years
Customer lists	1,200	12 years
Total	$29,600	

The goodwill of $2.7 million is primarily attributed to the workforce of the February Expansion Territory. Goodwill of $0.8 million is expected to be deductible for tax purposes.

The financial results of the January and February Expansion Territories have been included in the Company’s consolidated financial statements from their respective acquisition dates. These territories contributed $18.1 million in net sales and $1.8 million in operating income during the first quarter of 2015 (“Q1 2015”).

At the closings of both the January and the February Asset Purchase Agreements, the Company signed a Comprehensive Beverage Agreement (“CBA”) for each of the January and February Expansion Territories which has a term of ten years and is renewable by the Company indefinitely for successive additional terms of ten years each unless earlier terminated as provided therein. Under the CBAs, the Company will make a quarterly sub-bottling payment to CCR on a continuing basis for the grant of exclusive rights to distribute, promote, market and sell specified covered beverages and related products, as defined in the agreements, in the January and February Expansion Territories. The quarterly sub-bottling payment, which is accounted for as contingent consideration, is based on sales of certain beverages and beverage products that are sold under the same trademarks that identify a covered beverage, related product or certain cross-licensed brands (as defined in the CBAs). The CBA imposes certain obligations on the Company with respect to serving the January and February Expansion Territories that failure to meet could result in termination of a CBA if the Company fails to take corrective measures within a specified time frame.

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

2. Acquisitions

On May 23, 2014, the Company acquired the Johnson City and Morristown, Tennessee territory, and on October 24, 2014, the Company acquired the Knoxville, Tennessee territory ("2014 Expansion Territories") from CCR under substantially similar asset purchase agreements and CBAs as used in the Q1 2015 acquisitions discussed above. The 2014 Expansion Territories and the January and February Expansion Territories contributed $53.3 million in net sales and $2.9 million in operating income during Q1 2015.

The anticipated range of amounts the Company could pay annually under the acquisition related contingent consideration arrangements for the 2014 Expansion Territories and the January and February Expansion Territories is between $6 million and $11 million. As of March 29, 2015, the Company has recorded a liability of $98.5 million to reflect the estimated fair value of the contingent consideration related to the future sub-bottling payments. The contingent consideration was valued using a probability weighted discounted cash flow model based on internal forecasts and the weighted average cost of capital derived from market data. The contingent consideration is reassessed and adjusted to fair value each quarter through other income (expense). During Q1 2015, the Company recorded an unfavorable fair value adjustment to the contingent consideration liability of $5.1 million primarily due to a change in the discount rate.

3. Inventories

In Thousands	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014
Finished products	$60,670	$42,526	$47,864
Manufacturing materials	10,466	10,133	10,572
Plastic shells, plastic pallets and other inventories	19,993	18,081	17,677
Total inventories	$91,129	$70,740	$76,113

4. Property, Plant and Equipment

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

In Thousands	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014	Estimated Useful Lives
Land	$ 15,342	$ 14,762	$ 13,484	
Buildings	122,521	120,533	112,460	8-50 years
Machinery and equipment	154,977	154,897	149,406	5-20 years
Transportation equipment	200,472	190,216	165,469	4-20 years
Furniture and fixtures	47,929	45,623	44,166	3-10 years
Cold drink dispensing equipment	366,200	345,391	320,807	5-17 years
Leasehold and land improvements	77,983	75,104	73,655	5-20 years
Software for internal use	92,289	91,156	82,455	3-10 years
Construction in progress	10,680	6,528	6,801	
Total property, plant and equipment, at cost	1,088,393	1,044,210	968,703	
Less: Accumulated depreciation and amortization	696,555	685,978	662,630	
Property, plant and equipment, net	$ 391,838	$ 358,232	$306,073	

4. Property, Plant and Equipment

Depreciation and amortization expense was $17.1 million and $14.5 million in Q1 2015 and in the first quarter of 2014 ("Q1 2014"), respectively. These amounts included amortization expense for leased property under capital leases.

5. Franchise Rights and Goodwill

In Thousands	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014
Franchise rights	$520,672	$520,672	$520,672
Goodwill	109,984	106,220	102,049
Total franchise rights and goodwill	$630,656	$626,892	$622,721

During Q1 2015, the Company added $3.8 million of goodwill related to the January and February Expansion Territories. There were no additions to franchise rights due to the acquisition of new territories.

The Company's goodwill resides entirely within the nonalcoholic beverage segment. The Company performs its annual impairment test of franchise rights and goodwill as of the first day of the fourth quarter. During Q1 2015, the Company did not experience any triggering events or changes in circumstances that indicated the carrying amounts of the Company's franchise rights or goodwill exceeded fair values.

6. Other Identifiable Intangible Assets

In Thousands	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014	Estimated Useful Lives
Distribution agreements	$100,509	$54,909	$2,309	20-40 years
Customer lists and other identifiable intangible assets	9,188	7,438	6,238	12-20 years
Total other identifiable intangible assets	109,697	62,347	8,547	
Less: Accumulated amortization	5,791	5,199	4,950	
Other identifiable intangible assets, net	$103,906	$57,148	$3,597	

During Q1 2015, the Company acquired $45.6 million of distribution agreement intangible assets and $1.8 million of customer lists intangible assets related to the January and February Expansion Territories.

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

7. Other Accrued Liabilities

In Thousands	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014
Accrued marketing costs	$14,161	$16,141	$11,098
Accrued insurance costs	21,831	21,055	21,937
Accrued taxes (other than income taxes)	4,308	2,430	2,415
Accrued income taxes	567	0	8,270
Employee benefit plan accruals	13,000	12,517	10,369
Checks and transfers yet to be presented for payment from zero balance cash accounts	8,692	2,324	13,370
All other accrued liabilities	17,887	14,308	10,647
Total other accrued liabilities	$80,446	$68,775	$78,106

8. Debt

In Thousands	Maturity	Interest Rate	Interest Paid	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014
Revolving credit facility	2019	Variable	Varies	$153,000	$ 71,000	$ 40,000
Line of credit	2014	Variable	Varies	0	0	20,000
Senior Notes	2015	5.30%	Semi-annually	100,000	100,000	100,000
Senior Notes	2016	5.00%	Semi-annually	164,757	164,757	164,757
Senior Notes	2019	7.00%	Semi-annually	110,000	110,000	110,000
Unamortized discount on Senior Notes	2019			(948)	(998)	(1,144)
Debt				526,809	444,759	433,613
Less: Current portion of debt				0	0	20,000
Long-term debt				$526,809	$444,759	$413,613

8. Debt

The Company has obtained the majority of its long-term debt financing, other than capital leases, from the public markets. As of March 29, 2015, the Company’s total outstanding balance of debt and capital lease obligations was $584.4 million of which $373.8 million was financed through publicly offered debt. The Company had capital lease obligations of $57.6 million as of March 29, 2015. The Company mitigates its financing risk by using multiple financial institutions and enters into credit arrangements only with institutions with investment grade credit ratings. The Company monitors counterparty credit ratings on an ongoing basis.

On October 16, 2014, the Company entered into a $350 million five-year unsecured revolving credit facility (the “Revolving Credit Facility”) which amended and restated the Company’s existing $200 million five-year unsecured revolving credit agreement. On April 27, 2015, the Company exercised the accordion feature of the Revolving Credit Facility, thereby increasing the aggregate availability by $100 million to $450 million. The Revolving Credit Facility has a scheduled maturity date of October 16, 2019 and up to $50 million is available for the issuance of letters of credit. Borrowings under the Revolving Credit Facility bear interest at a floating base rate or a floating Eurodollar rate plus an applicable margin, dependent on the Company’s credit rating at the time of borrowing. At the Company’s current credit ratings, the Company must pay an annual facility fee of .15% of the lenders’ aggregate commitments under the Revolving Credit Facility. The Revolving Credit Facility includes two financial covenants: a cash flow/fixed charges ratio (“fixed charges coverage ratio”) and funded indebtedness/cash flow ratio (“operating cash flow ratio”), each as defined in the agreement. The Company was in compliance with these covenants at March 29, 2015. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources.

On March 29, 2015, the Company had $153.0 million of outstanding borrowings on the Revolving Credit Facility and had $197.0 million available to meet its cash requirements. On December 28, 2014, the Company had $71.0 million of outstanding borrowings on the Revolving Credit Facility. On March 30, 2014, the Company had $40.0 million of outstanding borrowings on the Company’s prior revolving credit facility.

On March 30, 2014, the Company had $20.0 million outstanding on an uncommitted line of credit at a weighted average interest rate of 0.91%. On October 31, 2014, the Company terminated this uncommitted line of credit and refinanced the outstanding balance with additional borrowings under the Revolving Credit Facility.

The Company used borrowings under the Revolving Credit Facility to repay $100 million of senior notes which matured in April 2015. Accordingly, the Company has classified all the $100 million Senior Notes due April 2015 as long-term debt on the balance sheet at March 29, 2015. See Note 22 to the consolidated financial statements for information about the outstanding borrowings on the Revolving Credit Facility following the borrowings made for such purpose and additional borrowings made at the closing of several territory expansion transactions that occurred subsequent to March 29, 2015.

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

8. Debt

As of March 29, 2015, December 28, 2014 and March 30, 2014, the Company had a weighted average interest rate of 5.2%, 5.8% and 5.8%, respectively, for its outstanding debt and capital lease obligations. The Company's overall weighted average interest rate on its debt and capital lease obligations was 5.3% and 5.9% for Q1 2015 and Q1 2014, respectively. As of March 29, 2015, $153.0 million of the Company's debt and capital lease obligations of $584.4 million were subject to changes in short-term interest rates.

9. Derivative Financial Instruments

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

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

The following summarizes Q1 2015 and Q1 2014 pre-tax changes in the fair value of the Company's commodity derivative financial instruments and the classification of such changes in the consolidated statements of operations.

		First Quarter	
In Thousands	Classification of Gain	2015	2014
Commodity hedges	Cost of sales	$213	$781
Commodity hedges	Selling, delivery and administrative expenses	430	—
Total		$643	$781

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

In Thousands	Balance Sheet Classification	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014
Commodity hedges at fair market value	Prepaid expenses and other current assets	$ 452	$ 0	$ 781
Commodity hedges at fair market value	Other assets	$ 191	$ 0	$ 0
Total		$ 643	$ 0	$ 781

9. Derivative Financial Instruments

The Company has master agreements with the counterparties to its derivative financial agreements that provide for net settlement of derivative transactions. Accordingly, the net amounts of derivative assets are recognized in either prepaid expenses and other current assets or other assets in the consolidated balance sheet at March 29, 2015. The Company had gross derivative assets of $1.8 million, offset by gross derivative liabilities of $1.2 million as of March 29, 2015. The Company did not have any outstanding derivative transactions at December 28, 2014. The Company did not have any offsetting derivative transactions with its counterparties on March 30, 2014, and, accordingly, the gross amounts of derivative assets are recognized in prepaid expenses and other current assets in the consolidated balance sheet at March 28, 2014.

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

Subsequent to March 29, 2015, the Company entered into additional agreements to hedge certain commodity costs for 2016. The notional amount of these agreements was $8.7 million.

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10. Fair Value of Financial Instruments

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

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

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10. Fair Value of Financial Instruments

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

	Mar. 29, 2015		Dec. 28, 2014		Mar. 30, 2014	
In Thousands	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Public debt securities	$(373,809)	$(406,500)	$(373,759)	$(404,400)	$(373,613)	$(411,564)
Non-public variable rate debt	(153,000)	(153,000)	(71,000)	(71,000)	(60,000)	(60,000)
Deferred compensation plan assets	19,720	19,720	18,580	18,580	17,453	17,453
Deferred compensation plan liabilities	(19,720)	(19,720)	(18,580)	(18,580)	(17,453)	(17,453)
Commodity hedging agreements	643	643	0	0	781	781
Acquisition related contingent consideration	(98,505)	(98,505)	(46,850)	(46,850)	0	0

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

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

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

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

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

	Mar. 29, 2015			Dec. 28, 2014			Mar. 30, 2014		
In Thousands	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets									
Deferred compensation plan assets	$19,720			$18,580			$17,453		
Commodity hedging agreements		$ 643			$ 0			$ 781	
Liabilities									
Deferred compensation plan liabilities	19,720			18,580			17,453		
Acquisition related contingent consideration			$98,505			$46,850			$ 0

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

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10. Fair Value of Financial Instruments

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

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

As part of the 2015 and 2014 territory acquisitions, the Company will make a quarterly sub-bottling payment to CCR on a continuing basis for the grant of exclusive rights to distribute, promote, market and sell specified covered beverages and beverage products in the acquired territories. This contingent consideration is valued using a probability weighted discounted cash flow model based on internal forecasts and the weighted average cost of capital derived from market data, which are considered Level 3 inputs. Significant changes in any Level 3 input or assumption in isolation will result in increases or decreases to the fair value measurement for the acquisition related contingent consideration.

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

	First Quarter	
In Thousands	2015	2014
Opening balance	$46,850	$ 0
Increase due to the Cleveland and Cookeville purchase	14,572	0
Increase due to the Louisville and Evansville purchase	32,711	0
Accrual of Q1 2015 payment	(717)	0
Fair value adjustment	5,089	0
Ending balance	$98,505	$ 0

The unfavorable fair value adjustment of the acquisition related contingent consideration, which was primarily due to a change in the discount rate used, is recorded in other income (expense) on the Company's consolidated statements of operations.

There were no transfers of assets or liabilities between Levels in Q1 2015 or Q1 2014.

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11. Other Liabilities

In Thousands	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014
Accruals for executive benefit plans	$120,911	$117,965	$111,863
Acquisition related contingent consideration	92,963	43,850	0
Other	16,015	15,435	16,112
Total other liabilities	$229,889	$177,250	$127,975

12. Commitments and Contingencies

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

The Company also guarantees a portion of SAC's and Southeastern's debt. The amounts guaranteed were $34.1 million, $30.9 million and $31.2 million as of March 29, 2015, December 28, 2014 and March 30, 2014, respectively. The Company holds no assets as collateral against these guarantees, the fair value of which is immaterial. The guarantees relate to the debt of SAC and Southeastern, which resulted primarily from the purchase of production equipment and facilities. These guarantees expire at various dates through 2023. The members of both cooperatives consist solely of Coca-Cola bottlers. The Company does not anticipate either of these cooperatives will fail to fulfill its commitments. The Company further believes each of these cooperatives has sufficient assets, including production equipment, facilities and working capital, and the ability to adjust selling prices of its products to adequately mitigate the risk of material loss from the Company's guarantees. In the event either of these cooperatives fail to fulfill its commitments under the related debt, the Company would be responsible for payments to the lenders up to the level of the guarantees. If these cooperatives had borrowed up to their aggregate borrowing capacity, the Company's maximum exposure under these guarantees on March 29, 2015 would have been $23.9 million for SAC and $25.3 million for Southeastern. The Company's maximum total exposure, including its equity investment, would have been $28.0 million for SAC and $43.6 million for Southeastern.

The Company has standby letters of credit, primarily related to its property and casualty insurance programs. On March 29, 2015, these letters of credit totaled $23.4 million.

The Company participates in long-term marketing contractual arrangements with certain prestige properties, athletic venues and other locations. The future payments related to these contractual arrangements as of March 29, 2015 amounted to $40.2 million and expire at various dates through 2024.

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

12. Commitments and Contingencies

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

13. Income Taxes

The Company's effective tax rate, as calculated by dividing income tax expense by income before income taxes, for Q1 2015 and Q1 2014 was 33.9% and 36.6%, respectively. The Company's effective tax rate, as calculated by dividing income tax expense by income before income taxes minus net income attributable to noncontrolling interest, for Q1 2015 and Q1 2014 was 40.5% and 42.3%, respectively.

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

	First Quarter	
In Thousands	2015	2014
Statutory expense	$1,563	$1,712
State income taxes, net of federal benefit	160	187
Valuation allowance change	18	142
Noncontrolling interest – Piedmont	(286)	(270)
Manufacturing deduction benefit	(107)	(235)
Meals and entertainment	73	111
Adjustment for uncertain tax positions	52	84
Other, net	40	61
Income tax expense	$1,513	$1,792

The Company had $2.9 million of uncertain tax positions, including accrued interest, all of which would affect the Company's effective tax rate if recognized as of March 29, 2015, December 28, 2014 and March 30, 2014. Total accrued interest related to uncertain tax positions is immaterial in all periods presented. While it is expected that the amount of uncertain tax positions may change in the next 12 months, the Company does not expect any change to have a material impact on the consolidated financial statements.

Prior tax years beginning in year 2011 remain open to examination by the Internal Revenue Service, and various tax years beginning in year 1997 remain open to examination by certain state tax jurisdictions due to loss carryforwards.

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14. Accumulated Other Comprehensive Loss

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

A summary of accumulated other comprehensive loss for Q1 2015 and Q1 2014 is as follows:

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

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

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14. Accumulated Other Comprehensive Loss

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

In Thousands	Net Pension Activity	Net Postretirement Benefits Activity	Total
Q1 2015			
Cost of sales	$ 81	$ (16)	$ 65
S,D&A expenses	724	(107)	617
Subtotal pre-tax	805	(123)	682
Income tax expense	311	(47)	264
Total after tax effect	$ 494	$ (76)	$418
Q1 2014			
Cost of sales	$ 78	$ 24	$102
S,D&A expenses	353	161	514
Subtotal pre-tax	431	185	616
Income tax expense	167	71	238
Total after tax effect	$ 264	$ 114	$378

15. Capital Transactions

Compensation expense for the Performance Unit Award Agreement recognized in Q1 2015 was $1.1 million, which was based upon a common stock share price of $111.57 on March 27, 2015. Compensation expense for the Performance Unit Award Agreement recognized in Q1 2014 was $0.9 million, which was based upon a common stock share price of $85.25 on March 28, 2014.

On March 3, 2015 and March 4, 2014, the Compensation Committee determined that 40,000 shares of the Company's Class B Common Stock should be issued in each year pursuant to a Performance Unit Award Agreement to J. Frank Harrison, III, in connection with his services in 2014 and 2013, respectively, as Chairman of the Board of Directors and Chief Executive Officer of the Company. As permitted under the terms of the Performance Unit Award Agreement, 19,080 and 19,100 of such shares were settled in cash in 2015 and 2014, respectively, to satisfy tax withholding obligations in connection with the vesting of the performance units.

The increase in the total number of shares outstanding in Q1 2015 and Q1 2014 was due to the issuance of the 20,920 and 20,900 shares, respectively, of Class B Common Stock related to the Performance Unit Award Agreement in each year.

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16. Benefit Plans

Pension Plans

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

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

	First Quarter	
In Thousands	2015	2014
Service cost	$ 35	$ 29
Interest cost	2,974	2,896
Expected return on plan assets	(3,388)	(3,457)
Amortization of prior service cost	9	9
Recognized net actuarial loss	796	422
Net periodic pension cost (benefit)	$ 426	$ (101)

The Company did not make contributions to the Company-sponsored pension plans during Q1 2015. Anticipated contributions for the two Company-sponsored pension plans will be in the range of $7 million to $10 million during the remainder of 2015.

Postretirement Benefits

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

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

	First Quarter	
In Thousands	2015	2014
Service cost	$ 325	$ 383
Interest cost	708	825
Recognized net actuarial loss	717	563
Amortization of prior service cost	(840)	(378)
Net periodic postretirement benefit cost	$ 910	$1,393

16. Benefit Plans

Multi-Employer Benefits

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

There would likely be a withdrawal liability in the event the Company withdraws from its participation in the Plan. The Company's withdrawal liability was reported by the Plan's actuary as of April 2014 to be approximately $4.5 million. The Company does not currently anticipate withdrawing from the Plan.

17. Related Party Transactions

The Company's business consists primarily of the production, marketing and distribution of nonalcoholic beverages of The Coca-Cola Company, which is the sole owner of the secret formulas under which the primary components (either concentrate or syrup) of its soft drink products are manufactured. As of March 29, 2015, The Coca-Cola Company had a 34.8% interest in the Company's total outstanding Common Stock, representing 5.0% of the total voting power of the Company's Common Stock and Class B Common Stock voting together as a single class. As long as The Coca-Cola Company holds the number of shares of Common Stock that it currently owns, it has the right to have its designee proposed by the Company for the nomination to the Company's Board of Directors, and J. Frank Harrison III, the Chairman of the Board and the Chief Executive Officer of the Company, and trustees of certain trusts established for the benefit of certain relatives of J. Frank Harrison, Jr., have agreed to vote their shares of the Company's Class B Common Stock which they control in favor of such designee. The Coca-Cola Company does not own any shares of Class B Common Stock of the Company.

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17. Related Party Transactions

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

In Millions	First Quarter 2015	2014
Payments by the Company for concentrate, syrup, sweetener and other purchases	$103.2	$ 98.3
Marketing funding support payments to the Company	(11.5)	(10.5)
Payments by the Company net of marketing funding support	$ 91.7	$ 87.8
Payments by the Company for customer marketing programs	$ 14.5	$ 14.2
Payments by the Company for cold drink equipment parts	2.9	2.2
Fountain delivery and equipment repair fees paid to the Company	3.7	3.2
Presence marketing funding support provided by The Coca-Cola Company on the Company's behalf	0.0	1.5
Payments to the Company to facilitate the distribution of certain brands and packages to other Coca-Cola bottlers	1.2	0.9

The Company has a production arrangement with CCR to buy and sell finished products at cost. Sales to CCR under this arrangement were $8.8 million and $12.7 million in Q1 2015 and Q1 2014, respectively. Purchases from CCR under this arrangement were $32.0 million and $11.9 million in Q1 2015 and Q1 2014, respectively. CCR distributes one of the Company's own brands (Tum-E Yummies). Total sales to CCR for this brand were $4.9 million and $5.4 million in Q1 2015 and Q1 2014, respectively. In addition, the Company transports product for CCR to the Company's and other Coca-Cola bottler's locations. Total sales to CCR for transporting CCR's product were $2.3 million and $0.3 million in Q1 2015 and Q1 2014, respectively.

The Company and CCR have entered into, and closed prior to March 29, 2015, the following asset purchase agreements relating to certain territories previously served by CCR's facilities and equipment located in these territories:

Territory	Asset Agreement Date	Acquisition Closing Date
Johnson City and Morristown, Tennessee	May 7, 2014	May 23, 2014
Knoxville, Tennessee	August 28, 2014	October 24, 2014
Cleveland and Cookeville, Tennessee	December 5, 2014	January 30, 2015
Louisville, Kentucky and Evansville, Indiana	December 17, 2014	February 27, 2015

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17. Related Party Transactions

As part of the asset purchase agreements, the Company signed CBAs which have terms of ten years and are renewable by the Company indefinitely for successive additional terms of ten years each unless earlier terminated as provided therein. Under the CBAs, the Company will make a quarterly sub-bottling payment to CCR on a continuing basis for the grant of exclusive rights to distribute, promote, market and sell the authorized brands of The Coca-Cola Company and related products in the Expansion Territories. The quarterly sub-bottling payment will be based on sales of certain beverages and beverage products that are sold under the same trademarks that identify a covered beverage, beverage product or certain cross-licensed brands. As of March 29, 2015, the Company had recorded a liability of $98.5 million to reflect the estimated fair value of the contingent consideration related to the future sub-bottling payments. No payments to CCR under the CBAs were made during Q1 2015.

See Note 22 to the consolidated financial statements for information about (1) an additional asset purchase agreement for territory previously served by CCR's facilities in Paducah and Pikeville, Kentucky and (2) an asset exchange agreement involving the territory previously served by CCR's facilities located in Lexington, Kentucky, both of which transactions closed subsequent to March 29, 2015.

Along with all other Coca-Cola bottlers in the United States, the Company is a member in Coca-Cola Bottlers' Sales and Services Company, LLC ("CCBSS"), which was formed in 2003 for the purposes of facilitating various procurement functions and distributing certain specified beverage products of The Coca-Cola Company with the intention of enhancing the efficiency and competitiveness of the Coca-Cola bottling system in the United States. CCBSS negotiates the procurement for the majority of the Company's raw materials (excluding concentrate). The Company pays an administrative fee to CCBSS for its services. Administrative fees to CCBSS for its services were $0.1 million in both Q1 2015 and Q1 2014. Amounts due from CCBSS for rebates on raw materials were $3.4 million, $4.5 million and $3.6 million as of March 29, 2015, December 28, 2014 and March 30, 2014, respectively. CCR is also a member of CCBSS.

The Company is a member of SAC, a manufacturing cooperative. SAC sells finished products to the Company at cost. Purchases from SAC by the Company for finished products were $30.5 million and $30.8 million in Q1 2015 and Q1 2014, respectively. In addition, the Company transports product for SAC to the Company's and other Coca-Cola bottlers' locations. Total sales to SAC for transporting SAC's product were $1.8 million for both Q1 2015 and Q1 2014. The Company also manages the operations of SAC pursuant to a management agreement. Management fees earned from SAC were $0.4 million and $0.5 million in Q1 2015 and Q1 2014, respectively. The Company has also guaranteed a portion of debt for SAC. Such guarantee amounted to $22.3 million as of March 29, 2015. The Company's equity investment in SAC was $4.1 million as of March 29, 2015, December 28, 2014 and March 30, 2014 and was recorded in other assets on the Company's consolidated balance sheets.

The Company is a shareholder in two entities from which it purchases substantially all of its requirements for plastic bottles. Net purchases from these entities were $18.1 million in Q1 2015 and $18.4 million in Q1 2014. In conjunction with the Company's participation in one of these entities, Southeastern, the Company has guaranteed a portion of the entity's debt. Such guarantee amounted to $11.8 million as of March 29, 2015. The Company's equity investment in Southeastern was $18.3 million, $18.4 million and $18.3 million as of March 29, 2015, December 28, 2014, March 30, 2014, respectively, and was recorded in other assets on the Company's consolidated balance sheets.

17. Related Party Transactions

The Company holds no assets as collateral against the SAC or Southeastern guarantees, the fair value of which is immaterial to the Company's consolidated financial statements. The Company monitors its investments in SAC and Southeastern and would be required to write down its investment if an impairment is identified and the Company determined it to be other than temporary. No impairment of the Company's investments in SAC or Southeastern has been identified as of March 29, 2015 nor was there any impairment in 2014.

The Company leases from Harrison Limited Partnership One ("HLP") the Snyder Production Center ("SPC") and an adjacent sales facility, which are located in Charlotte, North Carolina. HLP is directly and indirectly owned by trusts of which J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and Deborah H. Everhart, a director of the Company, are trustees and beneficiaries. Morgan H. Everett, a director of the Company, is a permissible, discretionary beneficiary of the trusts that directly or indirectly own HLP. The lease expires on December 31, 2020. The principal balance outstanding under this capital lease as of March 29, 2015, December 28, 2014, March 30, 2014 was $19.4 million, $20.0 million and $21.6 million, respectively. Rental payments related to this lease were $1.0 million and $0.9 million in Q1 2015 and Q1 2014, respectively.

The Company leases from Beacon Investment Corporation ("Beacon") the Company's headquarters office facility and an adjacent office facility. The lease expires on December 31, 2021. Beacon's majority shareholder is J. Frank Harrison, III and Morgan H. Everett is a minority shareholder. The principal balance outstanding under this capital lease as of March 29, 2015, December 28, 2014 and March 30, 2014 was $20.0 million, $20.6 million and $22.3 million, respectively. Rental payments related to this lease were $1.0 million in both Q1 2015 and Q1 2014.

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18. Net Income Per Share

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

In Thousands (Except Per Share Data)	First Quarter 2015	First Quarter 2014
Numerator for basic and diluted net income per Common Stock and Class B Common Stock share:		
Net income attributable to Coca-Cola Bottling Co. Consolidated	$2,224	$2,449
Less dividends:		
Common Stock	1,785	1,785
Class B Common Stock	532	527
Total undistributed earnings	$ (93)	$ 137
Common Stock undistributed earnings – basic	$ (72)	$ 106
Class B Common Stock undistributed earnings – basic	(21)	31
Total undistributed earnings – basic	$ (93)	$ 137
Common Stock undistributed earnings – diluted	$ (71)	$ 105
Class B Common Stock undistributed earnings – diluted	(22)	32
Total undistributed earnings – diluted	$ (93)	$ 137
Numerator for basic net income per Common Stock share:		
Dividends on Common Stock	$1,785	$1,785
Common Stock undistributed earnings – basic	(72)	106
Numerator for basic net income per Common Stock share	$1,713	$1,891
Numerator for basic net income per Class B Common Stock share:		
Dividends on Class B Common Stock	$ 532	$ 527
Class B Common Stock undistributed earnings – basic	(21)	31
Numerator for basic net income per Class B Common Stock share	$ 511	$ 558

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18. Net Income Per Share

In Thousands (Except Per Share Data)	First Quarter 2015	2014
Numerator for diluted net income per Common Stock share:		
Dividends on Common Stock	$1,785	$1,785
Dividends on Class B Common Stock assumed converted to Common Stock	532	527
Common Stock undistributed earnings – diluted	(93)	137
Numerator for diluted net income per Common Stock share	$2,224	$2,449
Numerator for diluted net income per Class B Common Stock share:		
Dividends on Class B Common Stock	$ 532	$ 527
Class B Common Stock undistributed earnings – diluted	(22)	32
Numerator for diluted net income per Class B Common Stock share	$ 510	$ 559

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18. Net Income Per Share

In Thousands (Except Per Share Data)	First Quarter 2015	2014
Denominator for basic net income per Common Stock and Class B Common Stock share:		
Common Stock weighted average shares outstanding – basic	7,141	7,141
Class B Common Stock weighted average shares outstanding – basic	2,136	2,115
Denominator for diluted net income per Common Stock and Class B Common Stock share:		
Common Stock weighted average shares outstanding – diluted (assumes conversion of Class B Common Stock to Common Stock)	9,317	9,296
Class B Common Stock weighted average shares outstanding – diluted	2,176	2,155
Basic net income per share:		
Common Stock	$ .24	$ .26
Class B Common Stock	$ .24	$ .26
Diluted net income per share:		
Common Stock	$ .24	$ .26
Class B Common Stock	$ .23	$ .26

NOTES TO TABLE

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

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

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

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19. Supplemental Disclosures of Cash Flow Information

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

In Thousands	First Quarter 2015	First Quarter 2014
Accounts receivable, trade, net	$(18,630)	$(12,595)
Accounts receivable from The Coca-Cola Company	(7,898)	(7,967)
Accounts receivable, other	2,223	3,167
Inventories	(17,883)	(14,126)
Prepaid expenses and other current assets	4,800	(2,678)
Accounts payable, trade	4,269	9,712
Accounts payable to The Coca-Cola Company	8,984	13,180
Other accrued liabilities	8,042	484
Accrued compensation	(12,918)	(13,421)
Accrued interest payable	5,113	5,335
Increase in current assets less current liabilities (exclusive of acquisition)	$(23,898)	$(18,909)

20. Segments

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

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

20. Segments

The Company's segment results are as follows:

In Thousands	First Quarter 2015	First Quarter 2014
Net Sales:		
Nonalcoholic Beverages	$ 441,683	$ 381,254
All Other	33,815	27,222
Eliminations*	(22,245)	(19,894)
Consolidated	$ 453,253	$ 388,582
Operating Income:		
Nonalcoholic Beverages	$ 15,331	$ 11,590
All Other	1,571	526
Consolidated	$ 16,902	$ 12,116
Depreciation and Amortization:		
Nonalcoholic Beverages	$ 16,705	$ 13,913
All Other	952	656
Consolidated	$ 17,657	$ 14,569
Capital Expenditures:		
Nonalcoholic Beverages	$ 19,252	$ 13,690
All Other	7,140	3,143
Consolidated	$ 26,392	$ 16,833
Total Assets:		
Nonalcoholic Beverages	$1,525,267	$1,294,379
All Other	54,522	37,988
Eliminations	(7,052)	(12,103)
Consolidated	$1,572,737	$1,320,264

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

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

20. Segments

Net sales by product category were as follows:

	First Quarter	
In Thousands	2015	2014
Bottle/can sales:		
Sparkling beverages (including energy products)	$297,819	$254,971
Still beverages	70,588	57,150
Total bottle/can sales	368,407	312,121
Other sales:		
Sales to other Coca-Cola bottlers	37,846	37,121
Post-mix and other	47,000	39,340
Total other sales	84,846	76,461
Total net sales	$453,253	$388,582

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

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

21. New Accounting Pronouncements

Recently Adopted Pronouncements

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

Recently Issued Pronouncements

In May 2014, the FASB issued new guidance on accounting for revenue from contracts with customers. The new guidance is effective for annual and interim periods beginning after December 15, 2016. The Company is in the process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

In February 2015, the FASB issued new guidance which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The new guidance is effective for annual and interim periods beginning after December 15, 2015. The Company is in the process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

In April 2015, the FASB issued new guidance on accounting for debt issuance costs. The new guidance requires that all cost incurred to issue debt be presented in the balance sheet as a direct reduction from the carrying value of the debt. The new guidance is effective for annual and interim periods beginning after December 15, 2015. The Company does not expect the new guidance to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued new guidance on whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, the arrangement should be accounted for consistent with the acquisition of other software licenses, otherwise, the arrangement should be accounted for consistent with other service contracts. The new guidance is effective for annual and interim periods beginning after December 15, 2015. The Company is in the process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

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22. Subsequent Events

Paducah and Pikeville Asset Purchase Agreement

On February 13, 2015, the Company signed an asset purchase agreement with CCR relating to the territory currently served by CCR through CCR's facilities and equipment located in Paducah and Pikeville, Kentucky (the "Paducah and Pikeville Expansion Territory"). The CBA that the Company entered into with CCR at the closing of this transaction, which occurred on May 1, 2015, grants the Company certain exclusive rights in the Paducah and Pikeville Expansion Territory and obligates the Company to make a quarterly sub-bottling payment to CCR on a continuing basis for the grant of such rights. The aggregate purchase price paid by the Company in cash at the closing for the transferred assets, after deducting the value of certain retained assets and retained liabilities, was approximately $7.5 million. The amount paid remains subject to adjustment post-closing. The Company has not completed the preliminary allocation of the purchase price to the individual acquired assets and assumed liabilities. The transaction will be accounted for as a business combination under FASB ASC 805.

Asset Exchange Agreement

On October 17, 2014, the Company and CCR entered into an agreement ("the Asset Exchange Agreement") pursuant to which CCR agreed to exchange certain assets of CCR relating to the marketing, promotion, distribution and sale of Coca-Cola and other beverage products in the territory currently served by CCR's facilities and equipment located in Lexington, Kentucky (the "Lexington Expansion Territory"), including the rights to produce such beverages in the Lexington Expansion Territory, in exchange for certain assets of the Company relating to the marketing, promotion, distribution and sale of Coca-Cola and other beverage products in the territory served by the Company's facilities and equipment located in Jackson, Tennessee, including the rights to produce such beverages in that territory. The Company and CCR closed the Asset Exchange Transaction on May 1, 2015. The net assets received in the exchange, after deducting the value of certain retained assets and retained liabilities, was approximately $10.3 million, which was paid at closing. The assets exchanged remain subject to adjustment post-closing. The Company has not completed the preliminary allocation of the net assets exchanged to the individual acquired assets and assumed liabilities.

Exercise of Accordion Loan Feature of Revolving Credit Agreement

On April 27, 2015, the Company exercised the accordion loan feature of its five-year unsecured amended and restated Revolving Credit Facility, thereby increasing the aggregate revolving credit commitments under the Revolving Credit Facility by $100 million, from $350 million to $450 million. After giving effect to such increase, the amount by which the revolving credit commitments under this facility may be further increased has been reduced to zero.

As of May 1, 2015, there were approximately $300 million of outstanding borrowings under the Revolving Credit Facility, including the borrowings made to repay $100 million of the Company's senior notes which matured in April 2015 and to fund the closings of the asset purchase agreement for the Paducah and Pikeville Expansion Territory and the Asset Exchange Agreement described above.

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

Introduction

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

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

Expansion of Company's Franchise Territory

In April 2013, the Company announced it had signed a non-binding letter of intent (the "LOI") with The Coca-Cola Company to expand the Company's franchise territory to include distribution rights in parts of Tennessee, Kentucky and Indiana that are served by Coca-Cola Refreshments USA, Inc. ("CCR"), a wholly owned subsidiary of The Coca-Cola Company.

A summary of the territory expansion completed as of March 29, 2015 is as follows:

Territory	Acquisition Date	Cash Purchase Price (In Millions)
Johnson City and Morristown, Tennessee	May 23, 2014	$ 12.2
Knoxville, Tennessee	October 24, 2014	29.5
Cleveland and Cookeville, Tennessee	January 30, 2015	13.8
Louisville, Kentucky and Evansville, Indiana	February 27, 2015	19.8

The financial results for the expansion territories have been included in the Company's consolidated financial statements from their acquisition dates. These territories contributed $53.3 million in sales and $2.9 million in operating income in the first quarter of 2015 ("Q1 2015").

In addition, on May 1, 2015, the Company acquired certain assets from CCR relating to the marketing, promotion, distribution and sale of Cola-Cola and other beverage products, including the rights to distribute certain beverages in the Paducah and Pikeville, Kentucky territory pursuant to a Comprehensive Beverage Agreement ("CBA"). The Company paid a cash purchase price of $7.5 million. Also on May 1, 2015, the Company exchanged certain assets of CCR relating to the marketing, promotion, distribution and sale of Coca-Cola and other beverage products in the territory currently served by CCR's facilities and equipment located in Lexington, Kentucky (including the rights to produce such beverages in the Lexington, Kentucky Territory) for certain assets of the Company relating to the marketing, promotion, distribution and sale of Coca-Cola and other beverage products in the territory currently served by the Company's facilities and equipment located in Jackson, Tennessee (including the rights to produce such beverages in the Jackson, Tennessee Territory). The net assets received in the Jackson-for-Lexington exchange transaction, after deducting the value of certain retained assets and retained liabilities, was approximately $10.3 million, which was paid at closing.

With the closing of the Paducah and Pikeville, Kentucky acquisition and the closing of the Jackson-for-Lexington exchange transaction described above on May 1, 2015, the expansion of the geographic region served by the Company contemplated by the letter of intent the Company and The Coca-Cola Company signed April 2013 is complete.

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Our Business and the Nonalcoholic Beverage Industry

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

The nonalcoholic beverage market is highly competitive. The Company's competitors include bottlers and distributors of nationally and regionally advertised and marketed products and private label products. In each region in which the Company operates, between 85% and 95% of sparkling beverage sales in bottles, cans and other containers are accounted for by the Company and its principal competitors, which in each region includes the local bottler of Pepsi-Cola and, in some regions, the local bottler of Dr Pepper, Royal Crown and/or 7-Up products. The sparkling beverage category (including energy products) represents approximately 81% of the Company's Q1 2015 bottle/can net sales to retail customers.

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

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

Net sales by product category were as follows:

	First Quarter	
In Thousands	2015	2014
Bottle/can sales:		
Sparkling beverages (including energy products)	$297,819	$254,971
Still beverages	70,588	57,150
Total bottle/can sales	368,407	312,121
Other sales:		
Sales to other Coca-Cola bottlers	37,846	37,121
Post-mix and other	47,000	39,340
Total other sales	84,846	76,461
Total net sales	$453,253	$388,582

Areas of Emphasis

In addition to expansion of the Company's franchise territories, key priorities for the Company include revenue management, product innovation and beverage portfolio expansion, distribution cost management and productivity.

Revenue Management

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

Product Innovation and Beverage Portfolio Expansion

Innovation of both new brands and packages has been and is expected to continue to be important to the Company's overall revenue. New products and packaging introductions over the last several years include Coca-Cola Life, the 1.25-liter bottle, the 7.5-ounce sleek can, 253-ml and 300-ml bottles and the 2-liter contour bottle for Coca-Cola products.

Distribution Cost Management

Distribution costs represent the costs of transporting finished goods from Company locations to customer outlets. Total distribution costs amounted to $57.3 million and $49.0 million in Q1 2015 and the first quarter of 2014 ("Q1 2014"), respectively. Over the past several years, the Company has focused on converting its distribution system from a conventional routing system to a predictive system. This conversion to a predictive system has allowed the Company to more efficiently handle an increasing number of products. In addition, the Company has focused on reducing fixed warehouse-related costs by consolidating warehouse space throughout the Company's territory.

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

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

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

Productivity

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

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Items Impacting Operations and Financial Conditions

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

Q1 2015

- $53.3 million in net sales and $2.9 million of pre-tax operating income related to expansion territories;
- $3.0 million recorded in S,D&A expenses (pre-tax) related to the Company's franchise territory expansion; and
- a $5.1 million pre-tax unfavorable fair value adjustment of acquisition-related contingent consideration.

Q1 2014

- $2.0 million recorded in S,D&A expenses (pre-tax) related to the Company's franchise territory expansion.

Results of Operations

Q1 2015 Compared to Q1 2014

The following overview provides a summary of key information concerning the Company's financial results for Q1 2015 compared to Q1 2014.

In Thousands (Except Per Share Data)	First Quarter 2015	First Quarter 2014	Change	% Change
Net sales	$453,253	$388,582	$64,671	16.6
Cost of sales	268,880	232,249	36,631	15.8
Gross margin	184,373	156,333	28,040	17.9
S,D&A expenses	167,471	144,217	23,254	16.1
Income from operations	16,902	12,116	4,786	39.5
Interest expense, net	7,347	7,223	124	1.7
Other income (expense), net	(5,089)	0	(5,089)	N/A
Income before taxes	4,466	4,893	(427)	(8.7)
Income tax expense	1,513	1,792	(279)	(15.6)
Net income	2,953	3,101	(148)	(4.8)
Net income attributable to the Company	2,224	2,449	(225)	(9.2)
Basic net income per share:				
Common Stock	$ .24	$ .26	$ (0.02)	(7.7)
Class B Common Stock	$ .24	$ .26	$ (0.02)	(7.7)
Diluted net income per share:				
Common Stock	$ .24	$ .26	$ (0.02)	(7.7)
Class B Common Stock	$ .23	$ .26	$ (0.03)	(11.5)

Net Sales

Net sales increased $64.7 million, or 16.6%, to $453.3 million in Q1 2015 compared to $388.6 million in Q1 2014.

The increase in net sales for Q1 2015 compared to Q1 2014 was principally attributable to the following:

Q1 2015 (In Millions)	Attributable to:
$ 53.3	Sales related to newly acquired expansion territories acquired in 2014 and Q1 2015
6.9	2.2% increase in bottle/can sales price per unit to retail customers in the Company's legacy territories, primarily due to an increase in all beverage categories sales price per unit
4.7	Increase in freight revenue
(0.2)	Other
$ 64.7	Total increase in net sales

In Q1 2015, the Company's bottle/can sales to retail customers accounted for 81.3% of the Company's total net sales. Bottle/can net pricing is based on the invoice price charged to customers reduced by promotional allowances. Bottle/can net pricing per unit is impacted by the price charged per package, the volume generated in each package and the channels in which those packages are sold.

Product category sales volume in Q1 2015 and Q1 2014 as a percentage of total bottle/can sales volume to retail customers and the percentage change by product category was as follows:

	Bottle/Can Sales Volume		Bottle/Can Sales Volume
Product Category	Q1 2015	Q1 2014	% Increase
Sparkling beverages (including energy products)	81.0%	81.9%	13.7
Still beverages	19.0%	18.1%	20.9
Total bottle/can sales volume	100.0%	100.0%	15.0

Bottle/can volume to retail customers (excluding expansion territories acquired in 2014 and Q1 2015) decreased 0.3% which represented a 2.2% decrease in sparkling beverages and a 8.3% increase in still beverages. The growth trajectory and driving factors of sparkling and still beverages are different. Sparkling beverages other than energy beverages are in a mature state and have a lower growth trajectory, while still beverages and energy beverages have a higher growth trajectory primarily driven by changing customer preferences. Post-mix volume (excluding expansion territories acquired in 2014 and Q1 2015) decreased 0.4%.

The Company's products are sold and distributed through various channels. They include selling directly to retail stores and other outlets such as food markets, institutional accounts and vending machine outlets. During both Q1 2015 and Q1 2014, approximately 69% of the Company's bottle/can volume to retail customers was sold for future consumption, while the remaining bottle/can volume to retail customers of approximately 31% was sold for immediate consumption. The Company's largest customer, Wal-Mart Stores, Inc., accounted for approximately 23% and 22% of the Company's total bottle/can volume to retail customers during Q1 2015 and Q1 2014, respectively. The Company's second largest customer, Food Lion, LLC, accounted for approximately 7% and 9% of the Company's total bottle/can volume to retail customers during Q1 2015 and Q1 2014, respectively. All of the Company's beverage sales are to customers in the United States.

Cost of Sales

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

Cost of sales increased 15.8%, or $36.6 million, to $268.9 million in Q1 2015 compared to $232.3 million in Q1 2014.

The increase in cost of sales for Q1 2015 compared to Q1 2014 was principally attributable to the following:

Q1 2015 (In Millions)	Attributable to:
$ 32.5	Cost of sales related to newly acquired expansion territories acquired in 2014 and Q1 2015, including purchases of finished goods
3.4	Increase in freight cost of sales
0.7	Other
$ 36.6	Total increase in cost of sales

Sweeteners, packaging materials (including plastic bottles and aluminum cans), and finished products purchased from other vendors represent a substantial portion of the Company's total cost of sales.

The Company purchases concentrate from The Coca-Cola Company under an incidence-based pricing arrangement. Under the incidence-based pricing model, the concentrate price The Coca-Cola Company charges is impacted by a number of factors, including the incidence rate in effect, the Company's pricing and sales of finished products, the channels in which the finished products are sold, and package mix.

The Company relies extensively on advertising and sales promotion in the marketing of its products. The Coca-Cola Company and other beverage companies that supply concentrates, syrups and finished products to the Company make substantial marketing and advertising expenditures to promote sales in the local territories served by the Company. The Company also benefits from national advertising programs conducted by The Coca-Cola Company and other beverage companies. Certain marketing expenditures by The Coca-Cola Company and other beverage companies are made pursuant to annual arrangements. Although The Coca-Cola Company has advised the Company that it intends to continue to provide marketing funding support, it is not obligated to do so under the Company's Beverage Agreements. Significant decreases in marketing funding support from The Coca-Cola Company or other beverage companies could adversely impact operating results of the Company in the future.

Total marketing funding support from The Coca-Cola Company and other beverage companies, which includes direct payments to the Company and payments to customers for marketing programs, was $14.0 million for Q1 2015 compared to $12.5 million for Q1 2014. The increase related primarily to marketing funding support received in the expansion territories.

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Gross Margin

Gross margin dollars increased 17.9%, or $28.1 million, to $184.4 million in Q1 2015 compared to $156.3 million in Q1 2014. Gross margin as a percentage of net sales increased to 40.7% for Q1 2015 from 40.2% for Q1 2014.

The increase in gross margin dollars for Q1 2015 compared to Q1 2014 was principally attributable to the following:

Q1 2015 (In Millions)	Attributable to:
$ 20.8	Gross margin related to the newly acquired expansion territories acquired in 2014 and Q1 2015
6.9	2.2% increase in bottle/can sales price per unit to retail customers in the Company's legacy territories primarily due to an increase in all beverage categories sales price per unit
1.3	Increase in freight gross margin
(0.9)	Other
$ 28.1	Total increase in gross margin

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

S,D&A Expenses

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

S,D&A expenses increased by $23.3 million, or 16.1%, to $167.5 million in Q1 2015 from $144.2 million in Q1 2014. S,D&A expenses as a percentage of net sales decreased to 36.9% in Q1 2015 from 37.1% in Q1 2014.

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The increase in S,D&A expenses for Q1 2015 compared to Q1 2014 was principally attributable to the following:

Q1 2015 (In Millions)	Attributable to:
$ 11.5	Increase in employee salaries and related payroll taxes excluding bonus and incentives due to normal salary increases and additional personnel added from territory expansion
2.4	Increase in bonus expense, incentive expense and other performance pay initiatives due to the Company's territory expansion
2.3	Increase in depreciation and amortization of property, plant and equipment primarily due to assets added from the Company's franchise territory expansion
1.3	Increase in marketing expense primarily due to increased spending for promotional items and media sponsorships
1.3	Increase in employee benefit costs primarily due to additional medical expenses for employees from territory expansion
1.3	Increase in software and other technology expenses primarily to improve sales support
(1.3)	Decrease in fuel costs related to the movement of finished goods from sales distribution centers to customer locations primarily due to improved fuel pricing and hedging activities
1.0	Increase in expenses related to the Company's franchise territory expansion, primarily professional fees related to due diligence and consulting fees related to infrastructure
3.5	Other
$ 23.3	Total increase in S,D&A expenses

Shipping and handling costs related to the movement of finished goods from manufacturing locations to sales distribution centers are included in cost of sales. Shipping and handling costs related to the movement of finished goods from sales distribution centers to customer locations are included in S,D&A expenses and totaled $57.3 million and $49.0 million in Q1 2015 and Q1 2014, respectively.

Interest Expense

Net interest expense increased by $0.1 million or 1.7% in Q1 2015 compared to Q1 2014. The slight increase in Q1 2015 compared to Q1 2014 was primarily due to additional borrowings to finance the acquisition of the territory expansion. The Company's overall weighted average interest rate on its debt and capital lease obligations was 5.3% and 5.9% during Q1 2015 and Q1 2014.

Other Income (Expense)

Other expense in Q1 2015 included a noncash charge of $5.1 million related to the fair value adjustment of acquisition related contingent consideration, primarily driven by a decrease in the underlying discount rate.

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

Income Taxes

The Company's effective tax rate, as calculated by dividing income tax expense by income before income taxes, for Q1 2015 and Q1 2014 was 33.9% and 36.6%, respectively. The Company's effective tax rate, as calculated by dividing income tax expense by income before income taxes minus net income attributable to noncontrolling interest, for Q1 2015 and Q1 2014 was 40.5% and 42.3%, respectively.

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

Noncontrolling Interest

The Company recorded net income attributable to noncontrolling interest of $0.7 million in both Q1 2015 and Q1 2014 related to the portion of Piedmont owned by The Coca-Cola Company.

Other Comprehensive Income

Other comprehensive income (net of tax) was $0.4 million in both Q1 2015 and Q1 2014.

Segment Operating Results

The Company operates its business under five operating segments. Two of these operating segments have been aggregated due to their similar economic characteristics as well as the similarity of products, production processes, types of customers, methods of distribution, and nature of the regulatory environment. The combined reportable segment, Nonalcoholic Beverages, represents the vast majority of the Company's net sales and operating income for all periods presented. None of the remaining three operating segments individually meet the quantitative thresholds in ASC 280 for separate reporting. As a result, the discussion of the Company's operations is focused on the consolidated results. Below is a breakdown of the Company's net sales and operating income by reportable segment.

	First Quarter	
In Thousands	2015	2014
Net Sales:		
Nonalcoholic Beverages	$441,683	$381,254
All Other	33,815	27,222
Eliminations	(22,245)	(19,894)
Consolidated	$453,253	$388,582
Operating Income:		
Nonalcoholic Beverages	$ 15,331	$ 11,590
All Other	1,571	526
Consolidated	$ 16,902	$ 12,116

Financial Condition

Total assets increased to $1.57 billion at March 29, 2015, from $1.43 billion at December 28, 2014 primarily due to assets acquired from the acquisition territories.

Net working capital, defined as current assets less current liabilities, increased by $41.9 million to $101.5 million at March 29, 2015 from December 28, 2014 and increased by $43.4 million at March 29, 2015 from March 30, 2014.

Significant changes in net working capital from December 28, 2014 were as follows:

- An increase in cash and cash equivalents of $12.1 million primarily due to borrowings from the Company's revolving credit facility.
- An increase in accounts receivable, trade of $18.6 million primarily due to normal seasonal increase in sales and accounts receivable sales from territories acquired in Q1 2015.
- An increase in accounts receivable from and an increase in accounts payable to The Coca-Cola Company of $7.9 million and $9.0 million, respectively, primarily due to the timing of payments.
- An increase in inventories of $20.4 million primarily due to normal seasonal increase in sales and acquired inventories from the expansion territories.
- An increase in other accrued liabilities of $11.7 million primarily due to timing of payments (increase of $2.5 million of current portion of acquisition related contingent consideration).
- A decrease in accrued compensation of $14.0 million primarily due to payment of bonuses in March of 2015.
- An increase in accrued interest payable of $5.1 million due to timing of payments.

Significant changes in net working capital from March 30, 2014 were as follows:

- An increase in accounts receivable, trade of $26.2 million primarily due to accounts receivable sales from territories acquired in 2014 and Q1 2015 of approximately $26 million.
- An increase in accounts receivable from and an increase in accounts payable to The Coca-Cola Company of $4.8 million and $21.2 million, respectively, primarily due to the timing of payments and territories acquired in 2014 and Q1 2015.
- An increase in inventories of $15.0 million primarily due to inventories from the territories acquired in 2014 and Q1 2015 of approximately $9 million and inventory required for future marketing strategy.
- An increase in prepaid expenses and other current assets of $11.6 million primarily due to overpayment of federal and state income taxes in 2014.
- A decrease of $20.0 million in the current portion of debt due to repayment of an uncommitted line of credit with borrowings from the Company's revolving credit facility.
- An increase in accounts payable trade of $6.1 million primarily due to accounts payable from territories acquired in 2014 and Q1 2015 of approximately $4 million.
- An increase in accrued compensation of $7.2 million primarily due to the payment of certain bonuses on the last day of March, which is included in the second quarter in 2015.

Debt and capital lease obligations were $584.4 million as of March 29, 2015 compared to $503.8 million as of December 28, 2014 and $497.2 million as of March 30, 2014. Debt and capital lease obligations as of March 29, 2015 included $57.6 million of capital lease obligations related primarily to Company facilities.

Liquidity and Capital Resources

Capital Resources

The Company's sources of capital include cash flows from operations, available credit facility balances and the issuance of debt and equity securities. Management believes the Company has sufficient resources available to finance its business plan, meet its working capital requirements and maintain an appropriate level of capital spending for at least the next 12 months. The amount and frequency of future dividends will be determined by the Company's Board of Directors in light of the earnings and financial condition of the Company at such time, and no assurance can be given that dividends will be declared in the future.

On October 16, 2014, the Company entered into a $350 million five-year unsecured revolving credit facility (the "Revolving Credit Facility") which amended and restated the Company's existing $200 million five-year unsecured revolving credit agreement. The Revolving Credit Facility has a scheduled maturity date of October 16, 2019 and up to $50 million is available for the issuance of letters of credit. On April 27, 2015, subsequent to the end of Q1 2015, the Company exercised the accordion feature of the Revolving Credit Facility thereby increasing the aggregate availability by $100 million to $450 million. Borrowings under the Revolving Credit Facility bear interest at a floating base rate or a floating Eurodollar rate plus an applicable margin, dependent on the Company's credit rating at the time of borrowing. At the Company's current credit ratings, the Company must pay an annual facility fee of .15% of the lenders' aggregate commitments. The Revolving Credit Facility includes two financial covenants: a cash flow/fixed charges ratio ("fixed charges coverage ratio") and a funded indebtedness/cash flow ratio ("operating cash flow ratio"), each as defined in the respective credit agreements. The Company was in compliance with these covenants as of March 29, 2015. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources.

The Company currently believes that all of the banks participating in the Company's Revolving Credit Facility have the ability to and will meet any funding requests from the Company. On March 29, 2015 and December 28, 2014, the Company had $153.0 million and $71.0 million, respectively, of outstanding borrowings under the Revolving Credit Facility. As of March 30, 2014, the Company had $40.0 million outstanding under the Company's prior revolving credit facility.

The Company had $100 million of senior notes which matured in April 2015. The Company used borrowings under the Revolving Credit Facility to repay the notes when due and, accordingly, has classified all the $100 million Senior Notes due April 2015 as long-term on the Company's balance sheet as of March 29, 2015. As a result of these borrowings, along with the borrowings associated with the territory expansion that occurred subsequent to the end of Q1 2015, the Company had $300 million of outstanding borrowings under the Revolving Credit Facility as of May 1, 2015.

On October 31, 2014, the Company terminated an uncommitted line of credit under which the Company could borrow up to a total of $20 million for periods of 7 days, 30 days, 60 days or 90 days at the discretion of the participating bank and refinanced the outstanding balance with additional borrowings under the Revolving Credit Facility. On March 30, 2014, the Company had $20.0 million outstanding under the uncommitted line of credit.

The Company historically has obtained the majority of its long-term financing, other than capital leases, from public markets. As of March 29, 2015, $373.8 million of the Company's total outstanding balance of debt and capital lease obligations of $584.4 million was financed through publicly offered debt. The Company had capital lease obligations of $57.6 million as of March 29, 2015.

As of March 29, 2015, December 28, 2014 and March 30, 2014, the weighted average interest rate of the Company's debt and capital lease obligations was 5.2%, 5.8% and 5.8%, respectively, for its outstanding debt and capital lease obligations. The Company's overall weighted average interest rate on its debt and capital lease obligations was 5.3% and 5.9% in Q1 2015 and Q1 2014 respectively. As of March 29, 2015, $153.0 million of the Company's debt and capital lease obligations of $584.4 million were subject to changes in short-term interest rates.

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

At March 29, 2015, the Company's credit ratings were as follows:

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

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

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

Net debt and capital lease obligations were summarized as follows:

In Thousands	Mar. 29, 2015	Dec. 28, 2014	Mar. 30, 2014
Debt	$526,809	$444,759	$433,613
Capital lease obligations	57,584	59,050	63,539
Total debt and capital lease obligations	584,393	503,809	497,152
Less: Cash and cash equivalents	21,163	9,095	18,774
Total net debt and capital lease obligations (1)	$563,230	$494,714	$478,378

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

The Company's only Level 3 asset or liability is the acquisition-related contingent liability incurred as a result of the territory expansion transactions completed in 2015 and 2014. The March 29, 2015 balance of $98.5 million included a $5.1 million fair value adjustment to increase the liability in Q1 2015. There were no transfers from

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Level 1 or Level 2. The $5.1 million noncash fair value adjustment did not impact the Company's liquidity or capital resources.

Cash Sources and Uses

The primary sources of cash for the Company in Q1 2015 and Q1 2014 were operating activities and borrowings under credit facilities. The primary uses of cash in Q1 2015 and Q1 2014 were acquisitions for territory expansion, capital expenditures, the payment of capital lease obligations, dividend payments, income tax payments, and funding working capital.

A summary of activity for Q1 2015 and Q1 2014 follows:

	First Quarter	
In Millions	2015	2014
Cash Sources		
Proceeds from revolving credit facilities	$82.0	$35.0
Proceeds from the sale of property, plant and equipment	0.1	0.9
Total cash sources	$82.1	$35.9
Cash Uses		
Cash used in operating activities (excluding income tax and pension payments)	$ 1.7	$ 3.9
Capital expenditures	30.8	17.8
Acquisition of expansion territories	33.4	—
Payment on capital lease obligations	1.6	1.4
Dividends	2.3	2.3
Income tax payments	0.1	3.4
Other	0.1	0.1
Total cash uses	$70.0	$28.9
Increase in cash	$12.1	$ 7.0

Based on current projections, which include a number of assumptions such as the Company's pre-tax earnings, the Company anticipates its cash requirements for income taxes will be between $15 million and $22 million for the remainder of 2015. This projection does not include any anticipated cash income tax requirements from additional expansion territory transactions.

Operating Activities

During Q1 2015, cash used in operating activities decreased $5.5 million as compared to Q1 2014. The decrease in cash used was primarily due to an increase in income from operations of $4.8 million. Included in net income is a noncash unfavorable fair value adjustment to acquisition related contingent consideration, which did not impact the Company's cash flows from operations.

Investing Activities

During Q1 2015, the Company acquired the geographic territories previously served by CCR in Cleveland and Cookeville, Tennessee, Louisville, Kentucky and Evansville, Indiana. The total cash used to purchase these expansion transactions totaled $33.4 million.

Additions to property, plant and equipment during Q1 2015 were $26.4 million, of which $4.7 million were accrued in accounts payable, trade as unpaid. This amount does not include $23.3 million in property, plant and equipment acquired in the territory expansion transactions completed in Q1 2015. This compared to $16.8 million in additions to property, plant and equipment during Q1 2014, of which $6.2 million were accrued in accounts payable, trade as unpaid. Capital expenditures during Q1 2015 were funded with cash flows from operations and available credit facilities. The Company anticipates that additions to property, plant and equipment in 2015 will be in the range of $130 million to $160 million.

Financing Activities

During Q1 2015, the Company's net borrowings under the Revolving Credit Facility increased $82.0 million primarily to fund the purchases of the January and February Expansion Territories, working capital requirements and capital expenditures. During Q1 2014, the Company's net borrowings under the Company's prior revolving credit facility increased $35.0 million primarily to fund seasonal working capital requirements and capital expenditures.

Off-Balance Sheet Arrangements

The Company is a member of two manufacturing cooperatives and has guaranteed $34.1 million of debt for these entities as of March 29, 2015. In addition, the Company has an equity ownership in each of the entities. The members of both cooperatives consist solely of Coca-Cola bottlers. The Company does not anticipate either of these cooperatives will fail to fulfill their commitments. The Company further believes each of these cooperatives has sufficient assets, including production equipment, facilities and working capital, and the ability to adjust selling prices of their products to adequately mitigate the risk of material loss from the Company's guarantees. As of March 29, 2015, the Company's maximum exposure, if the entities borrowed up to their borrowing capacity, would have been $71.6 million including the Company's equity interests. See Note 12 and Note 17 to the consolidated financial statements for additional information about these entities.

Hedging Activities

The Company entered into derivative instruments to hedge certain commodity purchases for 2016, 2015 and 2014. Fees paid by the Company for derivative instruments are amortized over the corresponding period of the instrument. The Company accounts for its commodity hedges on a mark-to-market basis with any expense or income reflected as an adjustment of cost of sales or S,D&A expenses.

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

Subsequent to March 29, 2015, the Company entered into additional agreements to hedge certain commodity costs for 2016. The notional amount of these agreements was $8.7 million.

The net impact of the commodity hedges was to decrease the cost of sales by $0.2 million and $0.8 million in Q1 2015 and Q1 2014, respectively, and to decrease S,D&A expenses by $0.4 million in Q1 2015. Commodity hedges did not impact S,D&A expenses in Q1 2014.

<u>Discussion of Critical Accounting Policies, Estimates and New Accounting Pronouncements</u>

<u>Critical Accounting Policies and Estimates</u>

In the ordinary course of business, the Company has made a number of estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. The Company included in its Annual Report on Form 10-K for the year ended December 28, 2014 a discussion of the Company's most critical accounting policies, which are those most important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

The Company did not make changes in any critical accounting policies during Q1 2015. Any changes in critical accounting policies and estimates are discussed with the Audit Committee of the Board of Directors of the Company during the quarter in which a change is made.

New Accounting Pronouncements

Recently Adopted Pronouncements

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

Recently Issued Pronouncements

In May 2014, the FASB issued new guidance on accounting for revenue from contracts with customers. The new guidance was effective for annual and interim periods beginning after December 15, 2016. The Company is in the process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

In February 2015, the FASB issued new guidance which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The new guidance is effective for annual and interim periods beginning after December 15, 2015. The Company is in the process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

In April 2015, the FASB issued new guidance on accounting for debt issuance costs. The new guidance requires that all costs incurred to issue debt be presented in the balance sheet as a direct reduction from the carrying value of the debt. The new guidance is effective for annual and interim periods beginnings after December 15, 2015. The Company does not expect the new guidance to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued new guidance on whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, the arrangement should be accounted for consistent with the acquisition of other software licenses, otherwise, the arrangement should be accounted for consistent with other service contracts. The new guidance is effective for annual and interim periods beginning after December 15, 2015. The Company is in process of evaluating the impact of the new guidance on the Company's consolidated financial statements.

Cautionary Information Regarding Forward-Looking Statements

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

- the Company's belief that the undiscounted amounts to be paid under the acquisition related contingent consideration arrangement will be between $6 million and $11 million per year;
- the Company's belief that the covenants on the Company's Revolving Credit Facility will not restrict its liquidity or capital resources;
- the Company's belief that other parties to certain contractual arrangements will perform their obligations;
- the Company's potential marketing funding support from The Coca-Cola Company and other beverage companies;
- the Company's belief that disposition of certain claims and legal proceedings will not have a material adverse effect on its financial condition, cash flows or results of operations and that no material amount of loss in excess of recorded amounts is reasonably possible as a result of these claims and legal proceedings;
- the Company's belief that the Company has adequately provided for any ultimate amounts that are likely to result from tax audits;
- the Company's belief that the Company has sufficient resources available to finance its business plan, meet its working capital requirements and maintain an appropriate level of capital spending;
- the Company's belief that the cooperatives whose debt the Company guarantees have sufficient assets and the ability to adjust selling prices of their products to adequately mitigate the risk of material loss and that the cooperatives will perform their obligations under their debt commitments;
- the Company's key priorities which are territory expansion, revenue management, product innovation and beverage portfolio expansion, distribution cost management and productivity;
- the Company's belief that cash contributions to the two Company-sponsored pension plans will be in the range of $7 million to $10 million for the remainder of 2015;
- the Company's belief that cash requirements for income taxes will be in the range of $15 million to $22 million for the remainder of 2015;
- the Company's expectation that additions to property, plant and equipment in 2015 will be in the range of $130 million to $160 million;
- the Company's belief that compliance with environmental laws will not have a material adverse effect on its capital expenditures, earnings or competitive position;
- the Company's belief that the majority of its deferred tax assets will be realized;
- the Company's beliefs and estimates regarding the impact of the adoption of certain new accounting pronouncements;
- the Company's belief that all of the banks participating in the Company's Revolving Credit Facility have the ability to and will meet any funding requests from the Company;
- the Company's belief that it is competitive in its territories with respect to the principal methods of competition in the nonalcoholic beverage industry;
- the Company's estimate that a 10% increase in the market price of certain commodities over the current market prices would cumulatively increase costs during the next 12 months by approximately $26 million assuming no change in volume;

- the Company's belief that innovation of new brands and packages will continue to be important to the Company's overall revenue;
- the Company's expectation that uncertain tax positions may change over the next 12 months but will not have a significant impact on the consolidated financial statements;
- the Company's belief that the risk of loss with respect to funds deposited with banks is minimal; and
- the Company's hypothetical calculation of the impact of a 1% increase in interest rates on outstanding floating rate debt and capital lease obligations for the next twelve months as of March 29, 2015.

These statements and expectations are based on currently available competitive, financial and economic data along with the Company's operating plans, and are subject to future events and uncertainties that could cause anticipated events not to occur or actual results to differ materially from historical or anticipated results. Factors that could impact those statements and expectations or adversely affect future periods include, but are not limited to, the factors set forth in Part I. Item 1A. Risk Factors of the Company's Annual Report on Form 10-K for the year ended December 28, 2014.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Debt and Derivative Financial Instruments

The Company is subject to interest rate risk on its fixed and floating rate debt. As of March 29, 2015, $153.0 million of the Company's debt and capital lease obligations of $584.4 million were subject to changes in short-term interest rates. As of May 1, 2015 there were approximately $300 million of outstanding borrowings under the Revolving Credit Facility, including the borrowings made to repay $100 million of the Company's senior notes which matured in April 2015 and to fund the closings of the asset purchase agreement for the Paducah and Pikeville, Kentucky acquisition and the closing of Jackson-for-Lexington exchange transaction.

As it relates to the Company's variable rate debt, assuming no changes in the Company's financial structure, if market interest rates average 1% more over the next twelve months than the interest rates as of March 29, 2015, interest expense for the next twelve months would increase by approximately $1.5 million. This amount was determined by calculating the effect of the hypothetical interest rate on the Company's variable rate debt. This calculated, hypothetical increase in interest expense for the following twelve months may be different from the actual increase in interest expense from a 1% increase in interest rates due to varying interest rate reset dates on the Company's floating debt.

The Company's acquisition related contingent consideration, which is adjusted to fair value at each reporting period, is also impacted by changes in interest rates. The risk free interest rate is a component of the discount rate used to calculate the present value of future cash flows due under the CBAs related to the Expansion Territories. As a result, any changes in the underlying interest rates will impact the fair value of the acquisition related contingent consideration.

Raw Material and Commodity Price Risk

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

In Q1 2015 and Q1 2014, the Company entered into agreements to hedge a portion of the Company's 2015 and 2014 commodity purchases. Subsequent to March 29, 2015, the Company entered into additional agreements to hedge certain commodity costs for 2016.

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

Effects of Changing Prices

The annual rate of inflation in the United States, as measured by year-over-year changes in the consumer price index, was .8% in 2014 compared to 1.5% in 2013 and 1.7% in 2012. Inflation in the prices of those commodities important to the Company's business is reflected in changes in the consumer price index, but commodity prices are volatile and in recent years have moved at a faster rate of change than the consumer price index.

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

Item 4. Controls and Procedures.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")), pursuant to Rule 13a-15(b) of the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 29, 2015.

There has been no change in the Company's internal control over financial reporting during the quarter ended March 29, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors.

There have been no material changes to the factors disclosed in Part I. Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 28, 2014.

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

Purchase of Equity Securities

The following table provides information about repurchase of our common stock during the three-month period ended March 29, 2015:

Period	Number of Shares Purchased [(1)]	Average Price Paid Per Share ($)	Total Number Of Shares Purchased as Part of Publically Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
December 29, 2014 through January 25, 2015	—	—	—	—
January 26, 2015 through February 22, 2015	—	—	—	—
February 23, 2015 through March 29, 2015	19,080	106.37	—	—

(1) Represents shares of common stock withheld for income tax purposes in connection with the vesting of 40,000 shares of restricted Class B Common Stock issued pursuant to a Performance Unit Award Agreement to J. Frank Harrison, III, in connection with his services in 2014.

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Item 6. Exhibits.

Exhibit Number	Description
4.1	The registrant, by signing this report, agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument which defines the rights of holders of long-term debt of the registrant and its consolidated subsidiaries which authorizes a total amount of securities not in excess of 10 percent of the total assets of the registrant and its subsidiaries on a consolidated basis.
10.1	Distribution Agreement entered into as of March 26, 2015 between Monster Energy Company, a Delaware corporation (formerly known as Hansen Beverage Company), and CCBCC Operations, LLC, a Delaware limited liability company and wholly-owned subsidiary of the Company. *
12	Ratio of earnings to fixed charges (filed herewith).
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished (and not filed) herewith pursuant to Item 601(b)(32)(ii) of Regulation S-K).
101	Financial statements from the quarterly report on Form 10-Q of Coca-Cola Bottling Co. Consolidated for the quarter ended March 29, 2015, filed on May 8, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations; (ii) the Consolidated Statements of Comprehensive Income; (iii) the Consolidated Balance Sheets; (iv) the Consolidated Statements of Changes in Equity; (v) the Consolidated Statements of Cash Flows and (vi) the Notes to the Consolidated Financial Statements.

* Certain portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested for such portions of the exhibit.

SIGNATURES

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

COCA-COLA BOTTLING CO. CONSOLIDATED
(REGISTRANT)

Date: May 8, 2015

By: /s/ James E. Harris
James E. Harris
Principal Financial Officer of the Registrant
and
Senior Vice President, Shared Services
and
Chief Financial Officer

Date: May 8, 2015

By: /s/ William J. Billiard
William J. Billiard
Principal Accounting Officer of the Registrant
and
Chief Accounting Officer

Exhibit 10.1

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

DISTRIBUTION AGREEMENT

This DISTRIBUTION AGREEMENT (the “Agreement”) is entered into as of March 26, 2015 (the “Effective Date”) between Monster Energy Company, a Delaware corporation (formerly known as Hansen Beverage Company) (“MEC”), and CCBCC Operations, LLC, a Delaware limited liability company (“Distributor”). MEC and Distributor are referred to herein collectively as the “parties” and individually as a “party” hereto.

1. Recitals and Definitions.

a. Distributor is a leading distributor of beverages throughout the Territory (as defined below) and has substantial experience in the distribution of beverages. Distributor has developed and implemented successful marketing plans and/or systems for such distribution and which are substantially associated with the trademarks and trade name of The Coca-Cola Company (“KO”). KO has designated Distributor, and MEC wishes to appoint Distributor, as a distributor of Products (as defined below) as part of Distributor’s business operations and systems, with performance to commence as of April 6, 2015, or such other date as may be mutually agreed by the parties in writing, but which in no event shall be later than August 3, 2015 (the “Commencement Date”).

b. When used herein (i) the word “Products” means (x) all Energy Drinks (as defined below) in any form, that are offered, packaged and/or marketed by MEC or any of its Affiliates at any time after the Effective Date in the Territory under the primary brand name “Monster” or any other primary brand name having “Monster” as a derivative or part of such name, and/or containing the “ ” as a primary brand component, and which may, but are not required, to contain the “ ” mark, and/or the “M” icon, and (y) such additional beverage products, whether marketed under the Trademarks (as defined below) or otherwise, as MEC and Distributor shall agree from time to time by executing a mutually agreed upon amended Exhibit A. MEC and Distributor shall use commercially reasonable efforts to periodically review and update Exhibit A on a reasonable basis throughout the Term. The Products shall include all sizes of SKUs as may be determined by MEC and offered, packaged and/or marketed by MEC or any of its Affiliates in good faith from time to time; (ii) the word “Territory” means the territory identified in Exhibit B hereto; (iii) the words “Distributor’s Accounts” mean all accounts or classes of accounts in the Territory (including those set forth as exclusive or non-exclusive Distributor’s Accounts on Exhibit C hereto), other than those reserved for MEC as identified on Exhibit C; (iv) the word “Trademarks” means those names and marks identified on Exhibit D hereto; (v) the words “Energy Drink/s” mean any shelf-stable, in ready-to-drink, powdered, drops or concentrate form, non-alcoholic beverage that satisfies all of the following conditions: (A) it is marketed or positioned to consumers as an energy beverage, (B) it contains one or more of the following ingredients: guarana, taurine, panax ginseng, L-carnitine, B-2 vitamins, B-6 vitamins, B-12 vitamins, L-arginine, astralagus, glucuronolactone or inositol (or, to the extent approved by KO, which approval shall not be unreasonably withheld, conditioned or delayed, any ingredients substituting for or supplementing any of the foregoing ingredients) and (C) it has at least five (5) milligrams of caffeine per ounce (the "Caffeine Requirement"), except that (1) Products under the brand Monster Energy Unleaded (substantially as such Products are formulated, manufactured, marketed and/or sold as of the date hereof, and any line extensions or expansions of such Products marketed under such brand) shall not be required to meet the Caffeine Requirement; and (2) the Caffeine Requirement shall be reduced in respect of any particular territory to the extent that any final law applicable to MEC in such territory imposing restrictions on the on-going business activities of MEC is enacted by a Governmental Entity having jurisdiction over such territory that either (I) specifically establishes a maximum caffeine concentration that is lower than the Caffeine Requirement (in which case the Caffeine Requirement applicable to such territory shall be the maximum caffeine concentration permitted by such law) or (II) is reasonably expected, based on the good faith judgment of MEC, to have an adverse impact on MEC's business, sales or profitability in such territory due to the caffeine concentration of the Products exceeding a specified level (including, for example, a material tax imposed on beverages with caffeine concentrations above a stated amount but excluding, for the avoidance of doubt, any age or similar restriction on the manner of sale of such beverages) (in which case the Caffeine Requirement applicable to such territory shall be the maximum caffeine concentration that would not have such adverse impact); it being agreed that affected Products in any affected territory may be reformulated by MEC to the extent necessary to comply with any such law or to avoid such adverse impact; (vi) the word "Affiliates" means as to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with such Person, as such terms are used in and construed under Rule 405 under the Securities Act of 1933 of the United States of America; (vii) the word "Person" means an individual or firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind; and (viii) the words "Governmental Entity" mean any (A) nation, state, county, city, town, village, district, or other jurisdiction of any nature, (B) federal, state, local, municipal, foreign, or other government, (C) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), or (D) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature. All Exhibits referred to in this Agreement shall be deemed to be incorporated into this Agreement.

2. Appointment.

a. With effect from the Commencement Date, MEC appoints Distributor, and Distributor accepts appointment, as a distributor and seller of Products to Distributor's Accounts within the Territory. Such appointment shall be exclusive with respect to each of Distributor's Accounts except if and to the extent specifically designated as non-exclusive on Exhibit C hereto. Such appointment shall exclude any SKU/s deleted from distribution pursuant to Sections 13(b) or 13(f) below. Unless otherwise agreed in writing by MEC, Distributor specifically covenants not to sell, market, distribute, assign or otherwise transfer (collectively, "Transfer") in any manner any Products except to Distributor's Accounts within the Territory. Those categories of customers which are excluded from the definition of Distributor's Accounts are expressly reserved for MEC, or such other distributors as MEC may from time to time appoint. Distributor shall be entitled to appoint sub-distributors within the Territory provided that the terms of such appointment shall provide that the sub-distributors shall not actively seek or solicit customers for the Products outside the Territory or any customers located within the Territory other than Distributor's Accounts, and the terms of such appointments shall not be inconsistent with the terms and conditions of this Agreement and shall be subject to MEC's rights hereunder. Distributor's appointment of sub-distributors shall be to supplement and augment but not to replace or substitute, wholly or partially, Distributor's resources, performance capabilities and/or ability to fully perform all of Distributor's obligations in the Territory under this Agreement, including without limitation, as provided in Section 3 below. Distributor will remain liable for the actions, omissions and performance of all of Distributor's sub-distributors.

b. Distributor hereby agrees not to Transfer any Products, either directly or indirectly, to any other Persons located outside the Territory or to any Persons located within the Territory who Distributor knows or reasonably believes will distribute or resell the Products outside the Territory, except that, subject to all of the terms and conditions of this Agreement, Distributor may Transfer Products to other bottlers or distributors designated by KO that are authorized in writing by MEC for Transfer into such distributor's or bottler's territory. During the Term, Distributor shall purchase exclusively and directly from MEC or its nominees (and from no other Person) all of its requirements for Products. In the event Products distributed or sold by Distributor are found outside the Territory, upon MEC's reasonable request therefor, Distributor shall use Best Efforts (as defined below) to make available to representatives of MEC such sales agreements and other records relating to applicable Products as may be reasonably required for, and otherwise reasonably cooperate with MEC in, all MEC investigations relating to the sale and distribution of the Products outside the Territory, in each case, subject to confidentiality and other obligations to third parties and solely to the extent permissible under applicable law. Distributor shall use Best Efforts to promptly inform MEC if at any time any solicitation or offer to purchase Products is made to Distributor in writing by a third party which Distributor knows would result in a breach of this Section 2(b), in each case, subject to confidentiality and other obligations to third parties and solely to the extent permissible under applicable law. "Best Efforts" means the efforts a prudent Person desiring in good faith to achieve a result would use in the circumstances to ensure such result is achieved as expeditiously as possible but does not require the Person subject to such obligation to take actions that would result in any materially adverse change, or any financial change which in the aggregate, or over a period of time, would result in any materially adverse change, in the benefits to such Person under this Agreement or require such Person to expend funds or extend other economic incentives, unless otherwise expressly required under this Agreement.

c. Distributor acknowledges and agrees that it has no right to distribute any products of MEC other than the Products. Any sales by MEC to Distributor of any products of MEC that are not the Products, and/or any products sold by MEC to Distributor and/or its subdistributor(s) beyond the scope, Term (as defined below) or after the termination of this Agreement, with or without cause, for any reason or no reason at all (i) shall not constitute, be construed as, or give rise to any express or implied distribution agreement, course of conduct or other relationship between MEC and Distributor, (ii) shall not confer upon Distributor or its subdistributor(s) any rights of any nature whatsoever, including without limitation to purchase and/or Transfer or continue to purchase and/or Transfer any products, including Products, or use the Trademarks other than with respect to products sold and delivered by MEC to Distributor, and (iii) shall constitute a separate transaction for each shipment of products actually delivered by MEC to Distributor and/or sub-distributor(s), in MEC's sole and absolute discretion, which

MEC shall be entitled to exercise, vary, withdraw and/or cease, on a case by case basis, at any time in MEC's sole and absolute discretion. Distributor irrevocably waives, releases and discharges any claims, liabilities, actions and rights, in law or in equity, against MEC including without limitation for damages (including without limitation, consequential, special or punitive damages), compensation or severance payments or any other claims of whatsoever nature by Distributor arising from or in connection with the matters referred to in this Section 2(c) and/or any acts, omissions or conduct of MEC with regard to such matters.

d. Subject to and without limiting MEC's and its Affiliates' obligations to KO under the Distribution Coordination Agreement (as defined below), if Distributor declines to distribute, declines to continue to distribute, or proposes not to distribute (each a "Distribution Refusal") (i) substantially all Products, as the case may be, designated by MEC in good faith for sale in the Territory, MEC shall have the right to sell any or all of the Products so designated by MEC for sale in the Territory directly or through other distributors in the Territory, to the exclusion of Distributor or (ii) one or more of MEC's SKUs designated by MEC for sale in the Territory, MEC shall have the right (without prejudice to its right in clause (i) above) to sell such declined SKU/s directly or through other distributors in the Territory to the exclusion of Distributor, in each case (i) and (ii) upon forty-five (45) days written notice to Distributor and KO of its intention to do so; provided that such Distribution Refusal continues to exist for such forty-five (45) day period. MEC's right to sell or have sold such Products shall be limited to the portion of the Territory for which such distribution has been declined.

e. If, after the Effective Date, MEC determines to sell or otherwise distribute any Product or any SKU of any Product ("Product SKUs") in the Territory not previously sold or distributed by Distributor (each a "New Product SKU"), prior to launching or otherwise commencing the sale or other distribution of such New Product SKU, MEC shall provide Distributor the right to distribute such New Product SKUs, subject to the terms of this Agreement (and subject to and without limiting MEC's obligations to KO under the Distribution Coordination Agreement). If Distributor declines to sell and distribute such New Product SKUs in the Territory within fifteen (15) days of MEC's request that such New Product SKUs be added, then MEC shall have the right and option, in MEC's sole and absolute discretion, to sell and distribute such refused New Product SKUs directly or through other distributors selected by MEC, to the exclusion of Distributor; provided that MEC gives such Distributor an additional fifteen (15) days written notice of MEC's intention to do so and Distributor does not commence and continue purchasing from MEC and selling such refused New Product SKUs within such additional fifteen (15) day period. MEC's right to sell or have sold such New Product SKUs shall be limited to the portion of the Territory for which such distribution has been declined.

3. Distributor's Duties. Distributor shall:

a. Use commercially reasonable good faith efforts (i) to actively and diligently promote, solicit and push vigorously the wide distribution and sale of the Products to Distributor's Accounts in the Territory, and (ii) to develop and exploit the full potential of the business of distributing, Marketing (as defined below) and selling the Products throughout the Territory by creating, stimulating and expanding continuously the future demand for the Products and satisfying fully and in all respects the current demand therefor (except to accounts reserved for MEC pursuant to Exhibit C and those National Accounts (as defined below) that are serviced directly by MEC in accordance with Section 14). For the purposes of this Section 3 and Section 13(a) below, "Marketing" means trade marketing, local marketing and local Product promotions in the Territory;

b. Use commercially reasonable good faith efforts to actively and diligently develop new business opportunities for Products in Distributor's Accounts in the Territory;

c. Use commercially reasonable good faith efforts to actively and diligently manage all of Distributor's sub-distributors throughout the Territory to gain system alignment to promote the sale and distribution of Products;

d. Secure extensive in-store merchandising and optimal shelf positioning in Distributor's Accounts in the Territory with respect to Products, except for those National Accounts serviced directly by MEC in accordance with Section 14 below;

e. Perform complete and efficient distribution functions to and in Distributor's Accounts throughout the Territory;

f. Fully implement the Annual Business Plan (as defined and to be agreed upon from time-to-time in accordance with Section 13(b) below), and use commercially reasonable good faith efforts to achieve and maintain all of the objectives set with respect thereto as contemplated in Section 13(b) below;

g. Achieve and maintain the Performance Targets (as defined and determined each calendar year in accordance with Section 13(d) below);

h. In relation to the sales of the Products only, permit MEC representatives to accompany Distributor's salesmen on sales routes in the Territory, upon reasonable advance notice to Distributor;

i. Achieve optimum ambient and cold space, position, prominence, and visibility of the Products in all Distributor's Accounts in the Territory, except for those National Accounts serviced directly by MEC in accordance with Section 14 below;

j. Promote and maintain an efficient, viable and financially sound system of distribution for the Products in Distributor's Accounts throughout the Territory, except for those National Accounts serviced directly by MEC in accordance with Section 14 below;

k. Provide the resources necessary for the sale, delivery, Marketing, promotion and servicing of the Products in Distributor's Accounts within the Territory, except for those National Accounts serviced directly by MEC in accordance with Section 14 below;

l. Achieve and maintain Minimum Distribution Levels for the Products in Distributor's Accounts (other than such non-exclusive Distributor's Accounts as identified on Exhibit C) as agreed upon or determined in accordance with Section 13(c) below from time to time;

m. Perform and satisfy its obligations specified in Sections 10 and 13 below;

n. Provide such sales and Marketing information in relation to the Products as may be reasonably requested by MEC;

o. Comply with any applicable laws and regulations of or applicable in the Territory and shall be responsible for ensuring that all Product deliveries by Distributor within the Territory comply with all health, safety, environmental and other standards, specifications and other requirements imposed by law, regulation or order in the Territory and applicable to the Products;

p. Assign such article numbers as may be utilized by Distributor from time to time for each Product and Product package to track sales information by its sales data collection system;

q. Cause all of its promotional and Marketing efforts and/or activities under this Agreement to be devoted solely to the Products. Unless approved by MEC's prior written consent, it shall be a violation of this subsection for (i) Products to be placed by Distributor in Equipment (as defined below) branded with the trademark of an Energy Drink other than a Product, it being agreed that Distributor may place Products in Equipment branded with another beverage other than an Energy Drink; (ii) Energy Drinks other than Products to be placed by Distributor in Equipment branded for Products; (iii) sales materials for Products created by Distributor to include trademarks of products or Energy Drinks other than Products; (iv) Distributor distributing sales material created by Distributor including trademarks of Products; and (v) Distributor's promotional pricing and/or promotional and/or Marketing activities and/or promotional and/or Marketing programs to apply to all or any Products in combination with all or any Energy Drinks other than Products sold by Distributor. It is not a violation of this subsection for Products to be ordered, sold, delivered, or merchandised by the same Person or in the same vehicles as other products;

r. Invest all the capital and to obtain and expend all the funds required for the organization, installation, operation, maintenance and replacement within the Territory of such warehousing, Marketing, distribution, delivery, transportation and other facilities and equipment as shall be necessary for Distributor to comply with its obligations under this Agreement;

s. For its own account, budget and expend such funds for advertising, Marketing and promoting the Products in the Territory as may be reasonably required by MEC to create, stimulate and sustain the demand for the Products in the Territory, provided that Distributor shall submit all advertising, Marketing and promotional projects relating to the Trademarks or the Products to MEC for its prior approval, and shall use, publish, maintain or distribute only such advertising, Marketing or promotional material relating to the Trademarks or the Products as MEC shall approve and authorize. MEC may agree from time to time and subject to such terms and conditions as it shall stipulate in each case to contribute financially to Distributor's Marketing programs. MEC may also undertake, at its own expense and independently from Distributor, any additional advertising or sales promotion activities in the Territory it deems useful or appropriate;

t. Use commercially reasonable efforts to allocate Products in Distributor Equipment consistent with the Annual Business Plan and to the extent (and in the form and manner) agreed between Distributor and MEC, including without limitation by including **[***]**. "Distributor Equipment" shall mean any refrigeration equipment, coolers, barrels, vending machines or similar equipment provided by Distributor, or placed and maintained by Distributor in premises of Distributor's customers within the Territory for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of all or any beverages distributed and sold by Distributor in the Territory. "MEC Equipment" shall mean any refrigeration equipment, coolers, barrels, vending machines or similar equipment funded by MEC or provided by MEC to Distributor and placed in premises of Distributor's customers within the Territory by Distributor for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of all or any Products distributed and sold by Distributor in the Territory, **[***]** and/or as may otherwise be agreed by the parties in writing from time to time. The appearance and branding of MEC Equipment shall be determined by MEC in its discretion. Distributor Equipment and MEC Equipment shall be referred to collectively as the "Equipment;"

u. Take such steps and execute such documents as may be necessary to ensure that any MEC Equipment for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of Products, and any licenses, entitlements, consents or other rights relating to the placement or location of MEC Equipment in a customer's premises remains the exclusive, unencumbered property of MEC. Distributor shall maintain the MEC Equipment in good condition throughout the Term of this Agreement, ordinary wear and tear excepted. Upon termination of this Agreement, Distributor shall deliver the MEC Equipment to MEC or its designee at the location of such Equipment in the customers' premises. As the bona fide depository of the MEC Equipment, Distributor undertakes to take all commercially reasonable steps for the proper storage, preservation and use of the MEC Equipment for as long as such Equipment remains serviceable, and shall be responsible for any failure to do so. If for any reason any of the MEC Equipment is removed and not recovered, Distributor shall be liable for all loss and damages arising from Distributor's breach of this Section 3(u). Distributor hereby agrees to pay MEC any loss or damages incurred by MEC with respect to replacing the MEC Equipment and securing the placement of the MEC Equipment;

v. Maintain and replace such Equipment at such reasonable intervals as are reasonably necessary;

w. Use commercially reasonable efforts to protect the reputation and goodwill of MEC, the Products, and the Trademarks, conduct business in a proper and businesslike manner, and otherwise act in the best interests of MEC in relation to its Products, reputation and goodwill. Distributor shall not act or fail to act in any manner that would reasonably be expected to be detrimental to the brand image of MEC or the Products. Distributor shall sell Products only to reputable and suitable Distributor's Accounts consistent with the reputation and quality of MEC's global brand. Distributor shall not engage in any activities or practices, or fail to engage in activities or practices, that would reasonably be expected to impair the value of or otherwise damage the reputation or goodwill of MEC, the Products, or the Trademarks; and

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x. Maintain in stock at all times a reasonably sufficient quantity of each Product/s in relation to the demand from Distributor's Accounts in the Territory for at least a reasonable period based on such demand, subject to availability as provided by MEC.

4. Prices. The prices of Products shall be as set forth in MEC's then current price list as the same may be changed from time to time by MEC upon **[***]** prior written notice to Distributor.

5. Orders. All purchase orders for Products shall be transmitted in writing or electronically, shall specify a reasonable date and time for delivery to locations in the Territory agreed upon in writing between the parties from time to time with a lead time of at least ten (10) days and shall be subject to acceptance by MEC in MEC's reasonable discretion. If MEC is unable to accept an order for any reason, then MEC will use commercially reasonable efforts to equitably allocate available Products to fill orders from its distributors and customers, including Distributor. In the event of any conflict or inconsistency between the terms of this Agreement and any purchase order, the terms of this Agreement shall govern. All such purchase orders shall be deemed acceptances of MEC's offers to sell Products and shall limit acceptance by Distributor to the terms and conditions thereof.

6. Payment.

a. MEC shall invoice Distributor on a monthly or other mutually agreed periodic basis and Distributor shall promptly pay the prices of Products in full (without deduction or set off for any reason) no later than **[***]** from date of the relevant invoice unless MEC **[***]**. Distributor and MEC shall use a mutually agreeable method of electronic settlement of accounts that Distributor reasonably approves which may include ACH or Xign, Distributor's current electronic invoice presentment system. If Distributor is delinquent in payment upon presentation of invoice and remains delinquent for seven (7) days after written notice calling upon Distributor to pay, Distributor shall reimburse MEC for any costs and expenses incurred by MEC in collecting such delinquent amounts, including, without limitation, legal fees and costs including fees of collection agencies, and interest computed at **[***]** percent **[***]** per month or part thereof from the due date(s) or the maximum legally permissible rate. MEC reserves the right by giving reasonable notice to Distributor to establish in its sole discretion the conditions of shipment and to designate the supply point and/or alternate supply points for each of the Products.

b. Distributor acknowledges that it is aware that MEC and KO have entered into an Amended and Restated Distribution Coordination Agreement dated as of __________, 2015 (as it may be amended from time to time, the "Distribution Coordination Agreement") under the terms of which KO has agreed to facilitate and coordinate MEC and certain KO distributors/bottlers entering into distribution arrangements, and after such arrangements have been entered into, to facilitate the ongoing relationship between MEC and such KO distributors/bottlers and provide other assistance. In consideration thereof, Distributor agrees to pay to KO a fee calculated in accordance with the formula set forth on attached Exhibit E (the "Facilitation Fee"). Each MEC invoice to Distributor will include the Facilitation Fee, which shall be payable by Distributor in accordance with the terms of the applicable MEC

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invoice. MEC will in turn remit the Facilitation Fee received from Distributor to KO on a monthly basis. Distributor acknowledges and agrees that (i) MEC may, at any time, assign to KO its rights to collect the Facilitation Fee, which will allow KO to directly take action against Distributor to collect any Facilitation Fee owing from Distributor, (ii) MEC may agree to pay or provide KO with other fees or benefits as consideration for KO's performance of its obligations under the Distribution Coordination Agreement and (iii) to the extent necessary, Distributor consents to the provisions of this Section 6(b).

7. Title. Title to the Products shall pass to Distributor upon delivery of the Products to Distributor.

8. Forecasts and Delivery.

a. Distributor shall provide MEC with **[***]** forecasts describing the volume of each SKU of Products that Distributor projects will be ordered during each **[***]** period during the Term (as defined below) of this Agreement. Distributor shall submit each updated forecast monthly in a format reasonably acceptable to MEC no later than the first day of each month during the Term.

b. Unless otherwise agreed in writing by the parties to this Agreement, the Products will be tendered by MEC for delivery to Distributor in full truckload quantities of particular Product lines and extensions but without combining different Product lines in the same truckloads. By way of example, Monster Green (i.e. Monster's original product) and its extensions and Java Monster and its extensions are different particular Product lines. Subject to Distributor providing MEC forecasts in accordance with Section 8(a) above, MEC agrees to (i) use commercially reasonable good faith efforts to deliver Products to Distributor within **[***]**, in the case of Monster and Monster LoCarb Products sold in 24-pack/16 oz. cases, and within **[***]** in the case of all other Products, of MEC's receipt of the applicable purchase orders for Products in compliance with Sections 5 and 8(a) above, and (ii) deliver Products to Distributor with at least **[***]** of shelf life remaining at the time of delivery. Notwithstanding the foregoing, Distributor acknowledges that delivery dates set forth in purchase orders for Products accepted by MEC are merely approximate and that MEC shall have no liability for late deliveries, except only for fines, penalties and assessments imposed by Distributor's customers and actually paid by Distributor which arise solely and directly as a result of MEC's failure to comply with its obligations under this Section 8.

c. MEC shall use commercially reasonable means to cause packing and packaging to comply with all applicable state, federal and local law and packing and packaging to be accompanied by bills of lading or pallet tags or other documentation to comply with the Public Health Security and Bioterrorism Preparedness and Response Act of 2002.

9. Trademarks.

a. Distributor acknowledges the respective exclusive right, title, and interest in and to the Trademarks and trade names of MEC and/or its Affiliates, whether or not registered, patents, patent applications, and all rights in inventions (whether or not patentable)

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(collectively, "Patents"), copyrights and copyrightable material (collectively, "Copyrights") and trade secrets and know-how (collectively, "Know-How") which MEC and/or its Affiliates may have at any time created, adopted, used, registered, or been issued in the United States of America or in any other location in connection with MEC's business or the Products and Distributor shall not do, or cause or permit to be done, any acts or things contesting or in any way impairing or tending to impair any portion of MEC's right, title, and interest in and to the Trademarks, trade names, Patents, Copyrights, and Know-How. Any approval by MEC for Distributor to use any Trademarks, trade names, Patents, Copyrights, trade secrets and Know-How in connection with the distribution and sale of the Products shall be a mere temporary permission, uncoupled with any right or interest, and without payment of any fee or royalty charge for such use.

b. Distributor shall not use any trademark, name, brand name, logo or other production designation or symbol in connection with Products other than the Trademarks, subject to the terms of this Section 9. It will not be a breach of this Section for the Products to be delivered by Distributor in vehicles, or using employees, agents, assigns or sub-distributors wearing clothing, displaying any other trademark, name, brand name, logo or other products designation or symbol. Distributor acknowledges that it has no right or interest in the Trademarks (except as expressly permitted hereunder) and that any use by Distributor of the Trademarks will inure solely to MEC's benefit. Distributor may only use the Trademarks in strict accordance with MEC's policies and instructions, and MEC reserves the right, from time to time and at any time, at its discretion, to modify such policies and instructions then in effect.

c. Any proposed use by Distributor of the Trademarks (to the extent that it either has not been previously approved by MEC in writing or differs materially from a use previously approved by MEC in writing) shall be subject to the prior written consent of MEC, which MEC may withhold in its sole and absolute discretion. Distributor shall submit to MEC in writing each different proposed use of the Trademarks in any medium.

d. Distributor shall not at any time alter the Trademarks or the packaging of Products, use the Trademarks for any purpose other than the promotion, advertising and sale of Products hereunder, or challenge the validity, or do or refrain from doing any act which might result in impairment of the value, of the Trademarks. Distributor shall not cause or permit its business name to include any of the Trademarks or its business to be operated in a manner which is substantially associated with any of the Trademarks.

e. In advertising, promotions or in any other manner so as to identify Products, Distributor shall clearly indicate MEC's ownership of the Trademarks. Distributor further agrees that before distributing or publishing any sales literature, promotional or descriptive materials, MEC shall have the right, upon request, to inspect, edit and approve such materials which illustrate, describe or discuss the Products. Distributor shall comply with any Trademark usage guidelines that MEC provides to it in writing.

f. Upon the termination of this Agreement, the temporary permission granted under sub-Section 9(a) above will terminate and Distributor shall immediately cease and desist from any use of the Trademarks and any names, marks, logos or symbols similar thereto and the use of any Patents, Copyrights and Know-How.

g. Distributor shall (i) notify MEC of any actual or suspected misuse or infringement of any Trademark, brand name, logo or other production designation or symbol in the Territory, (ii) at MEC's expense and upon MEC's request, assist in such legal proceedings as MEC will deem necessary for the safeguard of any Trademark, brand name, logo or other production designation or symbol in the Territory, and execute and deliver in accordance with MEC's request such documents and instruments as may be necessary or appropriate in the conduct of such proceedings, and (iii) at MEC's expense, assist MEC in the registration and/or renewal of registration of any Trademark, brand name, logo or other production designation or symbol in the Territory as MEC may determine to be necessary or desirable, and execute such documents and instruments as may be necessary to register or to apply for the registration (or registration renewal) of such Trademark, brand name, logo or other production designation or symbol.

h. Distributor shall not acquire or attempt to acquire, for itself or for others, any rights in or to the Patents, Copyrights, Know-How, Trademarks, or any names, marks, logos or symbols confusingly similar thereto, either through registration or use. All rights granted to Distributor concerning the Trademarks, Patents, Copyrights, and Know-How are personal to Distributor, and are not assignable (except in accordance with Section 23) or sublicensable (except to a sub-distributor in accordance with Section 2(a)). Subject to Distributor's rights under Sections 2 and 23, Distributor shall not grant or attempt to grant any rights in or to the Trademarks, Patents, Copyrights, and Know-How to any other Person.

i. If during the Term a third party institutes against MEC or Distributor any claim or proceeding that alleges that the use of any Trademark or any Know-How, Patent, trade secret or Copyright in connection with the distribution, marketing, promotion, merchandising and/or sales of the Products under this Agreement infringes the intellectual property rights held by such third party, then MEC shall, in its sole discretion, and at its sole expense, contest, settle, and/or assume direction and control of the defense or settlement of, such action, including all necessary appeals thereunder. Distributor shall use all reasonable efforts to assist and cooperate with MEC in such action, subject to MEC reimbursing Distributor for any reasonable out-of-pocket expenses incurred by Distributor in connection with such assistance and cooperation. If, as a result of any such action, a judgment is entered by a court of competent jurisdiction, or settlement is entered by MEC, such that any Know-How, Patent, trade secret, Copyright or Trademark cannot be used in connection with the distribution, marketing, promotion, merchandising and/or sales of the Products under this Agreement without infringing upon the intellectual property rights of such third party, then MEC and Distributor promptly shall cease using such affected Know-How, Patent, trade secret, Copyright or Trademark in connection with the distribution, marketing, promotion, merchandising and/or sale of the Products under this Agreement. Except as otherwise specified in this Agreement, neither party shall incur any liability or obligation to the other party arising from any such cessation of the use of the affected Trademark.

10. Promotion and Trade Marketing of Products. Distributor shall be responsible for promotion and Marketing of the Products to Distributor's Accounts within the Territory. Distributor shall use commercially reasonable efforts to actively and diligently distribute and encourage the utilization of merchandising aids and promotional materials in all Distributor's Accounts throughout the Territory. Without in any way detracting from the foregoing, Distributor shall reasonably participate in and diligently implement all Marketing and

promotional programs that are mutually agreed upon by MEC and Distributor from time to time. Distributor acknowledges that (a) MEC has no obligation to market and promote the Products, and (b) MEC makes no, and hereby disclaims any, express or implied warranty, representation, or covenant relating to or in connection with MEC's marketing and promotional activities including any Global Branding and Marketing activities (as defined in Section 13(a) below), including without limitation, as to the value, performance, extent, effectiveness, quantity, quality, success or results of any such activities or the lack thereof. Except as expressly provided in Section 19 below, Distributor shall have no claim against MEC and its Affiliates and hereby releases MEC and its Affiliates from all and any claims by, and/or liability to, Distributor of any nature for their failure to market and promote, or adequately market and promote, the Products or arising from or relating to or in connection with any Global Branding and Marketing activities procured, provided or performed by MEC and/or its Affiliates or MEC's and/or its Affiliates' failure to procure, provide or perform such activities.

11. Term. Unless terminated by either party pursuant to the terms of this Agreement, the initial term of this Agreement shall commence on the Effective Date and shall end on the twentieth (20th) anniversary of the Commencement Date (the "Initial Term"). After the Initial Term, this Agreement shall, subject to being terminated by either party pursuant to the terms of this Agreement, continue and remain in effect, unless either party gives written notice of non-renewal to the other party at least ninety (90) days prior to the end of the Initial Term or any subsequent anniversary of the Commencement Date, as the case may be (collectively, the "Term"). A "Contract Year" means any calendar year during the Term and the period from the Commencement Date until the close of business on December 31st of the calendar year in which the Commencement Date falls.

12. Termination.

a. Termination for Cause.

(i) Termination By Either Party. Without prejudice to its other rights and remedies under this Agreement and those rights and remedies otherwise available in equity or at law, either party may terminate this Agreement on the occurrence of one or more of the following:

A. Breach. A party's material breach of a provision of this Agreement and failure to cure such breach within thirty (30) days after receiving written notice describing such breach in reasonable detail from the non-breaching party; provided, however, if such breach is of a nature that it cannot reasonably be cured within thirty (30) days, then the breaching party shall have an additional forty-five (45) day period to cure such breach, providing it immediately commences, and thereafter diligently prosecutes, in good faith, its Best Efforts to cure such breach. In the event that either MEC or Distributor exercises its right to terminate this Agreement in accordance with this Section 12(a)(i)(A), the breaching party shall be obligated to pay the other party a severance payment measured as a genuine pre-estimate of the other party's losses and not as a penalty (the "Breach Severance Payment") in the amount calculated as follows: Distributor's "average gross profit per case" (as defined below) multiplied by the number of cases of Products sold by Distributor during the most recently completed twelve (12) month period ended on the last day of the month preceding the month in which this Agreement is terminated. Distributor's "average gross profit per case" shall mean Distributor's actual selling price less (1) promotion allowances, discounts, free cases and allowance programs, and (2) Distributor's laid in cost of the Products. The computation of Distributor's "average gross profit per case" shall exclude the Facilitation Fee.

B. Insolvency. The other party (1) makes any general arrangement or assignment for the benefit of creditors, (2) becomes bankrupt, insolvent or a "debtor" as defined in 11 U.S.C. § 101, or any successor statute (unless such petition is dismissed within sixty (60) days after its original filing), (3) has appointed a trustee or receiver to take possession of substantially all of such party's assets or interest in this Agreement (unless possession is restored to such party within sixty (60) days after such taking), or (4) has substantially all of such party's assets or interest in this Agreement (unless such attachment, execution or judicial seizure is discharged within sixty (60) days after such attachment, execution or judicial seizure) attached, executed, or judicially seized.

C. Agreement. Mutual written agreement of the parties.

D. Deadlock.

(1) If (a) the parties are unable to agree upon Performance Targets, Annual Business Plan or Minimum Distribution Levels, or (b) if Distributor has failed to achieve the applicable Performance Targets, Annual Business Plan or Minimum Distribution Levels or fails to comply with any specific requirements of Distributor under this Agreement, including Section 3 (Distributor's Duties), Section 10 (Trade Marketing and Promotional Programs), Section 13(f) (sales velocity), and Section 13(g) (promotional activities), in any material respect, commencing with the [2015] Contract Year in accordance with Sections 13(b), 13(c) and 13(d) respectively, (clauses (a) and (b) above, collectively referred to as a "Deadlock") then either party may, at any time after providing the other party with written notice identifying the specific issues resulting in the Deadlock and making a good faith attempt to resolve the Deadlock with the other party, but not more than three times per twelve month period, upon written notice to the other party (the "Meet and Confer Notice"), require that representatives of the other party's senior management meet and confer with representatives of the notifying party's senior management at the dates, times and place reasonably agreed by the parties. Such meet and confer shall begin no later than seven (7) days after the other party's receipt of such Meet and Confer Notice and shall end no later than fifteen (15) days after the other party's receipt of such Meet and Confer Notice (the "Initial Meeting Period"). Representatives of the parties' senior management shall meet and confer during such Initial Meeting Period until (x) resolution of the Deadlock to the parties' mutual satisfaction or (y) conclusion of the Initial Meeting Period, whichever occurs first.

(2) If the parties are unable to resolve the Deadlock in accordance with Section 12(a)(i)(D)(1) above, then either party may, at any time after the Initial Meeting Period, upon written notice to the other party and to KO (the "Second Meet and Confer Notice"), require representatives of the other party's senior management and representatives of management of the applicable KO business unit (and/or at MEC's reasonable request, such other representative of senior management of KO), to meet and confer with representatives of the notifying party's senior management at the dates, times and place reasonably agreed by MEC, Distributor and KO (including via videoconference or teleconference). Such meet and confer shall begin no later than seven (7) days after the other party's and KO's receipt of such Second

Meet and Confer Notice and shall end no later than twenty-one (21) days after the other party's and KO's receipt of such Second Meet and Confer Notice (the "Second Meeting Period"). Representatives of the parties' and the applicable KO business unit's senior management (and/or at MEC's reasonable request, such other representative of senior management of KO), shall meet and confer during such Second Meeting Period until (x) resolution of the Deadlock to the parties' and KO's satisfaction or (y) conclusion of the Second Meeting Period, whichever occurs first. For the avoidance of doubt and without limiting Section 12(a)(i)(D)(5) below, in the event that, after KO's receipt of the Second Meet and Confer Notice, such representative of KO's applicable business unit does not participate in accordance with the foregoing, MEC shall have the option of waiving such requirement that such KO representative participate and proceeding with the Second Meeting Period without a KO representative.

(3) If, after the Second Meeting Period, the parties are unable to resolve the Deadlock in accordance with Section 12(a)(i)(D)(1) and Section 12(a)(i)(D)(2) above, then the Deadlock shall be resolved by reference as follows:

(x) Reference proceedings may be commenced by either party by giving the other party written notice thereof. Any such reference shall take place before a single referee only in Orange County, California or via videoconference or teleconference. The referee shall be an experienced industry expert selected jointly by the parties, or if they cannot agree on a referee within ten (10) days from the commencement of the reference proceedings, then, upon the petition of either party, the experienced industry expert shall be appointed within ten (10) days by the American Beverage Association.

(y) The Deadlock shall be submitted to the referee within ten (10) days after the referee is appointed. No discovery will be permitted and no hearing will be held, except such informal proceedings as the referee may require. Each party shall submit to the referee and the other party within such ten (10) day period such written information and statements as that party deems appropriate in support of its claim not exceeding five (5) pages in length (excluding exhibits), together with such information as the referee may require. Each party shall concurrently submit to the referee and exchange with each other its last and best position with respect to each separate issue subject to Deadlock ("Position") to resolve the Deadlock. Within fourteen (14) days of the date that the parties were required to submit their respective written submissions, the referee shall select one of the two written Positions submitted with respect to each separate issue subject to Deadlock, without change or modification.

(z) Each party shall pay one-half of the referee's fees and otherwise bear its own costs associated with the reference proceeding; provided, that the party whose Position is not selected by the referee (the "Non-Prevailing Party") shall not be obligated to reimburse the party whose position was selected by the referee (the "Prevailing Party") for the referee's fees and costs relating to the proceeding paid by such party.

(4) The Non-Prevailing Party shall have no right to terminate this Agreement or seek any other remedy with respect to the issue for which it was the Non-Prevailing Party, and the Position selected by the referee shall be binding upon the parties.

(5) Notwithstanding anything to the contrary contained in this Section 12(a)(i)(D), the parties acknowledge and agree that:

(x) the failure of KO or its applicable business unit's senior management to attend or participate in, or otherwise perform, all or any of the duties, functions or activities described above will not affect the validity or enforceability of any part or result of the procedure in this Section 12(a)(i)(D).

(y) If either party is the Prevailing Party two consecutive times in any twelve (12) month period for any issue resulting in a Deadlock, then, after providing at least five (5) days written notice to KO, with a copy to KO's Chief Executive Officer and Chief Financial Officer, of MEC's intention to terminate this Agreement (if MEC is the Prevailing Party), such Prevailing Party shall have the option to terminate this Agreement upon thirty (30) days written notice to the other party; provided that if MEC is such terminating party, MEC shall pay Distributor a Breach Severance Payment (and neither party shall be liable by reason of such termination of this Agreement or Deadlock pursuant to this Section 12(a)(i)(D) for payment of any other amount, including, without limitation, for compensation, reimbursement or damages of whatsoever nature including for loss of prospective compensation or earnings, goodwill or loss thereof, or expenditures, investments, leases of any type of commitment or type of commitment made in connection with the business of either party or in reliance on the existence of the Agreement).

(z) If the Non-Prevailing Party materially fails to comply with the Position selected by the referee within a sixty (60) day period (or, if the Non-Prevailing Party cannot reasonably comply with such Position within such sixty (60) days, an extended period of no longer than an additional four (4) months) following such selection, then, after providing at least five (5) days written notice to KO (with a copy to KO's Chief Executive Officer and Chief Financial Officer) of the Prevailing Party's intention to terminate this Agreement, the Prevailing Party may, without prejudice to any other rights or remedies available to it under this Agreement or applicable law, give notice of such breach in accordance with, and thereafter invoke the remedy provided under, Section 12(a)(i)(A) above; provided that neither party shall be required to pay a Breach Severance Payment in such event (and neither party shall be liable by reason of such termination of this Agreement or Deadlock pursuant to this Section 12(a)(i)(D) for payment of any other amount, including, without limitation, for compensation, reimbursement or damages of whatsoever nature including for loss of prospective compensation or earnings, goodwill or loss thereof, or expenditures, investments, leases of any type of commitment or type of commitment made in connection with the business of either party or in reliance on the existence of the Agreement).

(6) Nothing contained in this Section 12(a)(i)(D) shall be construed as limiting, restricting or delaying either party's ability to exercise its rights and/or remedies under Section 12(a)(i)(A) above.

(ii) Termination by MEC. MEC may terminate this Agreement at any time:

A. Upon written notice, and such termination will be effective immediately upon Distributor's receipt of such notice, if (x) Distributor sells, assigns, delegates or transfers any of its rights and obligations under this Agreement without having obtained MEC's prior written consent thereto (which consent may be withheld in MEC's sole discretion), provided that MEC shall not withhold its consent if such sale, assignment, delegation or transfer is (1) to a Primary KO Distributor (as defined below), (2) to KO or an Affiliate of KO, or (3) a result of an Approved Change of Control (as defined below) or (y) there is any material change in the control of Distributor or Distributor sells all or substantially all of its assets, without the prior written consent of MEC; other than if such material change in control or sale is (1) to a Primary KO Distributor, (2) to KO or an Affiliate of KO, or (3) to any Person to the extent Distributor remains a Primary KO Distributor. "Primary KO Distributor" means a KO Distributor holding the exclusive right to distribute (or that otherwise is the primary distributor of) Coca-Cola brand products in an applicable territory. "Approved Change of Control" means any change of control of Distributor or sale of all or substantially all of Distributor's assets that is consented to by MEC or for which MEC's consent is not required hereunder.

B. Upon the occurrence of an MEC Change of Control (as defined in the Distribution Coordination Agreement), MEC shall have the option to terminate (1) this Agreement in its entirety (a "Complete Termination") or (2) if the Territory comprises more than one market, Distributor's right to sell Products in a portion of the Territory (a "Partial Territory Termination"), which option may be exercised within sixty (60) days of the occurrence of such MEC Change of Control, by written notice by MEC to Distributor. Any such termination shall be effective upon Distributor's receipt of MEC's written notice of termination. MEC's right to terminate this Agreement under this Section 12(a)(ii)(B) shall be MEC's sole right to terminate this Agreement for an MEC Change of Control and independent of any other rights or remedies of MEC under this Agreement.

(x) In the event of a Complete Termination, MEC or its successor, as the case may be, shall pay to Distributor an amount equal to a Breach Severance Payment calculated in accordance with Section 12(a)(i)(A) above (the "Product Severance Payment").

(y) In the event of a Partial Territory Termination, MEC or its successor, as the case may be, shall pay to Distributor a severance payment with respect to the Products which are the subject of the termination, calculated on the same basis as the Breach Severance Payment in accordance with Section 12(a)(i)(A) above, but only with respect to that portion of the Territory which is the subject of the Partial Territory Termination (the "Territory Severance Payment").

(z) Any Product Severance Payment or Territory Severance Payment payable by MEC to Distributor in accordance with Section 12(a)(ii)(B)(x) or 12(a)(ii)(B)(y) shall be paid by MEC to Distributor within thirty (30) days of the later of (I) the date of the applicable termination, and (II) MEC's receipt of all information reasonably necessary to support computation of the Product Severance Payment or Territory Severance Payment, as the case may be, in a form and substance satisfactory to MEC.

(iii) [INTENTIONALLY OMITTED]

(iv) Termination Upon the Occurrence of Certain Changes. If, after the Effective Date, a change in legal or regulatory conditions in the Territory occurs including, without limitation, any change in any applicable law, regulation or order, or the interpretation of any law, regulation or order in the Territory which has, had or would be reasonably expected to (A) have a material adverse effect on the business of distributing Products in that Territory or (B) result in any part of this Agreement ceasing to be in conformity with the laws or regulations applicable in the Territory and, as a result thereof, or as a result of any other laws affecting this Agreement, any one of the material provisions of this Agreement cannot be legally performed and/or the Products cannot be stored, transported, handled, distributed or sold in accordance with this Agreement, either party may, upon written notice, suspend or terminate the parties' respective rights and obligations under this Agreement solely with respect to (1) the affected Products in the Territory, or, (2) to the extent such change and conditions affects the business of distribution of all or substantially all of the Products in the Territory, all Products in the affected portion of the Territory without liability for damages; provided that neither MEC nor any of its Affiliates shall be permitted to sell any such Products subject to suspension or termination in the affected Territory without first providing Distributor the option to remove the cause for such suspension or re-enter into the Agreement with respect to such Products and Territory. In the event of any such suspension that materially adversely effects Distributor's benefits or obligations hereunder, Distributor shall have the option to terminate this Agreement in its entirety upon written notice to MEC.

(v) Termination by Distributor. Without prejudice to Distributor's rights, if any, to terminate this Agreement in accordance with Section 12(a)(i)(A) above, Distributor may terminate this Agreement if MEC delivers to Distributor less than twenty-five percent (25%) of the aggregate volume of all Products ordered by Distributor in accordance with Sections 5 and 8 above over a continuous period of ninety (90) days after the initial due date/s for delivery in accordance with Section 8(b) above; provided Distributor has delivered to MEC written notice of such failure and MEC has failed to remedy such deficiency within thirty (30) days of MEC's receipt of such notice. For the avoidance of doubt, Distributor shall not be entitled to invoke this Section 12(a)(v) to terminate this Agreement if MEC delivers twenty-five percent (25%) or more of the aggregate volume of all Products ordered by Distributor in accordance with Sections 5 and 8 above over a continuous period of ninety (90) days after the initial due date/s for delivery in accordance with Section 8(b) above. Without prejudice to Distributor's rights, if any, to terminate this Agreement in accordance with Section 12(a)(i)(A) above, Distributor may terminate this Agreement at any time immediately upon written notice to MEC in the event that MEC distributes or agrees to distribute through other distributors in the Territory all or substantially all of the Products covered under this Agreement to the exclusion of Distributor; provided Distributor has previously delivered to MEC written notice of such distribution through other distributors and exclusion of Distributor which MEC has failed to remedy within thirty (30) days of MEC's receipt of such notice.

b. Optional Termination. MEC shall have the right to terminate this Agreement upon written notice to Distributor (i) in the event of termination or expiration of the Distribution Coordination Agreement pursuant to and in accordance with its terms and/or (ii) if Distributor is no longer a party to any agreement with KO regarding the distribution of Coca-Cola brand products in the Territory. Neither KO, MEC nor Distributor shall be liable to any other party or otherwise obligated to pay to any other party any severance payment or other amount by reason of such termination for compensation, reimbursement or damages of whatsoever nature including, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases or any type of commitment made in connection with the business of either party or in reliance on the existence of this Agreement, other than any fees required to be paid by MEC pursuant to the Distribution Coordination Agreement.

c. Distribution Coordination Agreement. Notwithstanding anything to the contrary herein, MEC shall not have the right to terminate this Agreement with respect to any action or circumstance approved by MEC pursuant to Section 3 of the Distribution Coordination Agreement, unless KO consents to such termination in writing in advance.

d. Sole Remedy.

(i) The Breach Severance Payment, Product Severance Payment and/or the Territory Severance Payment payable by MEC to Distributor, pursuant to the provisions of this Section 12, if any, and MEC's repurchase of Distributor's inventory of Products, advertising materials and MEC Equipment pursuant to Section 12(e)(iv) below, or Distributor's right to sell such inventory if not so repurchased by MEC, shall constitute Distributor's sole and exclusive remedy for the termination or non-renewal of this Agreement, including, without limitation, in the case of a breach and shall be in lieu of all other claims that Distributor may have against MEC as a result thereof. Without in any way detracting from or limiting the provisions of Sections 12(e)(iii) and 12(e)(v) below and, in addition thereto, under no circumstances shall MEC be liable to Distributor by reason of the termination or non-renewal of this Agreement for compensation, reimbursement or damages of whatsoever nature including, without limitation, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases or any type of commitment made in connection with the business of Distributor or in reliance on the existence of this Agreement.

(ii) The Breach Severance Payment payable by Distributor to MEC pursuant to the provisions of this Section 12, if any, and MEC's repurchase of Distributor's inventory of Products, advertising materials and MEC Equipment pursuant to Section 12(e)(iv) below, or Distributor's right to sell such inventory if not so repurchased by MEC, shall constitute MEC's sole and exclusive remedy for the termination or non-renewal of this Agreement, including, without limitation, in the case of a breach and shall be in lieu of all other claims that MEC may have against Distributor as a result thereof. Without in any way detracting from or limiting the provisions of Sections 12(e)(iii) and 12(e)(v) below and, in addition thereto, under no circumstances shall Distributor be liable to MEC by reason of the termination or non-renewal of this Agreement for compensation, reimbursement or damages of whatsoever nature including, without limitation, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases or any type of commitment made in connection with the business of MEC or in reliance on the existence of this Agreement.

e. Other Terms Pertaining to Termination. In the event of the termination of this Agreement for any reason whatsoever (and whether such termination is due to the breach of any of the provisions of this Agreement by any party and/or itself is in breach of the Agreement or otherwise):

(i) MEC shall have the right to cancel all of Distributor's purchase orders for affected Products accepted but remaining unfilled as of the date of termination;

(ii) All amounts payable by Distributor to MEC or by MEC to Distributor shall be accelerated and shall immediately become due unless such termination results from the other's breach of this Agreement;

(iii) Except for the sole remedy provisions in Sections 12(d)(i) and (ii), neither party shall be liable to the other party in contract, tort or on any other theory of liability for any damage, loss, cost or expense (whether general, special, indirect, incidental, consequential or punitive) suffered, incurred or claimed by the other party as a result of or related to such breach and/or termination (even if the termination results from a breach and the breaching party has been advised of the possibility of such damages), including, without limitation, loss of anticipated profits or goodwill, loss of or damage to goodwill or business reputation or any loss of investments or payments made by either party in anticipation of performing under this Agreement;

(iv) MEC and Distributor shall each have the option, exercisable upon written notice to the other within thirty (30) days after the date of termination hereof, to cause MEC to (A) repurchase all affected Products in Distributor's inventory and current advertising materials (providing such Products and advertising materials are in saleable condition) at the prices paid or payable for such Products by Distributor (less any freight and insurance charges), F.O.B., Distributor's premises and (B) purchase all of Distributor's right, title and interest in, and all applicable rights in, related to, or associated with, all MEC Equipment and the placement or location of such MEC Equipment at all Distributor's customers' locations or premises by Distributor at the fair market value of Distributor's interest, if any, in each such item of MEC Equipment with no amount or compensation allocated to, or payable for, the maintenance, placement or location of the MEC Equipment;

(v) Any Breach Severance Payment, Product Severance Payment, or Territory Severance Payment (each, a "Severance Payment") payable in accordance with this Agreement by either MEC or Distributor in the event of termination of this Agreement shall constitute reasonable liquidated damages and is not intended as a forfeiture or penalty. MEC and Distributor agree that it would be impractical and extremely difficult to estimate the total detriment suffered by either party as a result of termination of this Agreement pursuant to this Section 12 or otherwise, and that under the circumstances existing as of the Effective Date, the applicable Severance Payment represents a reasonable estimate of the damages which either MEC or Distributor will incur as a result of such applicable termination. Therefore, MEC and Distributor agree that a reasonable estimate of the total detriment that either party would suffer in the event of termination of this Agreement pursuant to this Section 12 or otherwise is an amount equal to the applicable Severance Payment. The foregoing provision shall not waive or affect either party's indemnity obligations or the parties' respective rights to enforce those indemnity obligations under this Agreement, or waive or affect either party's obligations with respect to any other provision of this Agreement which by its terms survives the termination of this Agreement;

(vi) Distributor acknowledges and agrees that the payment of any Severance Payment by MEC to Distributor shall be conditional upon (A) Distributor cooperating in good faith with MEC in effecting a smooth transition of or otherwise transferring any distribution or similar rights under this Agreement to MEC (as determined is appropriate by MEC), or in MEC's sole discretion, to a third party distributor appointed by MEC, provided that MEC may only withhold payment of such Severance Payment if Distributor materially fails to comply with specific requests of MEC to take actions that are reasonably required to effect such transition and would not impose material costs on Distributor (except to the extent MEC reimburses the same), and (B) Distributor performing its obligations under Section 12(g)(i) below in all material respects. MEC shall not invoke the right to withhold payment of any Severance Payment unless MEC shall have given Distributor at least twenty (20) days written notice of its failure to perform any of its obligations set forth in this Section 12(e)(vi) and Distributor has failed to cure such failure during such twenty (20) days; and

(vii) Upon any notice of termination of this Agreement provided in accordance with the terms hereof and during the applicable notice period, nothing in this Agreement shall be deemed to prohibit MEC, in its sole discretion from negotiating and/or granting distribution rights to any third party or engage directly in transactions concerning the sale and distribution of the Products in the Territory.

f. <u>Continued Supply of Products After Termination</u>. In the event MEC continues to supply Products to Distributor for any reason following the termination of this Agreement, Distributor acknowledges and agrees that any such action shall not constitute a waiver of MEC's rights under this Agreement or a reinstatement, renewal or continuation of the Term of this Agreement. MEC and Distributor agree that if MEC continues to supply Products to Distributor following the termination of this Agreement, (i) Distributor shall be prohibited from selling or otherwise transferring Products except to Distributor's Accounts within the Territory, (ii) Distributor shall promptly pay the prices of the Products in full (without deduction or set-off for any reason) in accordance with the payment terms set forth in MEC's invoice, and (iii) MEC shall have the right, in its sole discretion, to discontinue supplying Products to Distributor at any time, without notice to Distributor.

g. <u>Distributor's Obligations After Notice of Termination</u>.

(i) During any period after either party gives the other notice of termination of this Agreement and until actual termination of this Agreement, Distributor shall (A) continue to perform all of Distributor's obligations under this Agreement, including without limitation, all of Distributor's obligations under Section 3 above, (B) not cause or permit the Products or the Trademarks to be prejudiced in any manner, (C) not eliminate, reduce or replace the listings, shelf space, positioning and/or other benefits enjoyed by the Products, (D) continue to conduct its business relating to the distribution and sale of Products in the ordinary course and consistent with its prior practices including, without limitation, by not purchasing more inventory than customarily purchased by Distributor of Products or offering its customers prices, terms or benefits not customarily offered by Distributor such as discounts, rebates or sales promotion allowances (except to the extent permitted hereunder), and (E) generally cooperate with MEC in relation to the transition to any new distributor appointed by MEC for the Territory.

(ii) For a period of thirty (30) days after termination of this Agreement for any reason, Distributor shall not tortiously interfere with any listings, shelf space, or positioning for the Products.

13. <u>Annual Business Plan; Minimum Distribution Levels; Promotion</u>.

a. During the Term, MEC shall have primary responsibility for the overall global branding and positioning of the Products, as well as brand and image Marketing for the Products, in such form and manner and of such nature and to such extent as may be determined by MEC in its sole and absolute discretion from time to time ("<u>Global Branding and Marketing</u>"). Distributor acknowledges and agrees that MEC makes no express or implied warranty, representation or covenant relating to or in connection with any Global Branding and Marketing activities, including without limitation, as to the value, performance, extent, effectiveness, quantity, quality, success or results of any such activities or the lack thereof. Except as set forth in Section 19 below, Distributor shall not have any claim against MEC and its Affiliates and hereby releases MEC and its Affiliates from all and any claims by, and liability to, Distributor of any nature for their failure to market and promote, or adequately market and promote, the Products or arising from or relating to or in connection with any Global Branding and Marketing activities procured, provided or performed by MEC and/or its Affiliates or MEC's and/or its Affiliates failure to procure, provide or perform such activities.

b. Not less than sixty (60) days before the end of each Contract Year, MEC and Distributor shall mutually review the conditions of the marketplace, Distributor's efforts to achieve sales and its results, including year over year performance, as well as a proposed annual sales, promotion, and trade marketing plan ("Annual Business Plan") for the next Contract Year prepared by Distributor. Such review shall include discussion on marketing efforts and proposed programs to be implemented to improve the distribution and/or sales velocity of the very lowest selling (measured by sales velocity) SKU/s of Products, if appropriate, and/or the possible deletion from distribution, if appropriate, of the very lowest selling (measured by sales velocity) SKU/s of Products but in accordance with and subject to the provisions of Section 13(f) below. Such Annual Business Plan shall cover such matters as may be appropriate including specific account placement performance objectives, merchandising goals, specific account and channel objectives for specified distribution channels, distribution goals, a sales and marketing spending plan and a strategy for maximizing sales and growth of market share. Additionally, if the Territory has an ethnic market or concentration, the Annual Business Plan shall address such specific ethnic segments, including retail promotions, point-of-sale allocations and special events for ethnic segments. The Annual Business Plan shall not detract from the provisions of Section 10 above. Distributor shall use Best Efforts to implement such Annual Business Plan in the following Contract Year in accordance with Section 3(f) above.

c. Not less than sixty (60) days before the end of the then-current Contract Year, MEC and Distributor shall mutually agree, in writing, on minimum distribution levels to be achieved and maintained by Distributor for each of the Products throughout the next Contract Year (the "Minimum Distribution Levels"). Should the parties have failed, for whatsoever reason, to mutually agree upon the Minimum Distribution Levels to be achieved and maintained by Distributor for each of the Products throughout the next Contract Year, the same shall be determined by reference to the process described in Section 13(d) below. The parties shall perform all of their respective obligations under this Section except that Distributor shall not be obligated to achieve and maintain the Minimum Distribution Levels until the expiration of the six (6) month period immediately following the Commencement Date of this Agreement. A commercially reasonable representation of SKUs of Products shall be required to be in distribution throughout the year in reasonable positioning on shelves, which shall take into account retailer willingness to sell all of the SKUs of Products, shelf space limitations and other commercially reasonable factors that may be applicable in the market.

d. MEC and Distributor shall also agree in writing to performance targets to be achieved and maintained by Distributor for the forthcoming calendar year of this Agreement (collectively, the "Performance Targets"). For the avoidance of doubt, neither Minimum Distribution Levels nor Performance Targets will include volume requirements. If the parties are unable to agree to the Performance Targets or Minimum Distribution Levels for any Contract Year commencing with the [2015] Contract Year and at least **[***]** days prior to the commencement of each such Contract Year, then such disagreement shall be resolved pursuant to the procedure provided in Section 12(a)(i)(D) above.

e. The Minimum Distribution Levels for the Products that shall be required to be achieved and maintained by Distributor for the Products shall be reduced to the extent only that actual distribution levels are eroded as a direct result of (i) MEC's failure to deliver Products in accordance with this Agreement, (ii) MEC's failure to obtain the listing of a Product SKU in a retail chain for which MEC and Distributor have agreed in writing that MEC is to be solely responsible, or (iii) MEC's failure to contribute its agreed share of the parties funding obligation as set forth in Exhibit F.

f. In every calendar year commencing 2016, the parties agree to periodically meet in order to discuss performance of the lowest selling SKU/s of Products and to delete from distribution in the Territory any SKU/s the parties mutually agree in writing, provided that MEC will not unreasonably withhold its approval to the deletion of any applicable SKU/s. MEC may withhold its approval to deletion of any SKU/s if any applicable SKU/s has/have sufficient sales velocity or is or are capable of delivering sufficient sales velocity in any one or more of Distributor's Accounts or any one or more regions, as the case may be, to make such SKU/s economically viable to continue in distribution in such one or more of Distributor's Accounts or in any one or more regions, as the case may be. Notwithstanding the foregoing, unless mutually agreed in writing, in no event shall more than **[***]** percent **[***]** of the total number of SKUs, rounded down to the nearest whole number (unless **[***]** percent **[***]** of the total number of SKUs is less than one (1) but more than 0.5, in which case the number will be rounded up to one (1)), be deleted from distribution in any rolling **[***]** period.

g. Promotional activities shall be regulated as follows:

(i) The estimated costs of promotional activities shall be allocated equally between MEC and Distributor thirty (30) days prior to the commencement of a calendar year on a cost per-case basis of Products.

(ii) The promotional activities costs are to be shared between Distributor and MEC as set forth in Exhibit F. The parties agree that the costs for the Promotional Activities shall be reconciled each quarter and that the estimate for the costs of Promotional Activities in the subsequent quarter may be adjusted provided there is mutual agreement.

(iii) MEC and Distributor shall periodically meet and may mutually agree to additional promotional activities including further programs and campaigns not included in the promotional activities.

(iv) Distributor shall continue its business in the ordinary course including the provision, utilization, and maintenance of coolers, other refrigeration equipment and vending machines. Distributor shall be responsible for creating marketing materials for submission to MEC for its final written approval. Distributor shall not use marketing materials unless approved by MEC in writing; provided that if MEC does not notify Distributor that it objects to any suggested marketing materials within fifteen (15) days after receipt of such materials from Distributor, MEC shall be deemed to have approved such suggested marketing materials.

14. National Accounts. The provisions of this Section shall not apply to accounts that are excluded from the definition of Distributor's Accounts or are specifically designated as nonexclusive on Exhibit C hereto. Distributor agrees that should MEC wish to supply Products to any National Account (as defined below), MEC shall be entitled to make arrangements directly with such National Account and establish the terms of sale of Products to such National Account and the prices therefor, which shall take into account the prices and funding then being offered by Distributor and/or other distributors within whose territory the National Account has outlets, to such National Account or similar categories of customers. "National Account" shall mean a customer that sells at retail in more than fifty (50) stores and in multiple states. Should such National Account have one or more outlets within the Territory ("Outlets"), and agree to Outlets being serviced by Distributor, Distributor agrees to service the Outlets in accordance with such arrangements and on the same terms and at the same prices as MEC shall have agreed with the National Account concerned. Notwithstanding the foregoing, Distributor shall be entitled to elect not to service the Outlets by giving prompt written notice of such election to MEC. Should the National Account not agree to the Outlets being serviced by Distributor or should Distributor elect not to service the Outlets, MEC shall be entitled to service the Outlets directly. Both Distributor and MEC agree to use reasonable commercial good faith efforts to obtain the agreement of National Accounts to use DSD distribution with respect to the National Accounts. To the extent MEC services the Outlets directly and to the extent that MEC makes a commitment for funds or support in excess of what was agreed to by Distributor, any such excess shall be borne by MEC. In the event MEC services the Outlets directly, MEC shall bear sole liability and responsibility related to such National Account and MEC shall pay to Distributor, during the remaining Term of this Agreement, an amount equal to **[***]** percent **[***]** of Distributor's "average gross profit per case" per Product case SKU calculated in accordance with the provisions of Section 12(a)(i)(A) above (or based on MEC's actual selling price of such Product case SKU if such Product case SKU is not sold by Distributor), for each case of such Product case SKU sold by MEC to the Outlets [(but only on the excess of the amount by which the aggregate cases of such Product case SKU/s sold to such Outlets in the Territory during each Contract Year exceeds the number of cases set forth on Exhibit G or the number of cases reduced pro rata for any period of less than one year)] within a reasonable time after receipt by MEC of all information necessary for the computation of the amount due under this Section 14, but in no event more frequently than twice per calendar year. For the purposes of this Agreement, the number of cases of Product case SKU/s sold by MEC to the Outlets during any period shall be determined by multiplying the total number of cases of Product case SKU/s sold by MEC directly to such National Account or regional division of such National Account, as the case may be, during the period concerned, by a fraction, the numerator of which shall be the number of Outlets within the Territory and the denominator of which shall be the total number of Outlets that the National Account has within the United States or within the regional division of such customer, as the case may be. Distributor shall not be liable to pay the Facilitation Fee on MEC's direct sales to National Accounts.

15. Exclusion of Damages.

a. EXCEPT FOR DAMAGES DIRECTLY RESULTING FROM INDEMNITY OBLIGATIONS PROVIDED IN SECTION 19, WITHOUT IN ANY WAY DETRACTING FROM OR LIMITING THE PROVISIONS OF SECTIONS 12(d), 12(e)(iii) AND/OR 12(e)(v) ABOVE AND, IN ADDITION THERETO, NEITHER PARTY SHALL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR EXEMPLARY DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF PROFITS, LOSS OF GOODWILL, BUSINESS INTERRUPTION, LOSS OF BUSINESS OPPORTUNITY, OR ANY OTHER PECUNIARY LOSS) SUFFERED BY THE OTHER RELATED TO OR ARISING OUT OF THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND/OR THE USE OF OR INABILITY TO USE OR SELL THE PRODUCTS, AND/OR FROM ANY OTHER CAUSE WHATSOEVER, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

b. EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY OR WARRANTIES, DISCLAIMER, OR EXCLUSION OF DAMAGES, IS EXPRESSLY INTENDED TO BE SEVERABLE AND INDEPENDENT FROM ANY OTHER PROVISION, SINCE THOSE PROVISIONS REPRESENT SEPARATE ELEMENTS OF RISK ALLOCATION BETWEEN THE PARTIES, AND SHALL BE SEPARATELY ENFORCED.

16. Distributor’s Representations and Warranties. Distributor represents and warrants to MEC that (a) it has the right and lawful authority to enter into this Agreement, and (b) the execution, delivery and performance of this Agreement will not cause or require Distributor to breach any obligation to, or agreement or confidence with, any other Person.

17. MEC’s Representations and Warranties.

a. MEC represents and warrants to Distributor that (i) it has the right and lawful authority to enter into this Agreement, and (ii) the execution, delivery and performance of this Agreement will not cause or require MEC to breach any obligation to, or agreement or confidence with, any other Person.

b. MEC warrants that all Products, all food additives in the Products, and all substances for use in, with, or for the Products, comprising each shipment or other delivery hereby made by MEC to, or on the order of, Distributor are hereby guaranteed as of the date of such shipment to be, on such date, not adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended, including the Food Additives Amendment of 1958 (the “Act”) or within the meaning of any substantially identical and applicable state food and drug law, if any, and are not articles which may not under the provisions of Sections 404, 505, or 512 of the Act, be introduced into interstate commerce.

c. MEC warrants that all Products shall be merchantable.

d. Distributor’s sole and exclusive remedy for MEC’s breach of MEC’s representations in Sections 17(b) and 17(c) above shall be as provided for in Section 19(b) below.

e. MEC represents and warrants that KO has agreed that (i) MEC is authorized to receive payment of the Facilitation Fee from Distributor on behalf of KO and (ii) upon payment by Distributor to MEC of the applicable Facilitation Fee in accordance with the terms of Section 6(b), Distributor will have satisfied in full its obligations to make payment of such Facilitation Fee to KO.

18. Limitation of Warranty. MEC MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED (INCLUDING THE IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) EXCEPT THOSE SET FORTH IN SECTION 17 ABOVE.

19. Indemnification.

a. Distributor shall indemnify, defend, and hold harmless MEC and its officers, directors, agents, employees, shareholders, legal representatives, successors and assigns, and each of them, from loss, liability, costs, damages, or expenses from any and all claims, actions and suits, instituted by any third party, whether groundless or otherwise, and from and against any and all third party claims, liabilities, judgments, losses, damages, costs, charges, attorney's fees, and other expenses of every nature and character arising from the breach of Distributor's express representations and warranties under this Agreement by Distributor or its agents, employees, subcontractors, sub-distributors or others acting on its behalf, provided that MEC gives Distributor written notice of any indemnifiable claim and MEC does not settle any claim without Distributor's prior written consent.

b. MEC shall indemnify, defend, and hold harmless Distributor and its officers, directors, agents, employees, shareholders, legal representatives, successors, assigns, and customers, and each of them, from loss, liability, costs, damages, or expenses from any and all claims, actions and suits instituted by any third party, whether groundless or otherwise, and from and against any and all such third party claims, liabilities, judgments, losses, damages, costs, charges, attorney's fees, and other expenses of every nature and character and all Distributor's direct documented costs to store, transport, test and destroy all unsellable Products and advertising materials arising from (i) the breach of MEC's express representations and warranties under this Agreement or those of its agents, employees, subcontractors or others acting on its behalf, (ii) any impurity, adulteration, deterioration in or misbranding of any Products sold to Distributor by MEC, (iii) any prior distributor of Products in the Territory, (iv) any MEC marketing, advertising, promotion, labeling, Global Branding and Marketing, and the Trademarks, Copyrights, Patents, Know-How or other intellectual property relating to the Products, or (v) the fact that the Products (A) are not safe for the purposes for which goods of that kind are normally used, (B) do not comply with any applicable health, safety, or environmental laws, regulations, orders or standards imposed in the Territory, or (C) do not comply with the Safety Orders of the State of California Division of Industrial Safety and Proposition 65; provided that Distributor gives MEC written notice of any indemnifiable claim and Distributor does not settle any claim without MEC's prior written consent.

c. If any action or proceeding is brought against Distributor, MEC or any other indemnified party under Section 19(a) or 19(b) (the "Indemnified Party"), the Indemnified Party shall promptly notify the party required to provide indemnification (the "Indemnifying Party") in writing to that effect. If the Indemnified Party fails to promptly notify the

Indemnifying Party, the Indemnified Party shall be deemed to have waived any right of indemnification with respect to such claim to the extent (but only to the extent) any delay in such notice prejudices the Indemnifying Party's ability to defend such action, suit or proceeding. The Indemnifying Party shall have the right to defend such action or proceeding at the Indemnifying Party's sole cost by counsel satisfactory to Indemnifying Party. If the Indemnifying Party fails to promptly defend or otherwise settle or finally resolve such action, suit or proceeding, Indemnified Party may defend such action, suit or proceeding using counsel selected by Indemnified Party, and the Indemnifying Party shall reimburse Indemnified Party for any resulting loss, damages, costs, charges, attorney's fees, and other expenses and the related costs of defending such action, suit or proceeding.

d. The parties agree that the provisions contained in this Section shall survive the termination or expiration of this Agreement.

20. Insurance. During the Term of this Agreement and for a period of two (2) years thereafter, MEC and Distributor agree to maintain policies of insurance of the nature and amounts specified below, which shall provide the other party as an additional insured (providing for a waiver of subrogation rights and endeavoring to provide for not less than thirty (30) days written notice of any modification or termination of coverage), and each party shall provide the other party with a certificate of insurance evidencing such insurance, in a form satisfactory to such party:

€ Commercial General Liability, including contractual liability coverage, with limits of at least $1,000,000 per occurrence; Bodily Injury and Property Damage / $1,000,000; Personal and Advertising Injury / $1,000,000; Products/Completed Operations / $2,000,000 General Aggregate.

€ Excess or Umbrella Liability with a limit of not less than $10,000,000 per occurrence over the insurance coverage described above.

€ Other statutory insurance required by the applicable laws of the Territory.

For any claims under this Agreement, the applicable party's insurance shall be deemed to be primary and not contributing to or in excess of any similar coverage purchased by the other party. All deductibles payable under an applicable policy shall be paid by the party responsible for purchasing such policy. All such insurance shall be written by companies authorized to do business in the state or states where the work is to be performed and having at least the ratings of the respective parties current insurers, unless not obtainable at commercially reasonable rates in light of previous premiums. The parties will ensure that the insurance policies obtained pursuant to this Section are effective and enforceable for any liability, claims or other insurable event arising in the Territory.

21. Competing Products. The provisions of Section 21 are set forth on attached Exhibit H and are incorporated in this Section 21 by this reference.

22. Amendment. Except to the extent otherwise expressly permitted by this Agreement, no amendment of, or addition to, this Agreement shall be effective unless reduced to a writing executed by the duly authorized representatives of both parties. KO's approval of any amendment shall be necessary with respect to an amendment, modification, addition or deletion

(a) that would reasonably be expected to materially impact KO's rights or benefits under this Agreement or the Distribution Coordination Agreement, or (b) to any of the following terms (or otherwise materially affecting such terms): definition of Products (to the extent KO has consent rights with respect thereto under the Distribution Coordination Agreement), term, termination, deadlock procedures, placement in branded refrigerated equipment, distributor's exclusivity, facilitation fee, distribution refusal, competing products or other non-competition, and amendment, in which case KO's affirmative written approval shall be required.

23. Assignment. Neither party may assign its rights or delegate its obligations hereunder without the prior written consent of the other and KO; provided, that MEC shall have the right, in its sole and absolute discretion, to assign its rights and/or obligations under this Agreement to any Affiliate or subsidiary of MEC without the written consent of Distributor and/or KO, and any such transferee shall be deemed to be included within the defined term "MEC" for purposes of this Agreement. Any purported assignment or delegation, in the absence of such written consent, shall be void.

24. No Agency. The relationship between MEC and Distributor is that of a vendor to its vendee and nothing herein contained shall be construed as constituting either party the employee, agent, independent contractor, partner or co-venturer of the other party. Neither party shall have any authority to create or assume any obligation binding on the other party.

25. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California (without reference to its law of conflict of laws). The place of the making and execution of this Agreement is California, United States of America. Distributor hereby waives any rights that it may otherwise have to assert any rights or defenses under the laws of the Territory or to require that litigation brought by or against it in connection with this Agreement be conducted in the courts or other forums of the Territory. For the sake of clarity, the parties record that their choice of law shall not include the California Franchise Relations Act or the California Franchise Investment Law, or any amendment or functionally equivalent statute, unless such law would otherwise apply, and nothing herein shall be deemed to extend or otherwise affect the scope or application of such statutes.

26. Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement or the breach or termination hereof shall be settled by binding arbitration conducted by JAMS ("JAMS") in accordance with JAMS Comprehensive Arbitration Rules and Procedures (the "Rules"). The arbitration shall be heard by one arbitrator to be selected in accordance with the Rules, in Orange County, California. Judgment upon any award rendered may be entered in any court having jurisdiction thereof. Within seven (7) calendar days after appointment the arbitrator shall set the hearing date, which shall be within ninety (90) days after the filing date of the demand for arbitration unless a later date is required for good cause shown and shall order a mutual exchange of what he/she determines to be relevant documents and the dates thereafter for the taking of up to a maximum of five (5) depositions by each party to last no more than five (5) days in aggregate for each party. Both parties waive the right, if any, to obtain any award for exemplary or punitive damages or any other amount for the purpose or imposing a penalty from the other in any arbitration or judicial proceeding or other adjudication arising out of or with respect to this Agreement, or any breach hereof, including any claim that said Agreement, or any part hereof, is invalid, illegal or otherwise voidable or void. In addition to all other relief, the arbitrator shall have the power to award reasonable attorneys' fees and costs to the prevailing

party. The arbitrator shall make his or her award no later than seven (7) calendar days after the close of evidence or the submission of final briefs, whichever occurs later. The decision of the arbitrator shall be final and conclusive upon all parties. Notwithstanding anything to the contrary, if either party desires to seek injunctive or other provisional relief that does not involve the payment of money, then those claims shall be brought in a state or federal court located in Orange County, California, and the parties hereby irrevocably and unconditionally consent to personal jurisdiction of such courts and venue in Orange County, California in any such action for injunctive relief or provisional relief.

27. Force Majeure.

a. Neither party shall be liable for any delays in delivery or failure to perform or other loss due directly or indirectly to circumstances unforeseen as of the Effective Date or causes beyond such party's reasonable control (each, individually, a "Force Majeure Event"), including, without limitation: (a) acts of God, act (including failure to act) of any Governmental Entity (de jure or de facto), wars (declared or undeclared), governmental priorities, port congestion, riots, revolutions, strikes or other labor disputes, fires, floods, sabotage, nuclear incidents, earthquakes, storms, epidemics; or (b) inability to timely obtain either necessary and proper labor, materials, ingredients, components, facilities, production facilities, energy, fuel, transportation, governmental authorizations or instructions, material or information. The foregoing shall apply even though any Force Majeure Event occurs after such party's performance of its obligations is delayed for other causes but only during the period of the applicable Force Majeure Event.

b. The party affected by a Force Majeure Event shall give written notice to the other party of the Force Majeure Event within a reasonable time after the occurrence thereof, stating therein the nature of the suspension of performance and reasons therefore. Such party shall use its commercially reasonable efforts to resume performance as soon as reasonably possible. Upon restoration of the affected party's ability to perform its obligations hereunder, the affected party shall give written notice to the other party within a reasonable time.

28. Merger. This Agreement and the attached Exhibits contain the entire agreement between the parties to this Agreement with respect to the subject matter of this Agreement, are intended as a final expression of such parties' agreement with respect to such terms as are included in this Agreement, are intended as a complete and exclusive statement of the terms of such agreement, and supersede all negotiations, stipulations, understandings, agreements, promises, representations and warranties, whether written or oral, if any, with respect to such subject matter, which precede the execution of this Agreement. No other negotiations, stipulations, understandings, agreements, promises, representations, or warranties, whether written or oral, either as an inducement to enter into this Agreement or as to its meaning or effect, have been made that are not contemplated herein.

29. Waivers. No waiver of any provision hereof or of any terms or conditions will be effective unless in writing and signed by the party against which enforcement of the waiver is sought. No relaxation or indulgence which either party may grant to the other shall in any way prejudice or be deemed to be a waiver or novation of any of such party's rights under this Agreement.

30. Product Recall. If any Governmental Entity issues a recall or takes similar action in connection with the Products, or if MEC determines that an event, incident or circumstance has occurred which may require a recall or market withdrawal, MEC shall advise Distributor of the circumstances by telephone or facsimile. MEC shall have the right to control the arrangement of any Product recall, and Distributor shall cooperate in the event of a Product recall with respect to the reshipment, storage or disposal of recalled Products, the preparation and maintenance of relevant records and reports, and notification to any recipients or end users. MEC shall pay all reasonable expenses incurred by Distributor of such a recall, including the costs of destroying Products. Distributor, shall promptly refer to MEC for exclusive response to all customer or consumer complaints involving the health, safety, quality, composition or packaging of the Products, or which in any way could be detrimental to the image or reputation of MEC or the Products, and shall notify MEC of any governmental, customer or consumer inquiries regarding the Products about which Distributor becomes aware.

31. Interpretation. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. No provision of this Agreement shall be construed against any party on the grounds that such party or its counsel drafted that provision.

32. Severability. Each provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement or the application of the provision to any Person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of the provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected by such invalidity or unenforceability, unless the provision or its application is essential to this Agreement. The parties shall replace any invalid and/or unenforceable provision with a valid and enforceable provision that most closely meets the aims and objectives of the invalid and/or unenforceable provision.

33. Provisions Required of a Federal Contractor. If reasonably required by Distributor, MEC shall use its commercially reasonable Best Efforts to deliver to Distributor such warranties and/or representations in the form that MEC has customarily provided to Governmental Entities to facilitate sales by Distributor to Distributor's Accounts requiring such warranties and/or representations. Such representations shall be in favor of such Governmental Entities and may include one or more or all of the following topics:

a. Made in America. The Products were mined or produced in the 50 United States, the District of Columbia, or such other U.S. possession as is permitted by The Buy American Act, or that the Aluminum Bottles qualify as a domestic end product under said Act.

b. Nondiscrimination in Employment. Unless this contract is exempted, there is incorporated herein an applicable warranty and/or representation reference to the provisions of Section 202, the equal opportunity clause of Executive Order 11246, as amended, Section 60.7415, the affirmative action clause of the regulations under the Rehabilitation Act of 1973, and Section 60.250.5, the affirmative action clause of the regulations under 38 U.S.C. § 4212, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, and similar state and local law requirements.

c. Executive Order 13201 Compliance (Beck Rights). If applicable, MEC agrees to comply with the provisions of 29 C.F.R. Part 470.

d. 31 U.S.C.S. Section 1352 Compliance. If applicable, MEC shall comply with 31 U.S.C.S. § 1352.

34. Distributor Suppliers Guiding Principles.

MEC has been informed by Distributor that the following are Distributor Suppliers Guiding Principles (the "Guiding Principles"). Notwithstanding anything set forth below, compliance with the Guiding Principles shall not constitute an obligation of MEC or Distributor under this Agreement. The Guiding Principles shall constitute unenforceable goals only of the parties and neither party shall be entitled to make any claim for breach against the other or enforce any remedy under this Agreement or terminate this Agreement as the result of non-compliance with, or a violation of, any Guiding Principle(s). The preceding sentence shall not detract from the parties' respective rights and obligations under Section 19 above or any other representation, warranty or obligation expressly made in this Agreement.

- Laws and Regulations - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws, rules, regulations and requirements in the manufacturing and distribution of Products.
- Child Labor - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national child labor laws.
- Forced Labor - Each party will use commercially reasonable good faith efforts to not use forced, bonded, prison, military or compulsory labor.
- Abuse of Labor - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws on abuse of employees and will not physically abuse employees.
- Freedom of Association and Collective Bargaining - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws on freedom of association and collective bargaining.
- Discrimination - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national discrimination laws.
- Wages and Benefits - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national wages and benefits laws.
- Work Hours and Overtime - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national work hours and overtime laws.
- Health and Safety - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national health and safety laws.

- Environment - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national environmental laws.

35. Publicity. MEC and Distributor each agree that the initial public, written announcements regarding the execution of this Agreement and the subject matter addressed herein shall be coordinated between the parties prior to release. Thereafter, each party agrees to use commercially reasonable efforts to consult with the other party regarding any public, written announcement which a party reasonably anticipates would be materially prejudicial to the other party. Nothing provided herein, however, will prevent either party from (a) making and continuing to make any statements or other disclosures it deems required, prudent or desirable under applicable Federal or State Securities Laws (including without limitation the rules, regulations and directives of the Securities and Exchange Commission) and/or such party's customary business practices, or (b) engaging in oral discussions or oral or written presentations with actual or prospective investors or analysts regarding the subject matter of this Agreement, provided no confidential information is disclosed. If a party breaches this Section 35 it shall have a seven (7) day period in which to cure its breach after written notice from the other party. A breach of this Section 35 shall not entitle a party to damages or to terminate this Agreement.

36. Notices. All notices or other communications required or permitted to be given to a party to this Agreement shall be in writing and shall be personally delivered, sent by certified mail, postage prepaid, return receipt requested, or sent by an overnight express courier service that provides written confirmation of delivery, to such party at the following respective address:

If to MEC:

Monster Energy Company
1 Monster Way
Corona, California 92879
Attention: Chief Executive Officer
Facsimile: (951) 739-6210

with a copy to:

Solomon Ward Seidenwurm & Smith LLP
401 B Street, Suite 1200
San Diego, California 92101
Attention: Norman L. Smith, Esq.
Facsimile: (619) 231-4755

If to Distributor:

CCBCC Operations, LLC
4100 Coca-Cola Plaza
Charlotte, North Carolina 28211
Attention: Legal Department
Facsimile: (704) 557-4190

For Payment Notices:

[●]

with a copy to:

Moore & Van Allen PLLC
100 North Tryon Street
Suite 4700
Charlotte, North Carolina 28202
Attention: E. Beauregarde Fisher III, Esq.
Facsimile: (704) 331-1159

Each such notice or other communication shall be deemed given, delivered and received upon its actual receipt, except that if it is sent by mail in accordance with this Section, then it shall be deemed given, delivered and received three (3) days after the date such notice or other communication is deposited with the U.S. Postal Service in accordance with this Section. Any party to this Agreement may give a notice of a change of its address to the other party to this Agreement.

37. Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person, other than the parties to this Agreement and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained in this Agreement.

38. Further Assurances. Each party to this Agreement will execute all instruments and documents and take all actions as may be reasonably required to effectuate this Agreement.

39. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document.

40. Confidentiality. During the Term, each party shall maintain in strict confidence all commercial information disclosed by the other party (which obligation shall expressly survive termination of this Agreement for any reason); provided, however that such commercial information shall not include any information which (a) is in the public domain except through any intentional or negligent act or omission of the non-disclosing party (or any agent, employee, shareholder, director, officer, or independent contractor of or retained by such other party or any of its Affiliates), (b) can be shown by clear and convincing tangible evidence to have been in the possession of the non-disclosing party prior to disclosure by the disclosing party, (c) is legally and properly provided to the non-disclosing party without restriction by an independent third party that is under no obligation of confidentiality to the disclosing party and that did not obtain such information in any illegal or improper manner or otherwise in violation of any agreement with the disclosing party, (d) is disclosed without any restrictions of any kind by the disclosing party to third parties on a regular basis without any measures being taken, whether explicitly or implicitly, by the disclosing party to protect the confidentiality of such information, or (e) is independently generated by any employee or independent contractor of or retained by the non-disclosing party, and such employee or independent contractor has no knowledge of any of such commercial information. Notwithstanding the foregoing, the parties agree that any such commercial information may be disclosed as required by applicable law or an order by a

Governmental Entity or any requirements of stock market or exchange or other regulatory body having competent jurisdiction; provided, that, except where prohibited by law, the recipient will give the disclosing party reasonable advance notice of such required disclosure, and will reasonably cooperate with the disclosing party, in order to allow the disclosing party an opportunity to oppose or limit the disclosure of such commercial information or otherwise secure confidential treatment of such commercial information required to be disclosed; provided, further, that if disclosure is ultimately required, the recipient will furnish only that portion of such commercial information which, based upon advice of legal counsel, the recipient is required to disclose in compliance with any such requirement.

41. Non-Binding Negotiations and Effectiveness. MEC and Distributor acknowledge and agree that, except as expressly stated in this Agreement, there are no binding obligations or commitments existing between MEC and Distributor. No course of conduct, whether or not consistent with the terms discussed in connection with this Agreement, shall have the effect of converting any negotiations or discussions into a binding contract. No legally binding contract shall exist between MEC and Distributor unless and until this Agreement is executed by MEC and Distributor. This Agreement shall only become effective when it has been executed by both MEC and Distributor.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the date first above written.

MONSTER ENERGY COMPANY	**CCBCC OPERATIONS, LLC**
By: /s/ Rodney C. Sacks	By: /s/ Umesh Kasbekar
Name: Rodney C. Sacks	Name: Umesh Kasbekar
Its: Chairman & CEO	Its: Vice President

EXHIBIT A
Distribution Agreement

INITIAL PRODUCT LIST

Monster Energy

Monster Energy
Lo-Carb Monster Energy
Monster Energy Assault
Juice Monster Khaos Energy + Juice
Juice Monster Ripper Energy + Juice
Monster Energy Absolutely Zero
Punch Monster Baller's Blend
Punch Monster Mad Dog
Monster Energy Unleaded

Monster Energy Ultra

Monster Energy Zero Ultra
Monster Energy Ultra Blue
Monster Energy Ultra Red
Monster Energy Ultra Sunrise
Monster Energy Ultra Citron

Monster Energy Extra Strength with Nitrous Technology

Monster Energy Extra Strength Nitrous Technology Anti Gravity
Monster Energy Extra Strength Nitrous Technology Super Dry
Monster Energy Extra Strength Nitrous Technology Black Ice

Monster Rehab

Monster Rehab Tea + Lemonade + Energy
Monster Rehab Green Tea + Energy
Monster Rehab Rojo Tea + Energy
Monster Rehab Tea + Orangeade + Energy
Monster Rehab Tea + Pink Lemonade + Energy
Monster Rehab + Peach Tea + Energy

Monster Import

Monster Energy Import

Muscle Monster Energy Shake

Muscle Monster Energy Shake Chocolate
Muscle Monster Energy Shake Vanilla
Muscle Monster Energy Shake Coffee
Muscle Monster Energy Shake Strawberry
Muscle Monster Energy Shake Peanut Butter Cup

Java Monster

Java Monster Kona Blend
Java Monster Loca Moca
Java Monster Mean Bean
Java Monster Vanilla Light
Java Monster Irish Blend
Java Monster Cappuccino

Monster M3 Super Concentrate

Monster Energy M3 Super Concentrate

Ubermonster

Ubermonster

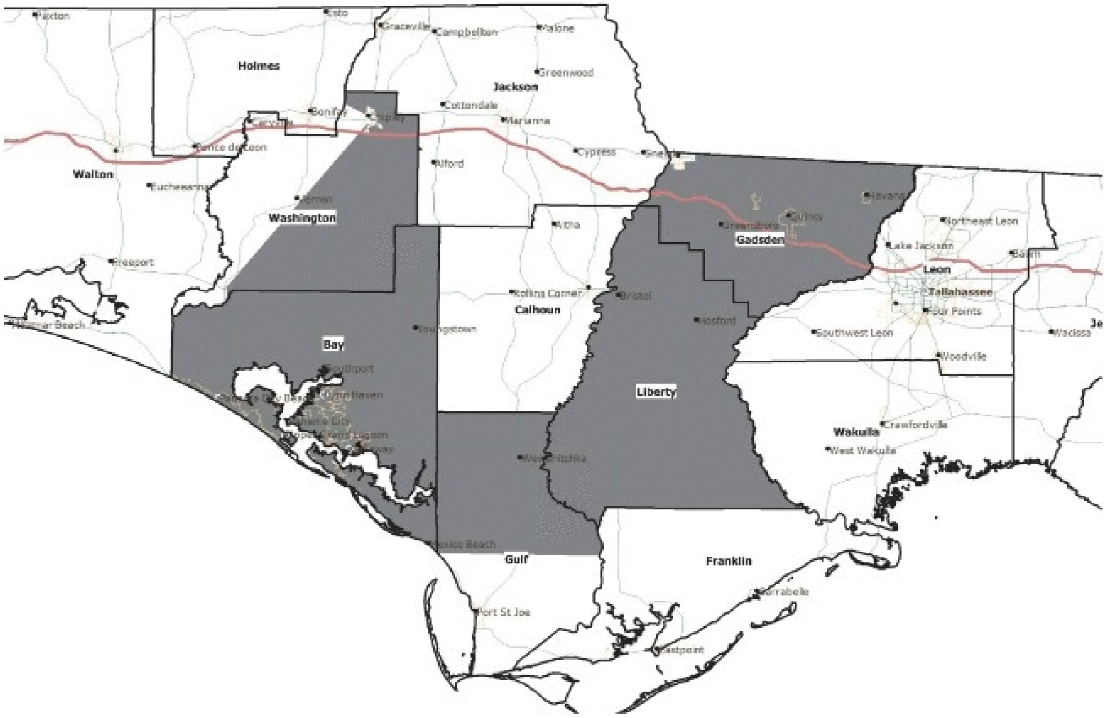
EXHIBIT B
Distribution Agreement

THE TERRITORY

The Territory is the same territory that Distributor services for the distribution of Coca-Cola products in the states of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia, the gray shaded area, as reflected on the Territory maps below.

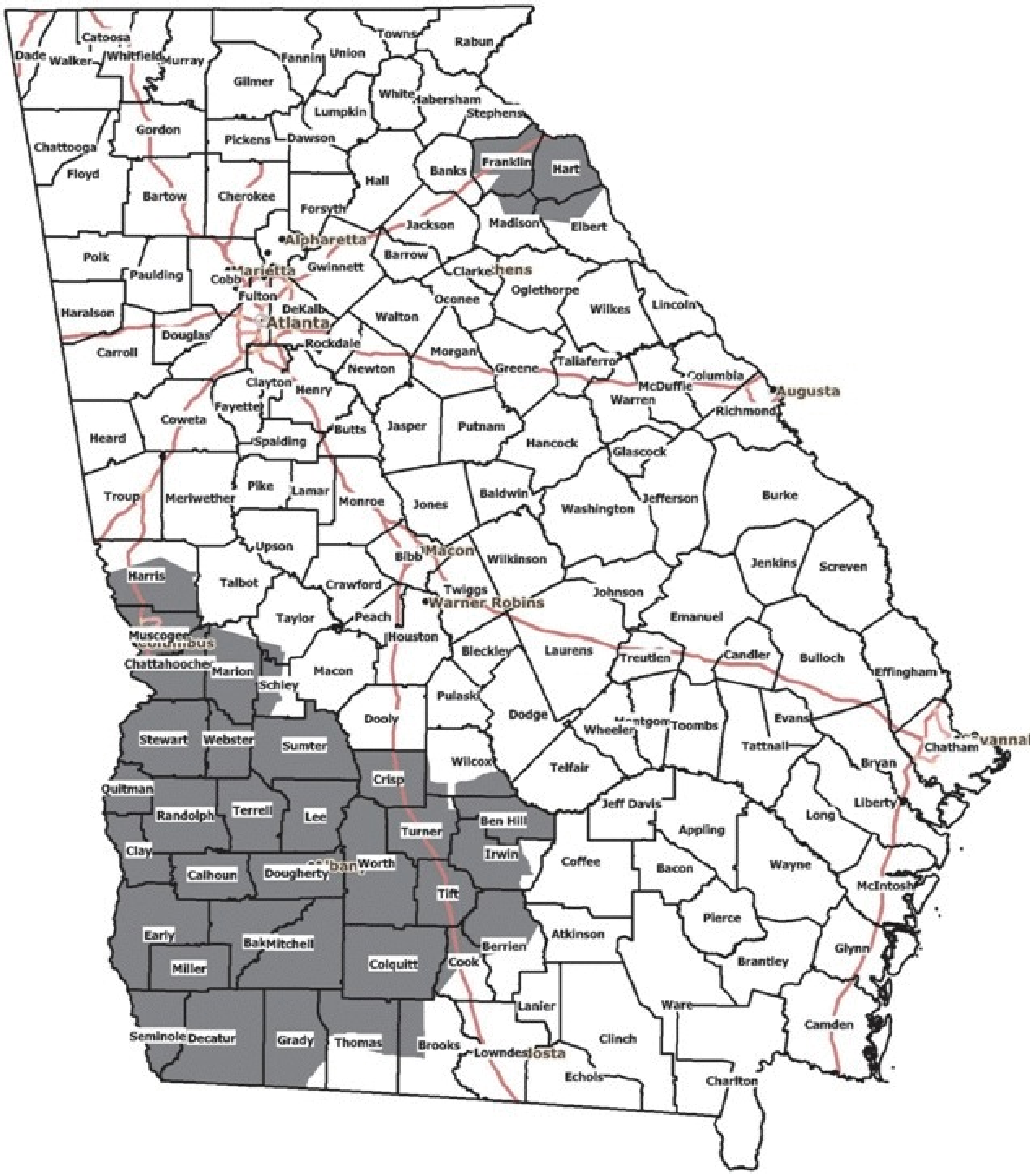
Alabama

Florida



Holmes
Jackson
Walton
Washington
Gadsden
Leon
Tallahassee
Bay
Calhoun
Liberty
Wakulla
Gulf
Franklin

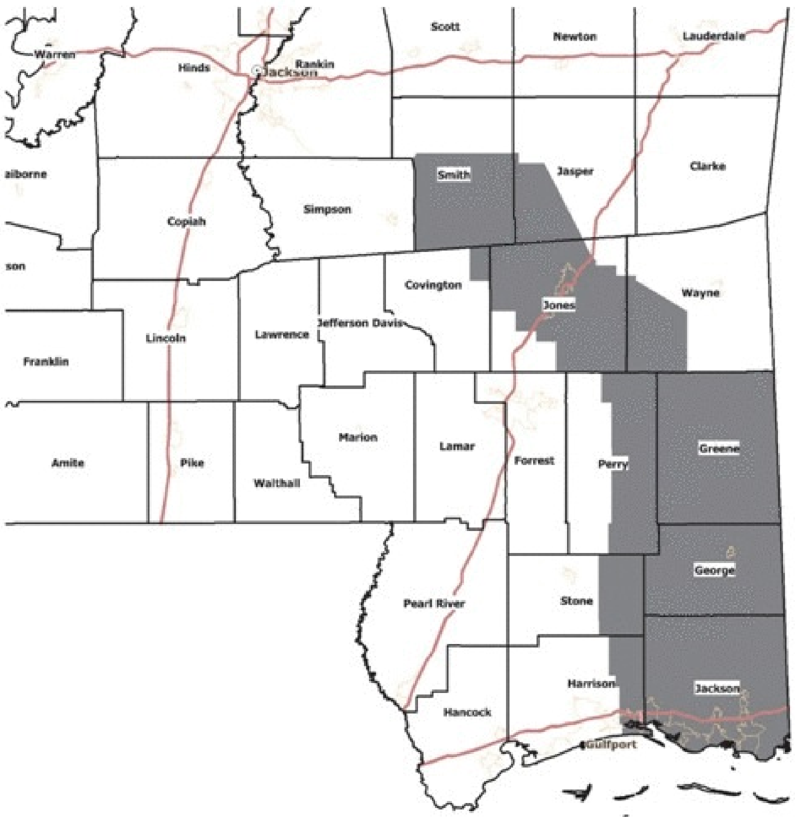
Georgia



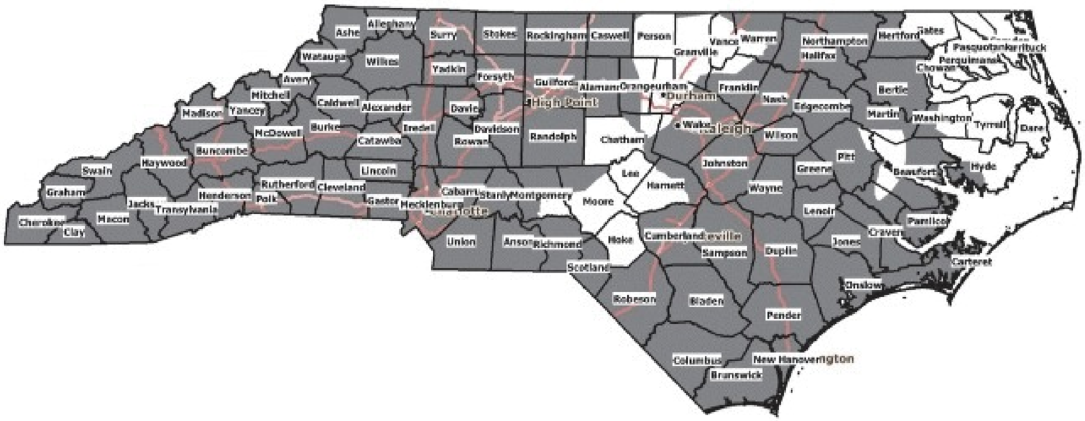
Catoosa
Dade
Walker
Whitfield
Murray
Fannin
Union
Towns
Rabun
Gilmer
White
Habersham
Stephens
Lumpkin
Gordon
Pickens
Dawson
Chattooga
Floyd
Franklin
Hart
Banks
Hall
Bartow
Cherokee
Forsyth
Jackson
Madison
Elbert
Alpharetta
Polk
Paulding
Cobb
Gwinnett
Barrow
Clarke
Oglethorpe
Fulton
Haralson
DeKalb
Atlanta
Walton
Oconee
Wilkes
Lincoln
Douglas
Rockdale
Carroll
Morgan
Newton
Greene
Taliaferro
Columbia
McDuffie
Clayton
Henry
Warren
Augusta
Richmond
Fayette
Coweta
Butts
Jasper
Putnam
Hancock
Heard
Spalding
Glascock
Pike
Lamar
Troup
Meriwether
Monroe
Jones
Baldwin
Washington
Jefferson
Burke
Upson
Bibb
Macon
Wilkinson
Harris
Talbot
Crawford
Jenkins
Screven
Twiggs
Warner Robins
Johnson
Taylor
Peach
Emanuel
Muscogee
Houston
Chattahoochee
Bleckley
Laurens
Treutlen
Candler
Bulloch
Marion
Macon
Effingham
Schley
Pulaski
Dodge
Dooly
Toombs
Wheeler
Evans
Stewart
Webster
Sumter
Tattnall
Chatham
Wilcox
Telfair
Bryan
Crisp
Quitman
Jeff Davis
Liberty
Randolph
Terrell
Lee
Ben Hill
Appling
Long
Turner
Irwin
Clay
Coffee
Bacon
Wayne
Calhoun
Dougherty
Worth
McIntosh
Tift
Pierce
Early
Berrien
Atkinson
Mitchell
Glynn
Brantley
Miller
Colquitt
Cook
Lanier
Ware
Camden
Seminole
Decatur
Grady
Thomas
Brooks
Clinch
Lowndes
Echols
Charlton

Kentucky

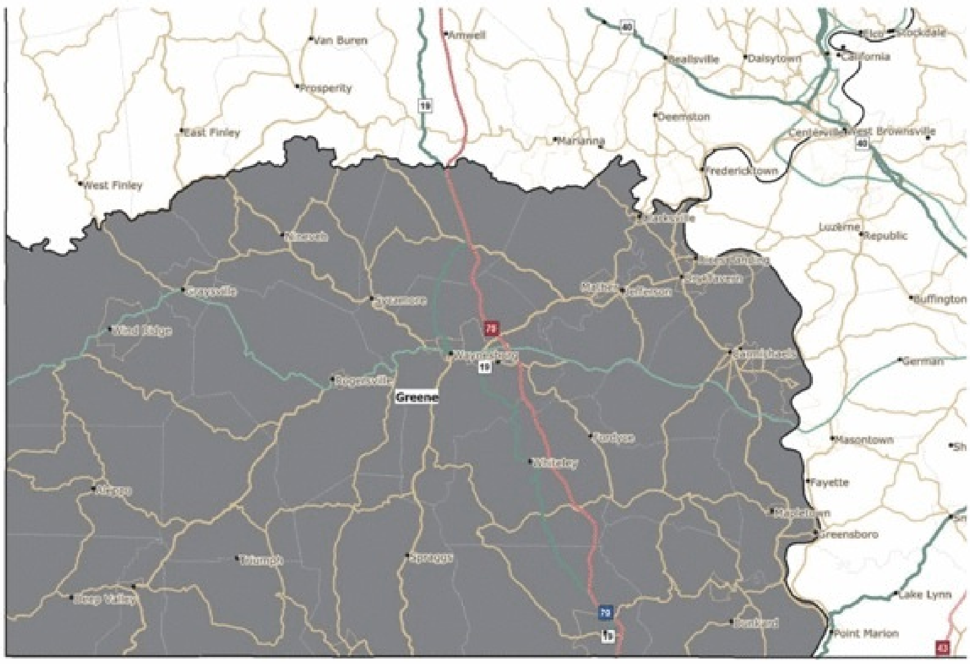
Mississippi



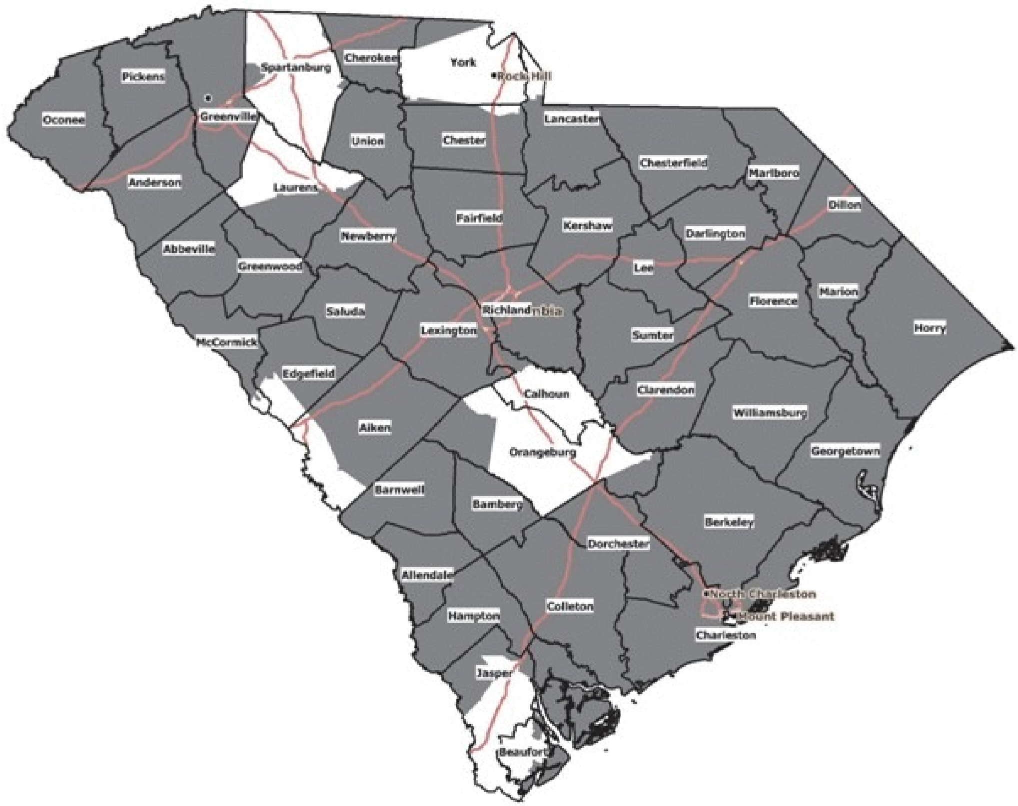
North Carolina



Pennsylvania

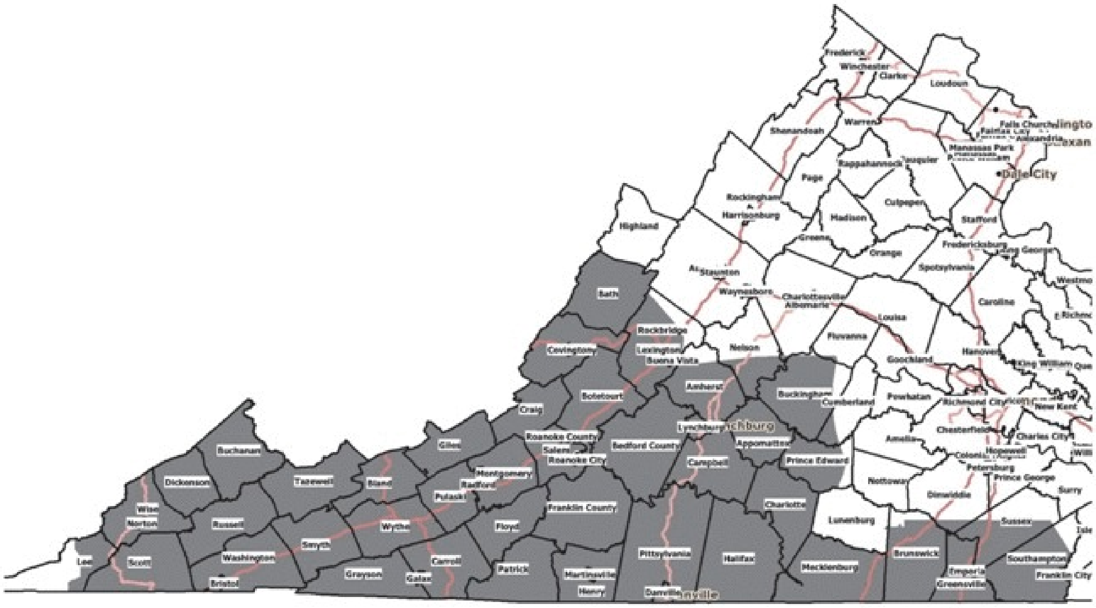


South Carolina



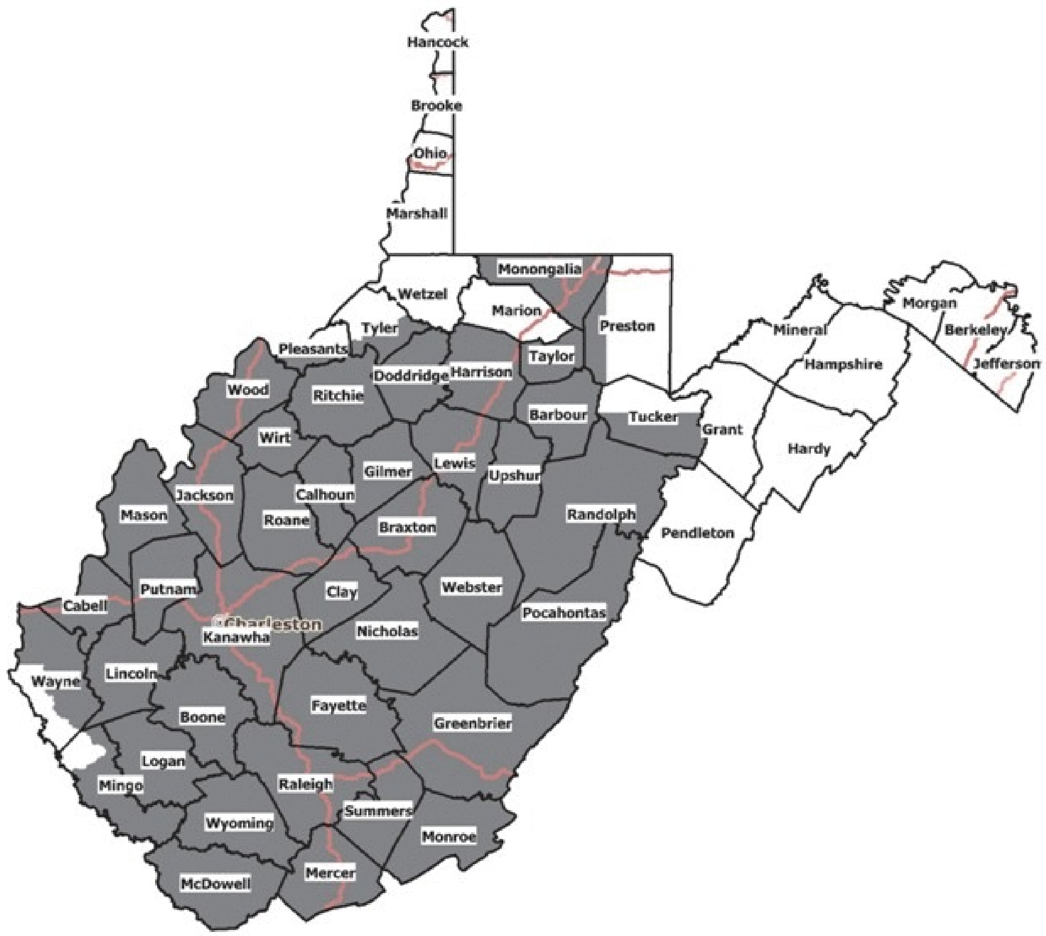
Tennessee

Virginia



Frederick
Winchester
Clarke
Loudoun
Shenandoah
Warren
Falls Church
Fairfax City
Alexandria
Manassas Park
Rappahannock
Page
Dale City
Rockingham
Harrisonburg
Culpeper
Madison
Stafford
Highland
Greene
Orange
Fredericksburg
Staunton
Spotsylvania
Bath
Waynesboro
Charlottesville
Albemarle
Caroline
Louisa
Rockbridge
Fluvanna
Covington
Lexington
Buena Vista
Nelson
Goochland
Hanover
King William
Amherst
Buckingham
Cumberland
Powhatan
Botetourt
Richmond City
New Kent
Craig
Lynchburg
Appomattox
Chesterfield
Charles City
Roanoke County
Salem
Roanoke City
Bedford County
Amelia
Hopewell
Buchanan
Giles
Campbell
Prince Edward
Colonial Heights
Petersburg
Prince George
Dickenson
Tazewell
Bland
Montgomery
Radford
Pulaski
Nottoway
Dinwiddie
Surry
Wise
Norton
Russell
Wythe
Franklin County
Floyd
Charlotte
Lunenburg
Sussex
Smyth
Lee
Scott
Washington
Bristol
Grayson
Galax
Carroll
Patrick
Martinsville
Henry
Pittsylvania
Danville
Halifax
Mecklenburg
Brunswick
Emporia
Greensville
Southampton
Franklin City

West Virginia



In the event of a dispute with respect to territorial boundaries between two adjacent parties, MEC shall have the right to decide such dispute in its sole discretion, and any such decision shall be final and binding upon the parties.

EXHIBIT C
Distribution Agreement

<u>EXCLUSIVE DISTRIBUTOR ACCOUNTS</u>

Convenience Stores

Chain Convenience Stores

Deli's

Independent Grocery

Chain Grocery

Mass Merchandisers

Drug Stores

Colleges and Universities

Hospitals

Health Food Stores

Club Stores

Vending

Alcoholic Lic. On-Premise*

National Specialty Retailers (i.e. Home Depot, Best Buy, Staples, Auto Zone, and all similar sized and positioned retailers, except those included below as Non-Exclusive Distributor Accounts)

Military –**<u>ONLY</u>** AAFES, NEXCOM, MCX, and USCG for Exchanges / Shopettes / Convenience Stores / Class 6 Stores / Veteran's Canteen / vending for the Continental United States ("CONUS")

Military – Morale, Welfare & Recreation (i.e. including but not limited to bowling alleys, golf courses, officers clubs, etc.) for CONUS

Marine Foods Service (e.g. cruise ships, service ships, and oil rigs)

All other accounts not falling within the descriptions listed above or below

*Alcoholic Licensed On-Premise Accounts means accounts licensed by an applicable Governmental Entity to sell alcoholic beverages for on-premise consumption.

<u>EXCLUSIVE MEC ACCOUNTS</u>

Military –**<u>ONLY</u>** AAFES, NEXCOM, MCX, and USCG for Exchanges / Shopettes / Convenience Stores / Class 6 Stores / vending for Outside the Continental United States ("OCONUS")

Military – all others including, but not limited to, DeCA, Ships-A-Float, Troop Feeding for both CONUS & OCONUS

Military – Vending and Morale, Welfare & Recreation (i.e. including but not limited to bowling alleys, golf courses, officers clubs, etc.) for OCONUS

NON-EXCLUSIVE DISTRIBUTOR ACCOUNTS:

General Sports Retailers (i.e. including but not limited to extreme sports retailers, motorcycle dealers and resellers, and all similar retailers and distributors servicing such sports retailers)

National Specialty Retailers – limited to accounts which are parties to an exclusive non-alcoholic beverage agreement with a competitor of Distributor and/or accounts which Distributor is prohibited by the account from calling on

EXHIBIT D
Distribution Agreement

THE TRADEMARKS

MONSTER ENERGY
M MONSTER ENERGY
UNLEASH THE BEAST!
MONSTER
ANTI GRAVITY
ASSAULT
BLACK ICE
IRISH BLEND
JAVA MONSTER
KHAOS
KILLER-B
KILLER B NITROUS MONSTER ENERGY
LOCA MOCA
LOCA MOCA JAVA MONSTER
LO-CARB MONSTER ENERGY
M IMPORT
M EXPORT
M3
MEAN BEAN
MONSTER BLACK ICE
MONSTER ENERGY EXTRA STRENGTH NITROUS TECHNOLOGY
MONSTER KHAOS ENERGY + JUICE
MONSTER RIPPER
REHAB
MONSTER REHAB
REHAB THE BEAST!
RIPPER
UNLEASH THE NITRO BEAST!
MONSTER ENERGY ZERO ULTRA
MONSTER ENERGY CUBA-LIMA
MONSTER ENERGY XG
UBERMONSTER
SIZE DOES MATTER!
JUICE MONSTER
MONSTER ENERGY ULTRA
- ULTRA RED
- ULTRA BLUE
- ULTRA BLACK
- ULTRA SUNRISE
- ULTRA CITRON

PUNCH MONSTER
MUSCLE MONSTER
PUMP UP THE BEAST!
UNLEASH THE ULTRA BEAST!
MONSTER ENERGY UNLEADED
UNLEASH THE CAFFEINE FREE BEAST
COFFEE MONSTER

EXHIBIT E
Distribution Agreement

(Section 6(b))

FACILITATION FEE

The Facilitation Fee payable by Distributor to MEC and then by MEC to KO shall be equal to **[***]** per case of 24 units and **[***]** per case of 12 units of Products sold by MEC to the Distributor, but excluding any free or bonus unit or units used for sampling. Any other case configuration to be mutually agreed between Distributor and KO.

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

EXHIBIT F
Distribution Agreement

PROMOTIONAL ACTIVITIES COSTS

Discount and allowances, price promotions and other customer discount activities (“D&A”):

(a) MEC Led Customer Calls: Distributor shall contribute an amount equal to MEC’s contribution for D&A up to a total of **[***]** per 24-unit 15.5 oz./16 oz. case, (reduced or increased on a pro rata basis for cases containing less than 24 units or a larger number of units), each a “Case,” sold at a discounted price by Distributor to Distributor’s Accounts. Thus, Distributor’s contribution shall be no more than **[***]** per Case of Products sold at a discounted price on the above programs. If additional D&A is necessary to achieve a promotional price to be offered to a customer as agreed by MEC and Distributor, then **[***]**.

(b) Distributor Led Customer Calls: With respect to Distributor led customer calls, MEC shall contribute an amount equal to **[***]** per Case basis, provided always that such amount does not exceed the recommended discount set forth in the Annual Business Plan.

(c) Payment & Reconciliation. The frequency of all customer promotional discount programs requiring D&A shall be agreed in the Annual Business Plan. D&A may be paid by either MEC or Distributor to the customer and reconciled periodically.

(d) The separation of D&A in this Exhibit F into “MEC Led Customer Calls” and “Distributor Led Customer Calls” is not, in of itself, intended to change the currently existing funding arrangements and/or business practices currently subsisting under the D&A category of Exhibit G under any distribution agreement for Monster Energy products that was in existence between MEC and Distributor prior to the Effective Date, if any.

Trade Marketing Programs including shelf buys, CMA’s, free cases, coupons, corporate/retailer rebates, sales force incentives, POS, samples, third party reset fees, meeting competition price offers (“TMP”).

With respect to MEC Led Customer Calls and Distributor Led Customer Calls, **[***]**. All TMP programs shall be agreed upon and form part of the Annual Business Plans and shall include such additional TMP programs as may be mutually agreed upon from time to time by the parties. In exceptional cases, such as Trophy or Prestige accounts, either party may voluntarily agree to contribute more than **[***]** to cover any specific TMP programs. TMP may be paid by either MEC or Distributor to the customer and reconciled periodically.

Updated: February 5, 2015

Distributor Initials: UK

MEC Initials: RCS

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

Equipment.

MEC shall permit Distributor to manage all equipment that MEC owns in the Territory as of the Effective Date. Distributor shall not be required to repair or service such MEC equipment owned by MEC as of the Effective Date. Distributor shall use commercially reasonable efforts to place Products in all Distributor's equipment where appropriate and desired by the Distributor's Accounts. Distributor shall reimburse MEC for **[***]** of the cost of equipment that Distributor and MEC agree that MEC purchase for the Territory in the future and which shall be managed by Distributor.

Miscellaneous.

If MEC calls on or assists Distributor in calling on Distributor's Accounts, to the extent that MEC makes a commitment for funds or support in excess of what is provided above or was agreed to by Distributor and MEC, any such excess shall be borne by MEC.

The parties' respective rights and obligations under this Exhibit F shall be revised and amended from time to time to reflect then-prevailing conditions by written agreement of the parties to be arrived at after good faith discussions and negotiation. If the parties are unable to agree upon an amendment requested by either party, such disagreement shall be resolved pursuant to the Deadlock procedures under Section 12(a)(i)(D) of the Agreement.

All amounts and all contributions provided above shall be adjusted, upward or downward, from time to time to account for inflation, changes in selling prices or other adjustments that may occur from time to time, or to conform to prevailing beverage industry practices relating to the Energy Drink category. The amounts of such adjustments shall be mutually agreed in writing by the parties from time to time; provided that such adjustments shall be arrived at after good faith discussions and negotiations between the parties.

Updated: February 5, 2015

Distributor Initials: UK

MEC Initials: RCS

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

EXHIBIT G
Distribution Agreement

NATIONAL ACCOUNTS - MEC DIRECT VOLUME

______________ cases*

*To be calculated by MEC as soon as practical following the Commencement Date and to be the number of cases sold directly by MEC to Outlets in the Territory during the twelve (12) month period prior to the Commencement Date, but only with respect to that portion of the Territory, if any, (as defined in this Agreement) which was not part of Distributor's "Territory" under one or more distribution agreements in existence between MEC and Distributor prior to the Effective Date (the "Prior Agreements"). In the event that this Agreement is amended to include additional "Territory" following the Commencement Date, the number of cases set forth above shall be increased accordingly, but only with respect to such additional "Territory." For the avoidance of doubt, the number of cases set forth above shall (a) only apply to the calculation and payment of the fees payable by MEC to Distributor in accordance with Section 14 solely with respect to any new Territory allocated to Distributor pursuant to this Agreement with effect from or after the Effective Date which was not part of Distributor's "Territory" under the Prior Agreements (the "New Territory") and (b) not include the aggregate number of cases of Products sold by MEC to Outlets in the Territory that was part of Distributor's "Territory" under the Prior Agreements.

For Outlets which are part of Distributor's New Territory, MEC shall pay Distributor in accordance with the formula set forth in Section 14 for the number of cases of Products sold directly by MEC to such Outlets, less the number of cases of Products set forth above.

For Outlets which were part of Distributor's "Territory" under the Prior Agreements, MEC shall pay Distributor in accordance with the formula set forth in Section 14 for all cases of Products sold directly by MEC to such Outlets, without reference to, or subtracting, the number of cases of Products set forth above.

Updated: February 5, 2015

Distributor Initials: UK

MEC Initials: RCS

EXHIBIT H
Distribution Agreement

COMPETITIVE PRODUCTS

During the Term of this Agreement, Distributor shall not market, sell, manufacture, prepare, package, or distribute, directly or indirectly, or assist any third party in engaging in, the business of manufacturing, marketing, selling or distributing, any Energy Drink/s or products reasonably likely to be confused with any of the Products in the Territory or reasonably likely to be perceived by consumers as confusingly similar to or be passed off as Products (the "Competing Products"), except that Distributor may manufacture, prepare, package, market, sell and distribute, and otherwise engage or assist any third party in engaging in the business of manufacturing, marketing, selling or distributing in the Territory, Competing Products that (i) are owned, marketed, sold or distributed by KO or an Affiliate of KO, or (ii) were internally developed by KO or any of its Affiliates, in each case (i) and (ii), to the extent KO is not otherwise prohibited from marketing, selling or distributing such Competing Products pursuant to a written agreement between MEC and KO. If under the terms of any written agreement between MEC and KO, KO authorizes Distributor to sell Competing Products, then Distributor agrees that it shall be obligated at all times to allocate and devote at least such resources and efforts (in all material respects) to the promotion, marketing, sale, and distribution of the Products as are substantially proportional to the ratio that the volume of Distributor's sales of Products bears to the volume of Distributor's sales of Competing Products. Notwithstanding the provisions of this Exhibit H, Distributor may (a) market, sell and distribute **[***]** for a period of **[***]** commencing the Commencement Date and (b) manufacture, prepare or package (but not market, sell or distribute) the Competing Products described on Exhibit H.

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

Exhibit 12

RATIO OF EARNINGS TO FIXED CHARGES

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

	First Quarter	
	2015	2014
Computation of Earnings:		
Income before income taxes	$ 4,466	$ 4,893
Add:		
Interest expense	6,843	6,746
Amortization of debt premium/discount and expenses	504	478
Interest portion of rent expense	659	618
Earnings as adjusted	$12,472	$12,735
Computation of Fixed Charges:		
Interest expense	$ 6,843	$ 6,746
Capitalized interest	66	62
Amortization of debt premium/discount and expenses	504	478
Interest portion of rent expense	659	618
Fixed charges	$ 8,072	$ 7,904
Ratio of Earnings to Fixed Charges	1.55	1.61

Exhibit 31.1

MANAGEMENT CERTIFICATION

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

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

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2015

/s/ J. Frank Harrison, III

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

Exhibit 31.2

MANAGEMENT CERTIFICATION

I, James E. Harris, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ James E. Harris

Date: May 8, 2015

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

Exhibit 32

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

In connection with the Quarterly Report of Coca-Cola Bottling Co. Consolidated (the “Company”) on Form 10-Q for the quarter ended March 29, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and James E. Harris, Senior Vice President, Shared Services and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ J. Frank Harrison, III

J. Frank Harrison, III
Chairman of the Board of Directors and
Chief Executive Officer
May 8, 2015

/s/ James E. Harris

James E. Harris
Senior Vice President, Shared Services and
Chief Financial Officer
May 8, 2015