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

Form 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 28, 1997

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 Number)

1900 Rexford Road,
Charlotte, North Carolina 28211
(Address of principal executive offices)
(Zip Code)

(704) 551-4400
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act: None
Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, $l.00 par value
(Title of Class)

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 X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements, incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

State the aggregate market value of voting stock held by non-affiliates of the Registrant.

	Market Value as of March 10, 1998
Common Stock, $l par value	$228,427,864
Class B Common Stock, $l par value	*

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

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

Class	Outstanding as of March 10, 1998
Common Stock, $1 Par Value	7,045,047
Class B Common Stock, $1 Par Value	1,319,800

Documents Incorporated by Reference

Portions of Proxy Statement to be filed pursuant to Section 14 of the Exchange Act with respect to the 1998 Annual Meeting of Shareholders .....Part III, Items 10-13

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PART I

Item 1 -- Business

Introduction and Recent Developments

Coca-Cola Bottling Co. Consolidated, a Delaware corporation (the "Company"), is engaged in the production, marketing and distribution of carbonated and noncarbonated beverages, primarily products of The Coca-Cola Company, Atlanta, Georgia ("The Coca-Cola Company"). The Company has been in the soft drink manufacturing business since 1902.

The Company has grown significantly since 1984. In 1984, net sales were approximately $130 million. In 1997, net sales were approximately $802 million. The Company's bottling territory was concentrated in North Carolina prior to 1984. A series of acquisitions since 1984 have significantly expanded the Company's bottling territory. The most significant transactions were as follows:

- February 8, 1985 -- Acquisition of various subsidiaries of Wometco Coca-Cola Bottling Company which included territories in parts of Alabama, Tennessee and Virginia. Other noncontiguous territories acquired in this acquisition were subsequently sold.

- January 27, 1989 -- Acquisition of all of the outstanding stock of The Coca-Cola Bottling Company of West Virginia, Inc. which included territory covering most of the state of West Virginia.

- December 20, 1991 -- Acquisition of all of the outstanding capital stock of Sunbelt Coca-Cola Bottling Company, Inc. ("Sunbelt") which included territory covering parts of North Carolina and South Carolina.

- July 2, 1993 -- Formation of Piedmont Coca-Cola Bottling Partnership ("Piedmont"). Piedmont is a joint venture owned equally by the Company and The Coca-Cola Company through their respective subsidiaries. Piedmont distributes and markets soft drink products, primarily in parts of North Carolina and South Carolina. The Company sold and contributed certain territories to Piedmont upon formation. The Company currently provides part of the finished product requirements for Piedmont and receives a fee for managing the operations of Piedmont pursuant to a management agreement.

- June 1, 1994 -- The Company executed a management agreement with South Atlantic Canners, Inc. ("SAC"), a manufacturing cooperative located in Bishopville, South Carolina. The Company is a member of the cooperative and receives a fee for managing the day-to-day operations of SAC pursuant to a 10-year management agreement. SAC significantly expanded its operations by adding two PET bottling lines. These bottling lines supply a portion of the Company's and Piedmont's volume requirements for PET finished products.

- January 21, 1998 -- The Company purchased the franchise rights and operating assets of a Coca-Cola bottler located in Florence, Alabama. This territory is contiguous to the Company's Tennessee franchise territory.

These transactions, along with several smaller acquisitions of additional bottling territory, have resulted in the Company becoming the second largest Coca-Cola bottler in the United States.

The Company repurchased 929,440 shares of its Common Stock for $43.6 million in a series of transactions between December 1996 and February 1997.

The Coca-Cola Company currently owns an economic interest of approximately 30% and a voting interest of approximately 23% in the Company. The Coca-Cola Company's economic interest was achieved through a series of transactions as follows:

- June 1987 -- The Company sold 1,355,033 shares of newly issued Common stock and 269,158 shares of Class B Common Stock to The Coca-Cola Company.

- January 1989 -- The Company issued 1.1 million shares of Common Stock to The Coca-Cola Company in exchange for all of the outstanding stock of The Coca-Cola Bottling Company of West Virginia, Inc.

- June 1993 -- The Company sold 33,464 shares of Common Stock to The Coca-Cola Company pursuant to an agreement to maintain The Coca-Cola Company's voting and equity interest at a prescribed level.

- February 1997 -- The Company purchased 275,490 shares of its Common Stock for $13.1 million from The Coca-Cola Company pursuant to an agreement to maintain The Coca-Cola Company's voting and equity interest at a prescribed level.

The Company considers acquisition opportunities for additional territories on an ongoing basis. To achieve its goals, further purchases and sales of franchise rights and entities possessing such rights and other related transactions designed to facilitate such purchases and sales may occur.

General

In its soft drink operations, the Company holds franchises under which it produces and markets, in certain regions, carbonated soft drink products of The Coca-Cola Company, including Coca-Cola classic, caffeine free Coca-Cola classic, diet Coke, caffeine free diet Coke, Cherry Coke, TAB, Sprite, diet Sprite, Surge, Mello Yello, diet Mello Yello, Mr. PiBB, Barq's Root Beer, diet Barq's Root Beer, Fresca, Minute Maid orange and diet Minute Maid orange sodas. The Company also distributes and markets POWERaDE, Cool from Nestea, Fruitopia, Minute Maid Juices To Go and LeBleu water in certain of its markets. The Company produces and markets Dr Pepper in most of its regions. Various other products, including Seagrams' products and Sundrop are produced and marketed in one or more of the Company's regions under franchise agreements with the companies that manufacture the concentrate for those beverages. In addition, the Company also produces soft drinks for other Coca-Cola franchise bottlers.

The Company's principal soft drink is Coca-Cola classic. During the last three fiscal years, sales of products under the trademark Coca-Cola have accounted for more than half of the Company's soft drink sales. In total, the products of The Coca-Cola Company accounted for approximately 90% of the Company's soft drink sales during fiscal 1997.

Franchises

The Company's franchises from The Coca-Cola Company entitle the Company to produce and market The Coca-Cola Company's soft drinks in bottles, cans and five gallon, pressurized, pre-mix containers. The Company is one of many companies holding such franchises. The Coca-Cola Company is the sole owner of the secret formulas pursuant to which the primary components (either concentrates or syrups) of Coca-Cola trademark beverages are manufactured. The concentrates, when mixed with water and sweetener, produce syrup which, when mixed with carbonated water, produce the soft drinks known as "Coca-Cola," "Coca-Cola classic," "Coke" and other soft drinks of The Coca-Cola Company which are manufactured and marketed by the Company. The Company also purchases natural sweeteners from The Coca-Cola Company. No royalty or other compensation is paid under the franchise agreements to The Coca-Cola Company for the Company's right to use in its territories the franchised tradenames and trademarks, such as "Coca-Cola," "Coca-Cola classic" and "Coke," and their associated patents, copyrights, designs and labels, all of which are owned by The Coca-Cola Company. The Company has similar arrangements with the Dr Pepper Company and other franchisors.

Bottle Contracts. The Company is party to standard bottle contracts with The Coca-Cola Company for each of its bottling territories (the "Bottle Contracts") which provide that the Company will purchase its entire requirement of concentrates and syrups for Coca-Cola, Coca-Cola classic, caffeine free Coca-Cola classic, Cherry Coke, diet Coke, caffeine free diet Coke and diet Cherry Coke (together, the "Coca-Cola Trademark Beverages") from The Coca-Cola Company. The Company has the exclusive right to distribute Coca-Cola Trademark Beverages for sale in its territories in authorized containers of the nature currently used by the Company, which include cans and refillable and non-refillable bottles. The Coca-Cola Company may determine from time to time what containers of this type to authorize for use by the Company.

The price The Coca-Cola Company may charge for syrup or concentrate under the Bottle Contracts is set by The Coca-Cola Company from time to time. Except as provided in the Supplementary Agreement described below, there are no limitations on prices for concentrate or syrup. Consequently, the prices at which the Company purchases concentrates and syrup under the Bottle Contracts may vary materially from the prices it has paid during the periods covered by the financial information included in this report.

Under the Bottle Contracts, the Company is obligated to maintain such plant, equipment, staff and distribution facilities as are required for the manufacture, packaging and distribution of the Coca-Cola Trademark Beverages in authorized containers, and in sufficient quantities to satisfy fully the demand for these beverages in its territories; to undertake adequate quality control measures and maintain sanitation standards prescribed by The Coca-Cola Company; to develop, stimulate and satisfy fully the demand for Coca-Cola Trademark Beverages and to use all approved means, and to spend such funds on advertising and other forms of marketing, as may be reasonably required to meet that objective; and to maintain such sound financial capacity as may be reasonably necessary to assure performance by the Company and its affiliates of their obligations to The Coca-Cola Company.

The Bottle Contracts require the Company to submit to The Coca-Cola Company each year its plans for marketing, management and advertising with respect to the Coca-Cola Trademark Beverages for the ensuing year. Such plans must

demonstrate that the Company has the financial capacity to perform its duties and obligations to The Coca-Cola Company under the Bottle Contracts. The Company must obtain The Coca-Cola Company's approval of those plans, which approval may not be unreasonably withheld, and if the Company carries out its plan in all material respects, it will have satisfied its contractual obligations. Failure to carry out such plans in all material respects would constitute an event of default that, if not cured within 120 days of notice of such failure, would give The Coca-Cola Company the right to terminate the Bottle Contracts. If the Company at any time fails to carry out a plan in all material respects with respect to any geographic segment (as defined by The Coca-Cola Company) of its territory, and if that failure is not cured within six months of notice of such failure, The Coca-Cola Company may reduce the territory covered by the applicable Bottle Contract by eliminating the portion of the territory with respect to which the failure has occurred.

The Coca-Cola Company has no obligation under the Bottle Contracts to participate with the Company in expenditures for advertising and marketing. As it has in the past, The Coca-Cola Company may contribute to such expenditures and undertake independent advertising and marketing activities, as well as cooperative advertising and sales promotion programs which require mutual cooperation and financial support of the Company. The future levels of marketing support and promotional funds provided by The Coca-Cola Company may vary materially from the levels provided during the periods covered by the financial information included in this report.

The Coca-Cola Company has the right to reformulate any of the Coca-Cola Trademark Beverages and to discontinue any of the Coca-Cola Trademark Beverages, subject to certain limitations, so long as all Coca-Cola Trademark Beverages are not discontinued. The Coca-Cola Company may also introduce new beverages under the trademarks "Coca-Cola" or "Coke" or any modification thereof, and in that event the Company would be obligated to manufacture, package, distribute and sell the new beverages with the same duties as exist under the Bottle Contracts with respect to Coca-Cola Trademark Beverages.

If the Company acquires the right to manufacture and sell Coca-Cola Trademark Beverages in any additional territory, the Company has agreed that such new territory will be covered by a standard contract in the same form as the Bottle Contracts and that any existing agreement with respect to the acquired territory automatically shall be amended to conform to the terms of the Bottle Contracts. In addition, if the Company acquires control, directly or indirectly, of any bottler of Coca-Cola Trademark Beverages, or any party controlling a bottler of Coca-Cola Trademark Beverages, the Company must cause the acquired bottler to amend its franchises for the Coca-Cola Trademark Beverages to conform to the terms of the Bottle Contracts.

The Bottle Contracts are perpetual, subject to termination by The Coca-Cola Company in the event of default by the Company. Events of default by the Company include (1) the Company's insolvency, bankruptcy, dissolution, receivership or similar conditions; (2) the Company's disposition of any interest in the securities of any bottling subsidiary without the consent of The Coca-Cola Company; (3) termination of any agreement regarding the manufacture, packaging, distribution or sale of Coca-Cola Trademark Beverages between The Coca-Cola Company and any person that controls the Company; (4) any material breach of any obligation occurring under the Bottle Contracts (including, without limitation, failure to make timely payment for any syrup or concentrate or of any other debt owing to The Coca-Cola Company, failure to meet sanitary or quality control standards, failure to comply strictly with manufacturing standards and instructions, failure to carry out an approved plan as described above, and failure to cure a violation of the terms regarding imitation products), that remains uncured for 120 days after notice by The Coca-Cola Company; or (5) producing, manufacturing, selling or dealing in any "Cola Product," as defined, or any concentrate or syrup which might be confused with those of The Coca-Cola Company; or (6) selling any product under any trade dress, trademark, or tradename or in any container in which The Coca-Cola Company has a proprietary interest; or (7) owning any equity interest in or controlling any entity which performs any of the activities described in (5) or (6) above. In addition, upon termination of the Bottle Contracts for any reason, The Coca-Cola Company, at its discretion, may also terminate any other agreements with the Company regarding the manufacture, packaging, distribution, sale or promotion of soft drinks, including the Allied Bottle Contracts described elsewhere herein.

The Company is prohibited from assigning, transferring or pledging its Bottle Contracts, or any interest therein, whether voluntarily or by operation of law, without the prior consent of The Coca-Cola Company. Moreover, the Company may not enter into any contract or other arrangement to manage or participate in the management of any other Coca-Cola bottler without the prior consent of The Coca-Cola Company.

The Coca-Cola Company may automatically amend the Bottle Contracts if 80% of the domestic bottlers who are parties to agreements with The Coca-Cola Company containing substantially the same terms as the Bottle Contracts, which bottlers purchased for their own account 80% of the syrup and equivalent gallons of concentrate for Coca-Cola Trademark Beverages purchased for the account of all such bottlers, agree that their bottle contracts shall be likewise amended.

Supplementary Agreement. The Company and The Coca-Cola Company are also parties to a Supplementary Agreement (the "Supplementary Agreement") that modifies some of the provisions of the Bottle Contracts. The Supplementary Agreement provides that The Coca-Cola Company will exercise good faith and fair dealing in its relationship with the Company under the Bottle Contracts; offer marketing support and exercise its rights under the Bottle Contracts in a manner consistent with its dealings with comparable bottlers; offer to the Company any written amendment to the Bottle Contracts (except amendments dealing with transfer of ownership) which it offers to any other bottler in the United States; and, subject to certain limited exceptions, sell syrups and concentrates to the Company at prices no greater than those charged to other bottlers which are parties to contracts substantially similar to the Bottle Contracts.

The Supplementary Agreement permits transfers of the Company's capital stock that would otherwise be limited by the Bottle Contracts.

Allied Bottle Contracts. Other contracts with The Coca-Cola Company (the "Allied Bottle Contracts") grant similar exclusive rights to the Company with respect to the distribution of Sprite, Mr. PiBB, Surge, Mello Yello, diet Mello Yello, Fanta, TAB, diet Sprite, sugar free Mr. PiBB, Fresca, POWERaDE, Minute Maid orange and diet Minute Maid orange sodas (the "Allied Beverages") for sale in authorized containers in its territories. These contracts contain provisions that are similar to those of the Bottle Contracts with respect to pricing, authorized containers, planning, quality control, trademark and transfer restrictions and related matters. Each Allied Bottle Contract has a term of 10 years and is renewable by the Company for an additional 10 years at the end of each 10 year period, but is subject to termination in the event of (1) the Company's insolvency, bankruptcy, dissolution, receivership or similar condition; (2) termination of the Company's Bottle Contract covering the same territory by either party for any reason; and (3) any material breach of any obligation of the Company under the Allied Bottle Contract that remains uncured for 120 days after notice by The Coca-Cola Company.

Post-mix Rights. The Company also has the non-exclusive right to sell Coca-Cola classic and other fountain syrups ("post-mix syrup") of The Coca-Cola Company.

Other Bottling Agreements. The Coca-Cola Company purchased all rights of Barq's, Inc. under its Bottler's Agreements with the Company. These contracts cover both Barq's Root Beer and diet Barq's Root Beer and remain in effect unless terminated by The Coca-Cola Company for breach by the Company of their terms, insolvency of the Company or the failure of the Company to manufacture, bottle and sell the products for 15 consecutive days or to purchase extract for a period of 120 consecutive days. The bottling agreements from most other soft drink franchisors are similar to those described above in that they are renewable at the option of the Company and the franchisors. The price the franchisors may charge for syrup or concentrate is set by the franchisors from time to time. They also contain similar restrictions on the use of trademarks, approved bottles, cans and labels and sale of imitations or substitutes as well as termination for cause provisions. Sales of beverages by the Company under these agreements represented approximately 10% of the Company's sales for fiscal 1997.

The territories covered by the Allied Bottle Contracts and by bottling agreements for products of franchisors other than The Coca-Cola Company in most cases correspond with the territories covered by the Bottle Contracts. The variations do not have a material effect on the business of the Company taken as a whole.

Markets and Production and Distribution Facilities

As of March 10, 1998, the Company held franchises from The Coca-Cola Company covering the majority of central, northern and western North Carolina, and portions of Alabama, Mississippi, Tennessee, Kentucky, Virginia, West Virginia, Ohio, Pennsylvania, Georgia and Florida. The total population within the Company's franchise territory is approximately 12.3 million.

As of March 10, 1998, the Company operated in six principal geographical regions. Certain information regarding each of these markets follows:

1. North Carolina. This region includes the majority of central and western North Carolina, including Raleigh, Greensboro, Winston-Salem, High Point, Hickory, Asheville, Fayetteville and Charlotte and the surrounding areas. The region has an estimated population of 5.3 million. Production/distribution facilities are located in Charlotte and 15 other distribution facilities are located in the region.

2. South Alabama. This region includes a portion of southwestern Alabama, including the area surrounding Mobile, and a portion of southeastern Mississippi. The region has an estimated population of 900,000. A production/distribution facility is located in Mobile, and five other distribution facilities are located in the region.

3. South Georgia. This region includes a small portion of eastern Alabama, a portion of southwestern Georgia surrounding Columbus, Georgia, in which a distribution facility is located, and a portion of the Florida Panhandle. Four other distribution facilities are located in the region. This region has an estimated population of 1.0 million.

4. Middle Tennessee. This region includes a portion of central Tennessee, including areas surrounding Nashville, a small portion of southern Kentucky and a small portion of northwest Alabama. The region has an estimated population of 1.8 million. A production/distribution facility is located in Nashville and eight other distribution facilities are located in the region.

5. Western Virginia. This region includes most of southwestern Virginia, including areas surrounding Roanoke, a portion of the southern piedmont of Virginia, a portion of northeastern Tennessee and a portion of southeastern West Virginia. The region has an estimated population of 1.4 million. A production/distribution facility is located in Roanoke and seven other distribution facilities are located in the region.

6. West Virginia. This region includes most of the state of West Virginia, a portion of eastern Kentucky, a portion of eastern Ohio and a portion of southwestern Pennsylvania. The region has an estimated population of 1.9 million. There are 11 distribution facilities located in the region.

The Company owns 100% of the operations in each of the regions previously listed.

The Company sold the majority of its South Carolina franchise territory to Piedmont in July 1993. Pursuant to a management agreement, the Company produces a portion of the soft drink products for Piedmont. The Company currently owns a 50% interest in Piedmont. Piedmont's franchise territory covers parts of eastern North Carolina and most of South Carolina. This region has an estimated population of 4.1 million.

On June 1, 1994, the Company executed a management agreement with South Atlantic Canners, Inc. ("SAC"), a manufacturing cooperative located in Bishopville, South Carolina. The Company is a member of the cooperative and receives a fee for managing the day-to-day operations of SAC pursuant to a 10-year management agreement. Management fees from SAC were $1.2 million, $1.4 million and $1.0 million in 1997, 1996 and 1995, respectively. SAC has significantly expanded its operations by adding two PET bottling lines. The bottling lines supply a portion of the Company's and Piedmont's volume requirements for PET finished products. The Company executed member purchase agreements with SAC that require minimum annual purchases of canned product, 20 ounce PET product, 2 liter PET product and 3 liter PET product by the Company of approximately $40 million.

In addition to producing bottled and canned soft drinks for the Company's franchise territories, each production facility also produces some products for sale by other Coca-Cola bottlers. With the exception of the Company's production of soft drink products for Piedmont, this contract production is currently not material in the Company's production centers.

Raw Materials

In addition to concentrates obtained by the Company from The Coca-Cola Company and other concentrate companies for use in its soft drink manufacturing, the Company also purchases sweeteners, carbon dioxide, glass and plastic bottles, cans, closures, pre-mix containers and other packaging materials as well as equipment for the production, distribution and marketing of soft drinks. Except for sweetener, cans and plastic bottles, the Company purchases its raw materials from multiple suppliers.

The Company entered into supply agreements in the fourth quarter of 1995 with its aluminum can suppliers which require the Company to purchase the majority of its aluminum can requirements for two of its four manufacturing facilities. These agreements, which extend through the end of 2000, also reduce the variability of the cost of cans for these two facilities.

The Company purchases substantially all of its plastic bottles (20 ounce, 1 liter, 2 liter and 3 liter sizes) from manufacturing plants which are owned and operated by two cooperatives of Coca-Cola bottlers, including the Company. The Company joined the southwest cooperative in February 1985 following its acquisition of the bottling subsidiaries of Wometco Coca-Cola Bottling Company. The Company joined the southeast cooperative in 1984.

None of the materials or supplies used by the Company is in short supply, although the supply of specific materials could be adversely affected by strikes, weather conditions, governmental controls or national emergency conditions.

Marketing

The Company's soft drink products are sold and distributed directly by its employees to retail stores and other outlets, including food markets, institutional accounts and vending machine outlets. During 1997, approximately 76% of the Company's physical case volume was in the take-home channel through supermarkets, convenience stores, drug stores and other retail outlets. The remaining volume was in the cold drink channel, primarily through dispensing machines, owned either by the Company, retail outlets or third party vending companies.

New product introductions, packaging changes and sales promotions have been the major competitive techniques in the soft drink industry in recent years and have required and are expected to continue to require substantial expenditures. Product introductions in recent years include: caffeine free Coca-Cola classic; caffeine free diet Coke; Cherry Coke; Surge; diet Mello Yello; Minute Maid orange; diet Minute Maid orange; Cool from Nestea; Fruitopia; POWERaDE, Minute Maid Juices To Go and Le Bleu Water. New product introductions have entailed increased operating costs for the Company resulting from special marketing efforts, obsolescence of replaced items and, occasionally, higher raw materials costs.

After several new package introductions in recent years, the Company now sells its soft drink products primarily in non-refillable bottles, both glass and plastic, and in cans, in varying proportions from market to market. There may be as many as eight different packages for Coca-Cola classic within a single geographical area. Physical unit sales of soft drinks during fiscal year 1997 were approximately 50% cans, 48% non-refillable bottles and 2% pre-mix.

Advertising in various media, primarily television and radio, is relied upon extensively in the marketing of the Company's soft drinks. The Coca-Cola Company and Dr Pepper Company each have joined the Company in making substantial expenditures in cooperative advertising in the Company's marketing areas. The Company also benefits from national advertising programs conducted by The Coca-Cola Company and Dr Pepper Company, respectively. In addition, the Company expends substantial funds on its own behalf for extensive local sales promotions of the Company's soft drink products. These expenses are partially offset by marketing funds which the franchisors provide to the Company in support of a variety of marketing programs, such as price promotions, merchandising programs and point-of-sale displays.

The substantial outlays which the Company makes for advertising are generally regarded as necessary to maintain or increase sales volume, and any curtailment of the funding provided by The Coca-Cola Company for advertising or marketing programs which benefit the Company could have a material effect on the business of the Company.

Seasonality

Sales are somewhat seasonal, with the highest sales volume occuring in May, June, July and August. The Company has adequate production capacity to meet sales demands during these peak periods.

Competition

The soft drink industry is highly competitive. The Company's competitors include several large soft drink manufacturers engaged in the distribution of nationally advertised products, as well as similar companies which market lesser-known soft drinks in limited geographical areas and manufacturers of private brand soft drinks. In each region in which the Company operates, between 75% and 95% of carbonated soft drink sales in bottles, cans and pre-mix containers are accounted for by the Company and its principal competition, which in each region includes the local bottler of Pepsi-Cola and, in some regions, also includes the local bottler of Royal Crown products. The Company's carbonated beverage products also compete with, among others, noncarbonated beverages and citrus and noncitrus fruit drinks.

The principal methods of competition in the soft drink industry are point-of-sale merchandising, new product introductions, packaging changes, price promotions, quality and frequency of distribution and advertising.

Government Regulation

The production and marketing of beverages are subject to the rules and regulations of the United States Food and Drug Administration ("FDA") and other federal, state and local health agencies. The FDA also regulates the labeling of containers.

No reformulation of the Company's products is presently required by any rule or regulation, but there can be no assurance that future government regulations will not require reformulation of the Company's products.

From time to time, legislation has been proposed in Congress and by certain state and local governments which would prohibit the sale of soft drink products in non-refillable bottles and cans or require a mandatory deposit as a means of encouraging the return of such containers in an attempt to reduce

solid waste and litter. The Company is currently not impacted by this type of proposed legislation.

Soft drink and similar-type taxes have been in place in North Carolina, South Carolina, West Virginia and Tennessee for several years. To the Company's knowledge, legislation has not been proposed or enacted to increase the tax in West Virginia or Tennessee. The North Carolina soft drink tax was reduced by 25% effective July 1, 1996. The North Carolina General Assembly also enacted a measure repealing the soft drink tax in 25% increments over a three-year period, such that it will be eliminated in 1999. The South Carolina soft drink tax has been repealed and is being phased out ratably over a six-year period beginning July 1, 1996.

Environmental Remediation

The Company does not currently have any material capital expenditure commitments for environmental remediation for any of its properties.

Employees

As of March 10, 1998, the Company had a total of approximately 4,900 full-time employees, of whom approximately 400 were union members. The total number of employees is approximately 5,500. Management of the Company believes that the Company's relations with its employees are generally good.

Item 2 -- Properties

The principal properties of the Company include its corporate headquarters, its four production facilities and its 55 distribution centers, all of which are owned by the Company except for its corporate headquarters, two production/distribution facilities and nine distribution centers.

On November 30, 1992, the Company and the owner of the Company's Snyder Production Center in Charlotte, North Carolina agreed to the early termination of the Company's lease. Harrison Limited Partnership One purchased the property contemporaneously with the termination of the lease, and the Company and Harrison Limited Partnership One entered into an agreement under which the Company leased the property for a 10-year term beginning on December 1, 1992. JFH Management, Inc., a North Carolina corporation of which J. Frank Harrison, Jr. is the sole shareholder, serves as sole general partner of the limited partnership that purchased the production center property. The sole limited partner of the limited partnership is a trust as to which J. Frank Harrison, III and Reid M. Henson are co-trustees, share investment powers, and as to which they share voting power for purposes of this partnership interest. The beneficiaries of this trust are J. Frank Harrison, Jr. and his descendants. The annual base rent the Company is obligated to pay under the lease agreement is subject to adjustment for increases in the Consumer Price Index and for increases or decreases in interest rates based on London Interbank Offered Rate ("LIBOR").

On June 1, 1993, Beacon Investment Corporation, a North Carolina corporation of which J. Frank Harrison, III is sole shareholder, purchased the office building located on Rexford Road in Charlotte, North Carolina, in which the Company leases its principal executive offices. Contemporaneously, the Company entered into a 10-year lease commencing June 1, 1993 with Beacon Investment Corporation for office space within the building. The annual base rent the Company is obligated to pay under the lease agreement is subject to adjustment for increases in the Consumer Price Index and for increases or decreases in interest rates based on LIBOR.

The Company also leases its 297,500 square-foot production/distribution facility in Nashville, Tennessee. The lease requires monthly payments through 2002. The Company's other real estate leases are not material.

The Company owns and operates two soft drink production facilities apart from the leased facilities described above. The current percentage utilization of the Company's production centers as of March 10, 1998 is approximately as indicated below:

Production Facilities

Location	Percentage Utilization*
Charlotte, North Carolina	93%
Mobile, Alabama	81%
Nashville, Tennessee	78%
Roanoke, Virginia	92%

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* Estimated 1998 production divided by capacity (based on 80 hours of

operations per week).

The Company currently has sufficient production capacity to meet its operational requirements. In addition to the production facilities noted above, the Company also has access to production capacity from South Atlantic Canners, Inc.

Bottled and canned soft drinks are transported to distribution centers for storage pending sale. The number of distribution centers by market area as of March 10, 1998 is as follows:

Distribution Centers

Region	Number of Centers
North Carolina	16
South Alabama	6
South Georgia	5
Middle Tennessee	9
Western Virginia	8
West Virginia	11

The Company's distribution facilities are all in good condition and are adequate for the Company's operations as presently conducted.

The Company also operates approximately 2,800 vehicles in the sale and distribution of its soft drink products, of which approximately 1,400 are delivery trucks. In addition, the Company owns or leases approximately 129,000 soft drink dispensing and vending machines.

Item 3 -- Legal Proceedings

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

Item 4 -- Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year ended December 28, 1997.

EXECUTIVE OFFICERS OF THE REGISTRANT

Pursuant to General Instruction G(3) of Form 10-K, the following list is included as an unnumbered item in Part I of this Report in lieu of being included in the Proxy Statement for the Annual Meeting of Shareholders to be filed.

The following is a list of names and ages of all the executive officers of the Registrant as of March 10, 1998, indicating all positions and offices with the Registrant held by each such person. All officers have served in their present capacities for the past five years except as otherwise stated.

J. FRANK HARRISON, III, age 43, is Chairman of the Board of Directors and Chief Executive Officer of the Company. Mr. Harrison was appointed Chairman of the Board of Directors in December 1996. Mr. Harrison served in the capacity of Vice Chairman from November 1987 through December 1996 and was appointed as the Company's Chief Executive Officer in May 1994. He was first employed by the Company in 1977, and has served as a Division Sales Manager and as a Vice President of the Company. Mr. Harrison, III is a Director of Wachovia Bank & Trust Co., N.A., Southern Region Board. He is Chairman of the Compensation Committee and is a member of the Executive Committee, the Audit Committee and the Finance Committee.

REID M. HENSON, age 58, has served as a Vice Chairman of the Board of Directors of the Company since 1983. Prior to that time, Mr. Henson served as a consultant for JTL Corporation, a management company, and later as President of JTL Corporation. He has been a Director of the Company since 1979, is Chairman of the Audit Committee and is a member of the Executive Committee, the Retirement Benefits Committee and the Finance Committee.

JAMES L. MOORE, JR., age 55, is President and Chief Operating Officer of the Company. Prior to his election as President in March 1987, he served as President and Chief Executive Officer of Atlantic Soft Drink Co., a soft drink bottling subsidiary of Grand Metropolitan USA. Mr. Moore has been a Director of the Company since March 1987. He is a member of the Executive Committee and is Chairman of the Retirement Benefits Committee.

ROBERT D. PETTUS, JR., age 53, is Executive Vice President and Assistant to the Chairman, a position to which he was appointed in January 1997. Mr. Pettus was previously Vice President, Human Resources, a position he held since September 1984. Prior to joining the Company, he was Director, Employee Relations for the Texize Division of Morton-Thiokol for seven years.

DAVID V. SINGER, age 42, is Vice President and Chief Financial Officer. In addition to his Finance duties, Mr. Singer has overall responsibility for the Company's Purchasing/Materials Management function as well as the Manufacturing function. He served as Vice President, Chief Financial Officer and Treasurer from October 1987 through May 1992; prior to that he was Vice President and Treasurer. Prior to joining the Company in March 1986, Mr. Singer was a Vice President of Corporate Banking for Mellon Bank, N.A.

M. CRAIG AKINS, age 47, is Regional Vice President, Sales for the Virginia and West Virginia Divisions, a position he has held since June 1996. He was previously Vice President, Cold Drink Market, a position he was appointed to in October 1993. He was Vice President, Division Manager of the Tennessee Division from 1989-1993. From 1987 through 1988, he was General Manager of the Nashville, TN sales center. From 1985 through 1986, he was Trade Development Director of the Tennessee Division. Prior to joining the Company in 1985, he was a Regional Trade Development Manager for Coca-Cola USA.

STEVEN D. CALDWELL, age 48, joined the Company in April 1987 as Vice President, Business Systems and Services. Prior to joining the Company, he was Director of MIS at Atlantic Soft Drink Co., a soft drink bottling subsidiary of Grand Metropolitan USA for four years.

WILLIAM B. ELMORE, age 42, is Vice President, Treasurer, a position he has held since June 1996. He was Vice President, Regional Manager for the Virginia Division, West Virginia Division and Tennessee Division, from November 1991 to June 1996. He was Vice President, Division Manager of the West Virginia Division from 1989-1991. He was Senior Director, Corporate Marketing from 1988-1989. Preceding that, he held various positions in sales and marketing in the Charlotte Division from 1985-1988. Before joining the Company in 1985, he was employed by Coca-Cola USA for seven years where he held several positions in their field sales organization.

NORMAN C. GEORGE, age 42, is Regional Vice President, Sales for the Carolinas South Region, a position he has held since November 1991. He served as Vice President, Division Manager of the Southern Division from 1988-1991. He served as Vice President, Division Manager of the Alabama Division from 1986-1988. From 1982-1986, he served as Director of Sales and Operations in the Northern Division. Prior to joining the Company in 1982, he was Sales Manager of the Dallas-Fort Worth Dr Pepper Bottling Company in Irving, Texas.

UMESH M. KASBEKAR, age 40, is Vice President, Planning and Administration, a position he has held since December 1994. He was Vice President, Planning from December 1988 until December 1994. He was first employed by the Company in 1983 and held various other positions with the Company from 1983 to 1988.

R. PHILIP KENNY, age 52, is Vice President, Human Resources, a position he has held since June 16, 1997. Prior to joining the Company in 1997, he was employed by BancOne Corporation, where he served as Director, Human Resources, Southwest Region from 1995 through 1997 and also served as Manager, Change Management and Employee Relations during the first half of 1997. From 1981 through 1995, Mr. Kenny served as Director of Human Resources for BancOne Texas N.A.

C. RAY MAYHALL, age 50, is Regional Vice President, Sales for the Georgia Division, Alabama Division and the Carolinas North Region, a position he has held since November 1991. He served as Vice President, Division Manager of the Northern Division from 1989-1991. Before joining the Company in 1989, he was Vice President, Sales and Marketing of Florida Coca-Cola Bottling Company, a position he had held since 1987. Prior to 1987, he was Division Manager of the Central Florida Division of Florida Coca-Cola Bottling Company for six years.

JAMES B. STUART, age 55, joined the Company in October 1990 as Vice President, Marketing. From 1987 until joining the Company in 1990, Mr. Stuart formed his own marketing company, serving a number of clients inside and outside the soft drink industry. During this period, he worked almost exclusively with the International Business Sector of The Coca-Cola Company. Mr. Stuart had been Senior Vice President, Sales and Marketing with JTL Corporation from 1980 until such company was acquired by The Coca-Cola Company in 1986.

STEVEN D. WESTPHAL, age 43, is Vice President and Controller of the Company, a position he has held since November 1987. Prior to joining the Company, he was Vice President-Finance for Joyce Beverages, an independent bottler, beginning in January 1985. Prior to working for Joyce Beverages, he was Director of Corporate Planning for Mid-Atlantic Coca-Cola Bottling Company, Inc. from December 1981 to December 1984.

PART II

Item 5 -- Market for Registrant's Common Equity and Related Stockholder Matters

The Company has two classes of common stock outstanding, Common Stock and Class B Common Stock. The Common Stock is traded on the Nasdaq National Market tier of the Nasdaq Stock Market under the symbol COKE. The table below sets forth for the periods indicated the high and low reported sales prices per share of Common Stock. There is no established public trading market for the Class B Common Stock. Shares of Class B Common Stock are convertible on a share-for-share basis into shares of Common Stock.

	Fiscal Year			
	1997		1996	
	High	Low	High	Low
First quarter	$ 50.50	$ 43.00	$ 35.50	$ 31.50
Second quarter	48.50	38.75	35.25	32.25
Third quarter	57.00	46.25	39.50	32.75
Fourth quarter	66.88	56.25	48.75	38.00

The quarterly dividend rate of $.25 per share on both Common Stock and Class B Common Stock shares was maintained throughout 1995, 1996 and 1997.

Pursuant to the Company's Certificate of Incorporation, no cash dividend or dividend of property or stock other than stock of the Company may be declared and paid, per share, on the Class B Common Stock unless a dividend of an amount greater than or equal to such cash or property or stock has been declared and paid on the Common Stock. Reference should be made to Article Fourth of the Company's Certificate of Incorporation for additional provisions relating to the relative dividend rights of holders of Common Stock and Class B Common Stock.

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

The number of shareholders of record of the Common Stock and Class B Common Stock, as of March 10, 1998, was 2,795 and 13, respectively.

Item 6 -- Selected Financial Data

The following table sets forth certain selected financial data concerning the Company for the five years ended December 28, 1997. The data for the five years ended December 28, 1997 is unaudited but is derived from audited financial statements of the Company. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in Item 7 hereof and is qualified in its entirety by reference to the more detailed financial statements and notes contained in Item 8 hereof. This information should also be read in conjunction with the "Introduction and Recent Developments" section in Item 1 hereof which details the Company's significant acquisitions and divestitures since 1984.

SELECTED FINANCIAL DATA*

In Thousands (Except Per Share Data)	Fiscal Year 1997	1996	1995	1994	1993
Summary of Operations					
Net sales	$802,141	$773,763	$761,876	$723,896	$686,960
Cost of sales	452,893	435,959	447,636	427,140	396,077
Selling expenses	183,125	177,734	158,831	149,992	144,411
General and administrative expenses	56,776	58,793	54,720	54,559	51,125
Depreciation expense	33,672	28,528	26,746	24,188	23,284
Amortization of goodwill and intangibles	12,332	12,238	12,230	12,309	14,784
Total costs and expenses	738,798	713,252	700,163	668,188	629,681
Income from operations	63,343	60,511	61,713	55,708	57,279
Interest expense	37,479	30,379	33,091	31,385	30,994
Other income (expense), net	(1,594)	(4,433)	(3,401)	63	(2,270)
Income before income taxes, extraordinary charge and effect of accounting change	24,270	25,699	25,221	24,386	24,015
Income taxes	9,004	9,535	9,685	10,239	9,182
Income before extraordinary charge and effect of accounting change	15,266	16,164	15,536	14,147	14,833
Extraordinary charge			(5,016)		
Effect of accounting change				(2,211)	
Net income	15,266	16,164	10,520	11,936	14,833
Basic net income per share:					
Income before extraordinary charge and effect of accounting change	$ 1.82	$ 1.74	$ 1.67	$ 1.52	$ 1.60
Extraordinary charge			(.54)		
Effect of accounting change				(.24)	
Net income	$ 1.82	$ 1.74	$ 1.13	$ 1.28	$ 1.60
Diluted net income per share:					
Income before extraordinary charge and effect of accounting change	$ 1.79	$ 1.73	$ 1.67	$ 1.52	$ 1.60
Extraordinary charge			(.54)		
Effect of accounting change				(.24)	
Net income	$ 1.79	$ 1.73	$ 1.13	$ 1.28	$ 1.60
Cash dividends per share:					
Common	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ .88
Class B Common	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ .52
Other Information					
Weighted average number of common shares outstanding	8,407	9,280	9,294	9,294	9,258
Weighted average number of common shares outstanding -- assuming dilution	8,509	9,330	9,316	9,296	9,258 **
Year-End Financial Position					
Total assets	$778,033	$702,396	$676,571	$664,159	$648,449
Long-term debt	493,789	439,453	419,896	432,971	434,358
Shareholders' equity	9,273	22,269	38,972	33,981	29,629

* All years presented are 52-week years. See Note 2 to the consolidated financial statements for information concerning the Company's investment in Piedmont Coca-Cola Bottling Partnership. In 1994, the Company changed its method of accounting for postemployment benefits. In 1995, the Company recorded an extraordinary charge related to the repurchase at a premium of a portion of the Company's long-term debt, as described in Note 6.

** The effect of stock options was anti-dilutive and therefore, had no impact on the calculation of weighted average number of common shares outstanding -- assuming dilution.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The Company

Coca-Cola Bottling Co. Consolidated ("the Company") is engaged in the production, marketing and distribution of products of The Coca-Cola Company, which include the most recognized brands in the world. The Company also distributes several other beverage brands. The Company's product offerings include carbonated soft drinks, teas, juices, isotonics and bottled water. Since 1984, the Company has expanded its franchise territory throughout the southeastern United States, primarily through acquisitions, increasing its net sales from $130 million in 1984 to over $802 million in 1997. The Company plans to grow in the future both through internal opportunities and through selected acquisitions. On January 21, 1998, the Company purchased the franchise rights of a Coca-Cola bottler in northwest Alabama whose territory is contiguous to the Company's Tennessee franchise territory. The Company is currently the second largest bottler of products of The Coca-Cola Company in the United States.

The Year in Review

The year was highlighted by strong volume growth in most of the Company's key channels of business. Franchise volume increased by approximately 8%, outpacing the U.S. average. Per capita consumption in the Company's franchise territory increased at a rate in excess of the average for the soft drink industry in the United States. Both basic and diluted earnings per share increased over the prior year. The Company placed a record amount of cold drink equipment during 1997, which should further strengthen an already strong business. All of these positive achievements were accomplished during a year that saw some of the most intense price competition in the history of the soft drink industry and resulted in a 2.5% decline in net selling price per unit.

Our continued success is attributable to many factors including great products, a strong relationship with The Coca-Cola Company, acquisitions, strong internal growth, solid operating performance and a work force of over 5,500 talented individuals working together as a team. The Company continues to focus on its key long-term objectives including increasing per capita consumption, operating cash flow and shareholder value.

Our relationship with The Coca-Cola Company continues to provide our customers and consumers with innovative products and packaging. In 1997, the Company introduced new products such as Surge and a cold-fill version of our line of Fruitopia products. New and exciting packaging offers our customers and consumers more options. Some of the new packaging includes 15 pack 20 oz PET bottles and 20 pack 12 oz cans. POWERaDE showed tremendous growth during 1997, with volume up more than 100%.

The Company repurchased approximately 930,000 shares of its Common Stock in three separate transactions between December 1996 and February 1997. The repurchase of Common Stock enabled the Company to post an increase in earnings per share in 1997, in spite of reduced net income. Management of the Company believes that the Common Stock repurchases will enhance long-term shareholder value.

On July 7, 1997, the Company issued $100 million of 7.20% debentures due 2009 pursuant to a $400 million shelf registration that was effective in October 1994. The proceeds from this offering were used primarily to repay amounts outstanding under the Company's Lines of Credit. The Lines of Credit were used as interim financing for the repurchase of Common Stock and the buyout of certain equipment leases.

The Company continued its strong commitment to expanding its cold drink business with significant capital expenditures. The cold drink market channel expands the availability of our products and generally provides a solid return on investment.

Significant Events of Prior Years

During the fourth quarter of 1996, the Company suspended its agreement to sell an undivided interest in a designated pool of trade accounts receivable for up to a maximum of $40 million. On December 31, 1995, the Company had sold $35 million of its trade accounts receivable and used the proceeds to reduce its outstanding bank long-term debt. The Company also suspended its $100 million commercial paper program during 1996.

On November 1, 1995, the Company issued $100 million of 6.85% debentures under its $400 million shelf registration for debt and equities filed with the Securities and Exchange Commission in 1994. The proceeds from the issuance of the debentures were used to retire $87 million of the Company's Medium-Term Notes which were previously scheduled to mature between 1999 and 2002. In conjunction with the early retirement of the Medium-Term Notes, the Company recorded an after-tax extraordinary charge of $5.0 million or $.54 per share in 1995. This refinancing allowed the Company to take advantage of lower long-term rates available at the time.

On June 1, 1994, the Company executed a management agreement with South Atlantic Canners, Inc. ("SAC"), a manufacturing cooperative located in Bishopville, South Carolina. The Company is a member of the cooperative and receives a fee for managing the day-to-day operations of SAC pursuant to this 10-year management agreement. SAC significantly expanded its operations by adding two PET bottling lines. These new bottling lines supply a portion of the Company's volume requirements for PET product.

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont Coca-Cola Bottling Partnership ("Piedmont") to distribute and market soft drink products of The Coca-Cola Company and other third party licensors, primarily in certain portions of North Carolina and South Carolina. The Company produces a portion of the soft drink products for Piedmont at cost and receives a fee for managing the business of Piedmont pursuant to a management agreement. The Company and The Coca-Cola Company, through their respective subsidiaries, each beneficially own a 50% interest in Piedmont. The Company is accounting for its investment in Piedmont using the equity method of accounting.

RESULTS OF OPERATIONS

1997 Compared to 1996

Net Income

The Company reported net income of $15.3 million or basic net income per share of $1.82 for fiscal year 1997 compared to $16.2 million or $1.74 per share for fiscal year 1996. Diluted net income per share increased from $1.73 in 1996 to $1.79 in 1997. The slight decrease in net income was primarily due to a 2.5% reduction in net selling prices and higher interest costs associated with the Company's repurchase of its Common Stock. The repurchase of Common Stock enabled the Company to post an increase in both basic and diluted earnings per share, in spite of reduced net income.

Net Sales

The Company had record net sales in 1997, exceeding $800 million for the first time. Net sales for 1997 increased 4%, reflecting volume increase of 8% in franchise sales offset by a 2.5% decline in overall net selling prices and a reduction in sales to other bottlers. The Company continued to see strong broad-based growth across most brands and channels. Carbonated soft drink brands, including flagship brand Coca-Cola classic, showed solid growth. Sprite volume increased by almost 15%, the fourth consecutive year of double-digit volume growth. The Company's expanding non-carbonated beverage offerings also contributed to the solid volume growth in 1997. Volume in Cool from Nestea, Fruitopia and POWERaDE increased by more than 50% over the prior year.

Sales volume to other bottlers decreased by 11% during 1997 as compared to 1996 primarily due to South Atlantic Canners, rather than the Company, providing a larger percentage of products to Piedmont. Finished products are sold by the Company to Piedmont at cost.

Cost of Sales and Operating Expenses

Cost of Sales -- Cost of sales on a per case basis was virtually unchanged from 1996. The Company benefited from decreases in costs for some of its key raw materials and packaging materials used in its production process. These raw material cost decreases were offset by increased concentrate cost. The Company has agreements with its aluminum can suppliers which require the Company to purchase the majority of its aluminum can requirements for two of its four manufacturing facilities. These agreements, which extend through the end of 2000, also reduce the variability of the cost of cans for these two facilities.

Selling Expenses -- Selling expenses increased by approximately $5.4 million in 1997, primarily as a result of the significant increase in volume. Selling expenses on a per case basis declined by almost 5% during the year. Lease expense decreased by $4.0 million in 1997 primarily due to the buyout of certain leased equipment. The Company experienced a comparable increase in depreciation expense, which is discussed below. Also, net marketing program costs were reduced due to additional funding from The Coca-Cola Company for support of cold drink activities.

General and Administrative Expenses -- General and administrative expenses decreased by $2.0 million in 1997. In 1996, the Company recorded a non-cash, pre-tax charge of approximately $4.4 million related to a retirement benefit awarded to J. Frank Harrison, Jr. This retirement benefit was in recognition of his two decades of leadership as Chairman of the Board of Directors.

Depreciation Expense -- Depreciation expense increased $5.1 million or 18% in 1997. The increase was primarily attributable to the buyout of $66.3 million of leased vending equipment in January 1997. The increase is also due to significant capital expenditures over the past several years.

Investment in Partnership

The Company's share of Piedmont's net loss in 1997 was $1.1 million, approximately the same as in 1996.

Interest Expense

Interest expense increased by $7.1 million or 23% in 1997. The significant increase was due to increased levels of long-term debt as a result of the buyout of equipment leases for $66.3 million in January 1997 and the repurchase of approximately 930,000 shares of the Company's Common Stock for $43.6 million in late 1996 and early 1997. The Company's average borrowing cost for 1997 was 7.0% compared to 7.1% in 1996.

Other Income/Expense

The decrease in "other income (expense), net" for 1997 was due primarily to the termination of the Company's program to sell its trade accounts receivable in late 1996. The discount on the sale of trade accounts receivable was recorded as other expense in 1996 and 1995. Other expense included $1.7 million and $2.2 million in 1996 and 1995, respectively, related to the discount on the sale of trade accounts receivable.

Income Taxes

The effective tax rate for federal and state income taxes was approximately 37.1% in both 1997 and 1996. The difference between the effective rate and the statutory rate was due primarily to amortization of nondeductible goodwill, state income taxes, nondeductible premiums on officers' life insurance and other nondeductible expenses.

1996 Compared to 1995

Net Income

The Company reported net income of $16.2 million or basic net income per share of $1.74 for fiscal year 1996 compared to $10.5 million or $1.13 per share for fiscal year 1995. The 1996 results reflect a non-cash, after-tax charge of $2.7 million in the fourth quarter related to retirement benefits payable under an agreement with J. Frank Harrison, Jr., former Chairman of the Board of Directors of the Company. The 1995 results reflect an after-tax extraordinary charge of $5.0 million or $.54 per share on the early retirement of some of the Company's Medium-Term Notes. Net income in 1996 was higher than net income in 1995 due primarily to reductions in the costs of certain raw materials and packaging materials, lower interest rates on the Company's long-term debt and a reduced effective income tax rate.

Net Sales

Net sales for 1996 increased 2%, reflecting a volume increase of 4% in franchise sales offset by lower contract sales to other Coca-Cola bottlers. The Company continued to see strong growth in its flagship brands, Coca-Cola classic and diet Coke. Sprite volume increased by 20% over the prior year. Mello Yello continued to enjoy strong growth with a volume increase of over 7% from 1995. Sales to other bottlers decreased by $14.5 million during 1996 as compared to 1995 primarily due to South Atlantic Canners, rather than the Company, selling certain products to Piedmont.

Cost of Sales and Operating Expenses

Gross margin increased by 7.5% from 1995. The Company benefited from decreases in costs for some of its key raw materials and packaging materials. The increase in gross margin was also attributable to lower contract sales which have lower margins.

Selling expenses increased from approximately 26% of net franchise sales in 1995 to approximately 28% of net franchise sales in 1996. The increase in selling expenses was primarily due to higher employment costs, expenses related to sales development programs and special marketing costs related to the 1996 Summer Olympic Games.

Depreciation expense increased 6.7% as a result of significant capital spending in the past three years, primarily for manufacturing improvements related to packaging changes and improvements to distribution facilities.

Investment in Partnership

The Company's share of Piedmont's net loss decreased to $1.2 million in 1996 from $2.1 million in 1995. The decreased loss was primarily due to additional income tax benefits from Piedmont's wholly owned corporate subsidiary.

Interest Expense

Interest expense decreased by 8.2% in 1996 due to lower average interest rates on the Company's long-term debt and a reduction of debt balances for the majority of 1996. Lower interest rates were due primarily to the retirement of $87 million of Medium-Term Notes in the fourth quarter of 1995. The Company's average borrowing cost for 1996 was 7.1% compared to 7.3% in 1995.

Other Income/Expense

The $1.0 million change in "other income (expense), net" in 1996 was due to losses on the sale of certain production equipment offset partially by a reduction in the use of the Company's trade accounts receivable sale program.

Income Taxes

The effective tax rate for federal and state income taxes was approximately 37.1% in 1996 versus approximately 38.4% in 1995. The difference between the effective rate and the statutory rate was due primarily to amortization of nondeductible goodwill, state income taxes, nondeductible premiums on officers' life insurance and other nondeductible expenses.

FINANCIAL CONDITION

Working capital decreased by $11.0 million to $19.8 million at December 28, 1997 compared to $30.8 million at December 29, 1996. The decrease in working capital is primarily due to an increase in the current portion of long-term debt of $11.9 million and an increase in accounts payable and accrued liabilities of $11.5 million, partially offset by an increase in inventories of $8.0 million and an increase in trade accounts receivable of $4.3 million. The increase in inventories is related primarily to the increase in sales volume, the timing of raw material purchases and an increase in the number of product offerings. The increase in accounts payable and accrued liabilities is due principally to the purchases of raw materials previously discussed. The increase in trade accounts receivable is consistent with the growth in net sales during 1997.

Total debt increased to $505.8 million at December 28, 1997 compared to $439.6 million at December 29, 1996. The increase is principally due to the January 1997 buyout of $66.3 million of equipment leases and the completion of a Common Stock repurchase program that was initiated in late 1996.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

Sources of capital for the Company include operating cash flows, bank borrowings, issuance of public or private debt and the issuance of equity securities. Management believes that the Company, through these sources, has sufficient financial resources available to maintain its current operations and provide for its current capital expenditure and working capital requirements, scheduled debt payments, interest and income tax liabilities and dividends for shareholders.

Investing Activities

Additions to property, plant and equipment during 1997 were $33.8 million, excluding the $66.3 million buyout of leased vending equipment. The Company entered into a new operating lease agreement in April 1997 providing financing for the leasing of equipment, primarily fleet and vending assets. The Company used this agreement to lease approximately $67 million of equipment as of December 28, 1997.

Leasing is used for certain capital additions when considered cost effective related to other sources of capital. Total lease expense in 1997 was $23.0 million compared to $27.0 million in 1996. The decline in lease expense for 1997 is primarily due to the buyout of approximately $66.3 million of leases for vending equipment on January 14, 1997. Depreciation expense increased during the year due to this lease buyout as discussed previously.

At the end of 1997, the Company had no material commitments for the purchase of capital assets other than those related to normal replacement of equipment. The Company considers the acquisition of additional franchise territories on an ongoing basis.

Financing Activities

The Company has a $400 million shelf registration for debt and equity securities that was effective in October, 1994. On November 1, 1995, the Company issued $100 million of 6.85% debentures due 2007 pursuant to this shelf registration. The net proceeds from this issuance were used to repurchase $87 million of the Company's Medium-Term Notes due between 1999 and 2002 and to repay other outstanding borrowings. On July 7, 1997, the Company issued an additional $100 million of 7.20% debentures due 2009 under this shelf registration. The proceeds from this offering were used primarily to repay amounts outstanding under the Company's Lines of Credit. The Lines of Credit were used as interim financing for the repurchase of Company Common Stock and the buyout of certain equipment leases.

The Company borrows from time to time under informal lines of credit from various banks. On December 28, 1997, the Company had $246 million available under these lines, of which $10.3 million was outstanding. Loans under these lines are made at the sole discretion of the banks at rates negotiated at the time of borrowing.

In December 1997, the Company extended the maturity of a revolving credit agreement totaling $170 million to December 2002. The agreement contains several covenants that establish minimum ratio requirements related to debt, interest expense and cash flow. A commitment fee of 1/8% per year on the average daily unused amount of the banks' commitment is payable quarterly. There were no amounts outstanding under this facility as of December 28, 1997.

Interest Rate Hedging

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

After taking into account all of the interest rate hedging activities, the weighted average interest rate of the debt portfolio as of December 28, 1997 is 7.1% compared to 7.2% at the end of 1996. The Company's overall weighted average interest rate on its long-term debt was 7.0%, 7.1% and 7.3% for 1997, 1996 and 1995, respectively. Approximately 50% of the Company's debt portfolio of $505.8 million was subject to changes in short-term interest rates as of December 28, 1997.

Year 2000

The Company has conducted a review of its computer systems to identify the systems that could be affected by the "Year 2000" issue. The Year 2000 problem is the result of computer programs being written using two digits (rather than four) to define the applicable year. Any of the Company's programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations. The Company presently believes that, with modifications to existing software or conversion to new software, the Year 2000 problem will not pose significant operational problems for the Company's computer systems as so modified or converted. The Company is also surveying critical suppliers and customers to determine the status of their Year 2000 compliance programs.

At this time, the Company has not determined the total cost of modifying or replacing its software. However, management does not believe that these costs will materially impact the Company's results of operations, financial condition or cash flows.

COCA-COLA BOTTLING CO. CONSOLIDATED
CONSOLIDATED BALANCE SHEETS

In Thousands (Except Share Data)	Dec. 28, 1997	Dec. 29, 1996
ASSETS		
Current assets:		
Cash	$ 4,427	$ 2,941
Accounts receivable, trade, less allowance for doubtful accounts of $513 and $410	55,258	50,918
Accounts receivable from The Coca-Cola Company	4,690	2,911
Due from Piedmont Coca-Cola Bottling Partnership	2,009	5,888
Accounts receivable, other	8,776	7,697
Inventories	38,738	30,787
Prepaid expenses and other current assets	12,674	9,453
Total current assets	126,572	110,595
Property, plant and equipment, less accumulated depreciation of $175,766 and $161,615	250,904	190,073
Investment in Piedmont Coca-Cola Bottling Partnership	63,326	64,462
Other assets	43,138	33,802
Identifiable intangible assets, less accumulated amortization of $105,334 and $95,403	231,034	238,115
Excess of cost over fair value of net assets of businesses acquired, less accumulated amortization of $28,560 and $26,269	63,059	65,349
Total	$778,033	$702,396

See Accompanying Notes to Consolidated Financial Statements.

COCA-COLA BOTTLING CO. CONSOLIDATED
CONSOLIDATED BALANCE SHEETS

	Dec. 28, 1997	Dec. 29, 1996
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Portion of long-term debt payable within one year	$ 12,000	$ 105
Accounts payable and accrued liabilities	71,583	60,098
Accounts payable to The Coca-Cola Company	4,108	3,249
Accrued compensation	5,075	5,275
Accrued interest payable	14,038	11,112
Total current liabilities	106,804	79,839
Deferred income taxes	111,594	108,403
Deferred credits	7,139	8,937
Other liabilities	49,434	43,495
Long-term debt	493,789	439,453
Total liabilities	768,760	680,127
Shareholders' Equity:		
Convertible Preferred Stock, $100 par value:		
Authorized -- 50,000 shares; Issued -- None		
Nonconvertible Preferred Stock, $100 par value:		
Authorized -- 50,000 shares; Issued -- None		
Preferred Stock, $.01 par value:		
Authorized -- 20,000,000 shares; Issued -- None		
Common Stock, $1 par value:		
Authorized -- 30,000,000 shares; Issued -- 10,107,421 and 10,107,359 shares	10,107	10,107
Class B Common Stock, $1 par value:		
Authorized -- 10,000,000 shares; Issued -- 1,947,914 and 1,947,976 shares	1,948	1,948
Class C Common Stock, $1 par value:		
Authorized -- 20,000,000 shares; Issued -- None		
Capital in excess of par value	103,074	111,439
Accumulated deficit	(44,602)	(59,868)
Minimum pension liability adjustment		(104)
	70,527	63,522
Less -- Treasury stock, at cost:		
Common -- 3,062,374 and 2,641,490 shares	60,845	40,844
Class B Common -- 628,114 shares	409	409
Total shareholders' equity	9,273	22,269
Total	$ 778,033	$ 702,396

See Accompanying Notes to Consolidated Financial Statements.

COCA-COLA BOTTLING CO. CONSOLIDATED
CONSOLIDATED STATEMENTS OF OPERATIONS

In Thousands (Except Per Share Data)	Fiscal Year 1997	1996	1995
Net sales (includes sales to Piedmont of $54,155, $61,565 and $71,123)	$802,141	$773,763	$761,876
Cost of sales, excluding depreciation shown below (includes $42,581, $51,295 and $62,526 related to sales to Piedmont)	452,893	435,959	447,636
Gross margin	349,248	337,804	314,240
Selling expenses, excluding depreciation shown below	183,125	177,734	158,831
General and administrative expenses	56,776	58,793	54,720
Depreciation expense	33,672	28,528	26,746
Amortization of goodwill and intangibles	12,332	12,238	12,230
Income from operations	63,343	60,511	61,713
Interest expense	37,479	30,379	33,091
Other income (expense), net	(1,594)	(4,433)	(3,401)
Income before income taxes and extraordinary charge	24,270	25,699	25,221
Income taxes	9,004	9,535	9,685
Income before extraordinary charge	15,266	16,164	15,536
Extraordinary charge, net of tax benefit of $3,127			(5,016)
Net income	$ 15,266	$ 16,164	$ 10,520
Basic net income per share:			
Income before extraordinary charge	$ 1.82	$ 1.74	$ 1.67
Extraordinary charge			(.54)
Net income	$ 1.82	$ 1.74	$ 1.13
Diluted net income per share:			
Income before extraordinary charge	$ 1.79	$ 1.73	$ 1.67
Extraordinary charge			(.54)
Net income	$ 1.79	$ 1.73	$ 1.13
Weighted average number of common shares outstanding	8,407	9,280	9,294
Weighted average number of common shares outstanding - assuming dilution	8,509	9,330	9,316

See Accompanying Notes to Consolidated Financial Statements.

COCA-COLA BOTTLING CO. CONSOLIDATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

In Thousands	Fiscal Year 1997	1996	1995
Cash Flows from Operating Activities			
Net income	$ 15,266	$ 16,164	$ 10,520
Adjustments to reconcile net income to net cash provided by operating activities:			
Extraordinary charge			5,016
Depreciation expense	33,672	28,528	26,746
Amortization of goodwill and intangibles	12,332	12,238	12,230
Deferred income taxes	2,567	8,782	8,934
Losses on sale of property, plant and equipment	1,433	1,810	1,182
Amortization of debt costs	627	540	467
Undistributed loss of Piedmont Coca-Cola Bottling Partnership	1,136	1,162	2,105
(Increase) decrease in current assets less current liabilities	733	(43,632)	(2,309)
Increase in other noncurrent assets	(7,953)	(994)	(9,588)
Increase in other noncurrent liabilities	5,784	18,597	10,206
Other	3,071	12	237
Total adjustments	53,402	27,043	55,226
Net cash provided by operating activities	68,668	43,207	65,746
Cash Flows from Financing Activities			
Proceeds from the issuance of long-term debt	54,561	19,557	73,840
Increase (decrease) in current portion of long-term debt	11,895	(15)	(180)
Payments on long-term debt	(226)		
Purchase of Common Stock	(20,001)	(23,607)	
Redemption of Medium-Term Notes			(95,948)
Cash dividends paid	(8,365)	(9,294)	(9,295)
Debt fees paid	(1,226)	(125)	(825)
Other	(1,020)	(593)	1,616
Net cash provided by (used in) financing activities	35,618	(14,077)	(30,792)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	(100,105)	(29,990)	(37,284)
Proceeds from the sale of property, plant and equipment	1,223	1,367	2,952
Acquisitions of companies, net of cash acquired	(3,918)		
Net cash used in investing activities	(102,800)	(28,623)	(34,332)
Net increase in cash	1,486	507	622
Cash at beginning of year	2,941	2,434	1,812
Cash at end of year	$ 4,427	$ 2,941	$ 2,434

See Accompanying Notes to Consolidated Financial Statements.

COCA-COLA BOTTLING CO. CONSOLIDATED
CONSOLIDATED STATEMENTS OF CHANGES
IN SHAREHOLDERS' EQUITY

In Thousands	Common Stock	Class B Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Minimum Pension Liability Adjustment	Treasury Stock
Balance on January 1, 1995	$10,090	$1,965	$130,028	$ (86,552)	$ (3,904)	$17,646
Net income				10,520		
Cash dividends paid			(9,295)			
Minimum pension liability adjustment					3,766	
Balance on December 31, 1995	10,090	1,965	120,733	(76,032)	(138)	17,646
Net income				16,164		
Cash dividends paid			(9,294)			
Minimum pension liability adjustment					34	
Purchase of Common Stock						23,607
Conversion of Class B Common Stock into Common Stock	17	(17)				
Balance on December 29, 1996	10,107	1,948	111,439	(59,868)	(104)	41,253
Net income				15,266		
Cash dividends paid			(8,365)			
Purchase of Common Stock						20,001
Minimum pension liability adjustment					104	
Balance on December 28, 1997	$10,107	$1,948	$103,074	$ (44,602)	$ 0	$61,254

See Accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Coca-Cola Bottling Co. Consolidated (the "Company") is engaged in the production, marketing and distribution of carbonated and noncarbonated beverages, primarily products of The Coca-Cola Company. The Company operates in portions of 12 states, principally in the southeastern region of the United States.

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

The fiscal years presented are the 52-week periods ended December 28, 1997, December 29, 1996 and December 31, 1995. The Company's fiscal year ends on the Sunday closest to December 31.

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

The Company's more significant accounting policies are as follows:

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and cash equivalents, which are highly liquid debt instruments with maturities of less than 90 days.

Inventories

Inventories are stated at the lower of cost, primarily determined on the last-in, first-out method ("LIFO"), or market.

Property, Plant and Equipment

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

Investment in Piedmont Coca-Cola Bottling Partnership

The Company beneficially owns a 50% interest in Piedmont Coca-Cola Bottling Partnership ("Piedmont"). The Company accounts for its interest in Piedmont using the equity method of accounting.

With respect to Piedmont, sales of soft drink products at cost, management fee revenue and the Company's share of Piedmont's results from operations are included in "Net sales." See Note 2 for additional information.

Income Taxes

The Company provides deferred income taxes for the tax effects of temporary differences between the financial reporting and income tax bases of the Company's assets and liabilities.

Benefit Plans

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

1. SIGNIFICANT ACCOUNTING POLICIES -- Continued

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

Intangible Assets and Excess of Cost Over Fair Value of Net Assets of Businesses Acquired

Identifiable intangible assets resulting from the acquisition of Coca-Cola bottling franchises are being amortized on a straight-line basis over periods ranging from 17 to 40 years. The excess of cost over fair value of net assets of businesses acquired is being amortized on a straight-line basis over 40 years.

The Company continually monitors conditions that may affect the carrying value of its intangible assets. When conditions indicate potential impairment of an intangible asset, the Company will undertake necessary market studies and reevaluate projected future cash flows associated with the intangible asset. When projected future cash flows, not discounted for the time value of money, are less than the carrying value of the intangible asset, the impaired asset is written down to its net realizable value.

Net Income Per Share

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings per Share ("SFAS 128"). SFAS 128 requires disclosure in annual financial statements for periods ending after December 15, 1997 of basic earnings per share ("EPS") and diluted EPS. Basic EPS excludes dilution and is computed by dividing net income available for common shareholders by the weighted average number of Common and Class B Common shares outstanding. Diluted EPS gives effect to all securities representing potential common shares that were dilutive and outstanding during the period. In the calculation of diluted EPS, the denominator includes the number of additional common shares that would have been outstanding if the Company's outstanding stock options had been exercised.

Derivative Financial Instruments

The Company uses financial instruments to manage its exposure to movements in interest rates. The use of these financial instruments modifies the exposure of these risks with the intent to reduce the risk to the Company. The Company does not use financial instruments for trading purposes, nor does it use leveraged financial instruments.

Deferred gains or losses on interest rate swap terminations are amortized over the lives of the initial agreements as an adjustment to interest expense. Amounts receivable or payable under interest rate swap agreements are included in other assets or other liabilities. Amounts paid or received under interest rate swap agreements during their lives are recorded as adjustments to interest expense.

Premiums paid for interest rate cap agreements are amortized to interest expense over the terms of the agreements. Amounts receivable or payable under interest rate cap agreements are included in other assets or other liabilities.

2. INVESTMENT IN PIEDMONT COCA-COLA BOTTLING PARTNERSHIP

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

Subsidiaries of the Company made an initial capital contribution to Piedmont of $70 million in the aggregate. The capital contribution made by such subsidiaries was composed of approximately $21.7 million in cash and of bottling operations and certain assets used in connection with the Company's Wilson, North Carolina and Greenville and Beaufort, South Carolina territories. The cash contributed to Piedmont by the Company's subsidiaries was provided from the Company's available credit facilities. The Company sold other territories to Piedmont for an aggregate purchase price of approximately $118 million. Assets were sold or contributed at their approximate carrying values. Proceeds from the sale of territories to

2. INVESTMENT IN PIEDMONT COCA-COLA BOTTLING PARTNERSHIP -- Continued

Piedmont, net of the Company's cash contribution, totaled approximately $96 million and were used to reduce the Company's long-term debt.

Summarized financial information for Piedmont is as follows:

In Thousands	Dec. 28, 1997	Dec. 29, 1996
Current assets	$ 27,088	$ 26,896
Noncurrent assets	340,555	344,976
Total assets	$ 367,643	$371,872
Current liabilities	$ 16,147	$ 15,573
Noncurrent liabilities	224,844	227,375
Total liabilities	240,991	242,948
Partners' equity	126,652	128,924
Total liabilities and partners' equity	$ 367,643	$371,872
Company's equity investment	$ 63,326	$ 64,462

	Fiscal Year		
In Thousands	1997	1996	1995
Net sales	$237,964	$223,834	$212,665
Cost of sales	134,344	129,059	126,197
Gross margin	103,620	94,775	86,468
Income from operations	9,606	6,533	5,618
Net loss	$ (2,272)	$ (2,324)	$ (4,210)
Company's equity in loss	$ (1,136)	$ (1,162)	$ (2,105)

3. INVENTORIES

Inventories are summarized as follows:

In Thousands	Dec. 28, 1997	Dec. 29, 1996
Finished products	$21,542	$18,888
Manufacturing materials	14,171	9,894
Plastic pallets and other	3,025	2,005
Total inventories	$38,738	$30,787

Substantially all merchandise inventories are valued by the LIFO method. The amounts included above for inventories valued by the LIFO method were greater than replacement or current cost by approximately $2.8 million and $2.1 million on December 28, 1997 and December 29, 1996, respectively, as a result of inventory premiums associated with certain acquisitions.

4. PROPERTY, PLANT AND EQUIPMENT

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

In Thousands	Dec. 28, 1997	Dec. 29, 1996	Estimated Useful Lives
Land	$ 9,672	$ 9,363	
Buildings	79,394	73,543	10-50 years
Machinery and equipment	79,546	81,090	5-20 years
Transportation equipment	56,136	54,599	4-10 years
Furniture and fixtures	24,880	26,002	7-10 years
Vending equipment	144,916	80,588	6-13 years
Leasehold and land improvements	30,185	25,343	5-20 years
Construction in progress	1,941	1,160	
Total property, plant and equipment, at cost	426,670	351,688	
Less: Accumulated depreciation	175,766	161,615	
Property, plant and equipment, net	$250,904	$190,073	

5. IDENTIFIABLE INTANGIBLE ASSETS

The principal categories and estimated useful lives of identifiable intangible assets, net of accumulated amortization, were as follows:

In Thousands	Dec. 28, 1997	Dec. 29, 1996	Estimated Useful Lives
Franchise rights	$206,875	$210,618	40 years
Customer lists	19,941	22,670	17-23 years
Advertising savings	3,737	4,251	17-23 years
Other	481	576	17-18 years
Total identifiable intangible assets	$231,034	$238,115	

6. LONG-TERM DEBT

Long-term debt is summarized as follows:

In Thousands	Maturity	Interest Rate	Fixed(F) or Variable(V) Rate	Interest Paid	Dec. 28, 1997	Dec. 29, 1996
Lines of Credit	2002	5.50%	V	Varies	$ 10,300	$ 19,720
Revolving Credit			V	Varies		24,000
Term Loan Agreement	2004	6.33%	V	Varies	85,000	85,000
Term Loan Agreement	2005	6.33%	V	Varies	85,000	85,000
Medium-Term Notes	1998	6.62%	V	Quarterly	10,000	10,000
Medium-Term Notes	1998	10.05%	F	Semi-annually	2,000	2,000
Medium-Term Notes	1999	7.99%	F	Semi-annually	28,585	28,585
Medium-Term Notes	2000	10.00%	F	Semi-annually	25,500	25,500
Medium-Term Notes	2002	8.56%	F	Semi-annually	47,000	47,000
Debentures	2007	6.85%	F	Semi-annually	100,000	100,000
Debentures	2009	7.20%	F	Semi-annually	100,000	
Other notes payable	1999-2001	7.33%-10.00%	F	Varies	12,404	12,753
					505,789	439,558
Less: Portion of long-term debt payable within one year					12,000	105
Long-term debt					$493,789	$439,453

The principal maturities of long-term debt outstanding on December 28, 1997 were as follows:

In Thousands	
1998	$ 12,000
1999	28,615
2000	27,681
2001	10,193
2002	57,300
Thereafter	370,000
Total long-term debt	$505,789

In December 1997, the Company extended the maturity date of the revolving credit agreement, totaling $170 million, to December 2002. The agreement contains several covenants which establish ratio requirements related to debt, interest expense and cash flow. A facility fee of 1/8% per year on the banks' commitment is payable quarterly. There was no outstanding balance under this facility as of December 28, 1997.

The Company borrows from time to time under informal lines of credit from various banks. On December 28, 1997, the Company had approximately $246 million of credit available under these lines, of which $10.3 million was outstanding. Loans under these lines are made at the sole discretion of the banks at rates negotiated at the time of borrowing. It is the Company's intent to renew such borrowings as they mature. To the extent that these borrowings and the borrowings under the revolving credit facility described above do not exceed the amount available under the Company's $170 million revolving credit facility, they are classified as noncurrent liabilities.

6. LONG-TERM DEBT -- Continued

On November 20, 1995, the Company entered into a $170 million term loan agreement with $85 million maturing in November 2002 and $85 million maturing in November 2003. This loan was used to repay two $60 million loans and other bank debt. This agreement was amended in July 1997 to extend the loan maturity dates to July 2004 and July 2005, respectively.

On October 12, 1994, a $400 million shelf registration for debt and equity securities filed with the Securities and Exchange Commission became effective and the securities thereunder became available for issuance. On July 7, 1997 the Company issued $100 million of 7.20% debentures due in 2009. The net proceeds from this issuance were used principally for refinancing existing indebtedness with the remainder used to repay other bank debt. On November 1, 1995, the Company issued $100 million of 6.85% debentures due 2007 pursuant to such registration. The net proceeds from this issuance were used to repurchase $87 million of the Company's Medium-Term Notes with the remainder used to repay other bank debt. An after-tax extraordinary charge of $5.0 million related to the premium paid on this repurchase was recorded in the fourth quarter of 1995.

Prior to 1997, the Company had an arrangement under which it had the right to sell an undivided interest in a designated pool of trade accounts receivable for up to a maximum of $40 million. This arrangement was suspended during the fourth quarter of 1996. The discount on sales of trade accounts receivable was $1.7 million and $2.2 million in 1996 and 1995, respectively, and is included in "other income (expense), net."

After taking into account all of the interest rate hedging activities, the Company has a weighted average interest rate of 7.1% for the debt portfolio as of December 28, 1997 compared to 7.2% at December 29, 1996. The Company's overall weighted average borrowing rate on its long-term debt was 7.0%, 7.1% and 7.3% for 1997, 1996 and 1995, respectively.

As of December 28, 1997, after taking into account all of the interest rate hedging activities, approximately $252.9 million or 50% of the total debt portfolio was subject to changes in short-term interest rates.

If average interest rates for the Company's debt portfolio increased by 1%, annual interest expense would have increased by approximately $2.5 million and net income for the year ended December 28, 1997 would have been reduced by approximately $1.6 million.

7. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses interest rate hedging products to modify risk from interest rate fluctuations in its underlying debt. The Company has historically used derivative financial instruments from time to time to achieve a targeted fixed/floating rate mix. This target is based upon anticipated operating cash flows of the Company relative to its debt level and the Company's ability to absorb increases in interest rates.

The Company does not use derivative financial instruments for trading or other speculative purposes nor does it use leveraged financial instruments. All of the Company's outstanding interest rate swap agreements are LIBOR-based.

Derivative financial instruments are summarized as follows:

	December 28, 1997		December 29, 1996	
In Thousands	Amount	Remaining Term	Amount	Remaining Term
Interest rate swaps-floating	$ 60,000	5.75 years	$60,000	6.75 years
Interest rate swaps-floating	100,000	11.5 years		
Interest rate swaps-fixed	60,000	5.75 years	60,000	6.75 years

The Company had four interest rate swaps with a notional amount of $220 million at December 28, 1997, compared to $120 million as of December 29, 1996. There were two new interest rate swap transactions during 1997. In October 1997,

7. DERIVATIVE FINANCIAL INSTRUMENTS -- Continued

the Company added a $35 million interest rate cap with a strike rate of 7%. The counterparties to these contractual arrangements are a group of major financial institutions with which the Company also has other financial relationships. The Company is exposed to credit loss in the event of nonperformance by these counterparties. However, the Company does not anticipate nonperformance by the other parties.

In January 1998, the Company terminated two interest rate swaps with a total notional amount of $100 million. The gain of $6.5 million resulting from this termination will be amortized over 11.5 years, the remaining term of the initial swap agreements.

8. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Public Debt

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

Non-Public Variable Rate Long-Term Debt

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

Non-Public Fixed Rate Long-Term Debt

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

Derivative Financial Instruments

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

The carrying amounts and fair values of the Company's balance sheet and off-balance-sheet instruments were as follows:

	December 28, 1997		December 29, 1996	
In Thousands	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Balance Sheet Instruments				
Public debt	$313,085	$327,486	$213,085	$218,912
Non-public variable rate long-term debt	180,300	180,300	213,720	213,720
Non-public fixed rate long-term debt	12,404	13,297	12,753	13,400
Off-Balance-Sheet Instruments				
Interest rate swaps		1,854		(4,029)
Interest rate cap		80		

The fair values of the interest rate swaps at December 29, 1996 represent the estimated amounts the Company would have had to pay to terminate these agreements. The fair values of the interest rate swaps and the interest rate cap at December 28, 1997 represent the estimated amounts the Company would have received upon termination of these agreements.

9. COMMITMENTS AND CONTINGENCIES

Operating lease payments are charged to expense as incurred. Such rental expenses included in the consolidated statements of operations were $23.0 million, $27.0 million and $23.3 million for 1997, 1996 and 1995, respectively.

9. COMMITMENTS AND CONTINGENCIES -- Continued

The following is a summary of future minimum lease payments for all operating leases as of December 28, 1997:

In Thousands	
1998	$23,584
1999	19,584
2000	14,729
2001	13,522
2002	12,743
Thereafter	14,996
Total minimum lease payments	$99,158

The Company entered into a new operating lease agreement in April 1997 providing financing for the leasing of fleet and vending equipment. The Company used this financing to lease approximately $67 million of equipment during 1997. Upon termination of the lease, the Company can either exercise its purchase option or the equipment can be sold to a third party. The lease provides for a residual value of approximately 50% of the original equipment cost at the end of the lease term, which the Company expects to approximate fair market value. Accordingly, the table of future minimum lease payments above excludes any payment related to the residual value.

The Company is a member of a cooperative from which it is obligated to purchase a specified number of cases of finished product on an annual basis. The current annual purchase commitment under this agreement is approximately $40 million.

The Company guarantees a portion of the debt for one cooperative from which the Company purchases plastic bottles. The Company also guarantees a portion of debt for South Atlantic Canners, Inc., a manufacturing cooperative that is being managed by the Company. See Note 13 to the consolidated financial statements for additional information concerning these financial guarantees. The total debt guarantees on December 28, 1997 and December 29, 1996 were $31.1 million and $32 million, respectively.

The Company has entered into purchase agreements for aluminum cans on an annual basis through 2000. The annual purchase commitment under these agreements is approximately $40 million.

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

10. INCOME TAXES

The provision for income taxes on income before extraordinary charge consisted of the following:

	Fiscal Year		
In Thousands	1997	1996	1995
Current:			
Federal	$6,437	$ 753	$ 751
Total current provision	6,437	753	751
Deferred:			
Federal	1,346	6,798	9,382
State	1,282	2,009	2,130
Expense of minimum pension liability adjustment	(61)	(25)	(2,578)
Total deferred provision	2,567	8,782	8,934
Income tax expense	$9,004	$9,535	$ 9,685

10. INCOME TAXES -- Continued

Income tax benefits of $3.1 million were recorded in 1995 related to the extraordinary charge associated with the early retirement of long-term debt at a premium.

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

In Thousands	Dec. 28, 1997	Dec. 29, 1996
Intangible assets	$ 96,477	$ 103,892
Depreciation	31,002	23,230
Investment in Piedmont	22,761	21,281
Other	15,471	12,979
Gross deferred income tax liabilities	165,711	161,382
Net operating loss carryforwards	(20,087)	(27,031)
Other	(40,184)	(31,442)
Gross deferred income tax assets	(60,271)	(58,473)
Tax benefit of minimum pension liability adjustment		(36)
Deferred income tax liability	$ 105,440	$ 102,873

Net current deferred tax assets of $6.2 million and $5.5 million were included in prepaid expenses and other current assets on December 28, 1997 and December 29, 1996, respectively.

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

In Thousands	Fiscal Year 1997	1996	1995
Statutory expense	$8,495	$8,994	$8,827
Amortization of franchise and goodwill assets	364	364	364
State income taxes, net of federal benefit	696	618	758
Cash surrender value of officers' life insurance	(869)	(822)	(740)
Other	318	381	476
Income tax expense	$9,004	$9,535	$9,685

The Company had $3.5 million of investment tax credits available to reduce future income tax payments for federal income tax purposes on December 28, 1997. These credits expire in varying amounts through 2001.

On December 28, 1997, the Company had $47 million and $80 million of federal and state net operating losses, respectively, available to reduce future income taxes. The net operating loss carryforwards expire in varying amounts through 2007.

11. CAPITAL TRANSACTIONS

The Company repurchased 929,440 shares of its Common Stock for $43.6 million in a series of transactions between December 1996 and February 1997. The share repurchases included repurchase of 275,490 shares of Common Stock for approximately $13.1 million from The Coca-Cola Company under a contractual arrangement to maintain The Coca-Cola Company's equity ownership at a prescribed level.

11. CAPITAL TRANSACTIONS -- Continued

Shareholders with Class B Common Stock are entitled to 20 votes per share compared to one vote per share on the Common Stock. Dividends on the Class B Common Stock are permitted to equal, but not exceed, dividends on the Common Stock.

On March 8, 1989, the Company granted J. Frank Harrison, Jr. an option for the purchase of 100,000 shares of Common Stock exercisable at the closing market price of the stock on the day of grant. The closing market price of the stock on March 8, 1989 was $27.00 per share. The option is exercisable, in whole or in part, at any time at the election of Mr. Harrison, Jr. over a period of 15 years from the date of grant. This option has not been exercised with respect to any such shares.

On August 9, 1989, the Company granted J. Frank Harrison, III an option for the purchase of 150,000 shares of Common Stock exercisable at the closing market price of the stock on the day of grant. The closing market price of the stock on August 9, 1989 was $29.75 per share. The option may be exercised, in whole or in part, during a period of 15 years beginning on the date of grant. The option is currently exercisable with respect to 142,500 shares and becomes exercisable with respect to an additional 7,500 shares annually on December 31. This option has not been exercised with respect to any such shares.

12. BENEFIT PLANS

Pension plan expense related to the two Company-sponsored pension plans for 1997, 1996, and 1995 was $1.5 million, $2.4 million and $2.7 million, respectively, including the pro rata share of past service costs, which are being amortized over nine years. In addition, certain employees are covered by pension plans administered by unions.

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

The following table sets forth the status of the two Company-sponsored plans:

In Thousands	Dec. 28, 1997	Dec. 29, 1996
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of $58,537 and $48,589.....	$ 60,199	$ 49,996
Projected benefit obligation for service rendered to date	(67,001)	(56,212)
Plan assets at fair market value	70,876	56,488
Plan assets in excess of projected benefit obligation	3,875	276
Unrecognized net loss	4,179	6,089
Unrecognized prior service cost	(912)	(1,062)
Unrecognized net asset being amortized over 7 years	(70)	(140)
Additional minimum pension liability		(166)
Pension asset	$ 7,072	$ 4,997

Under the requirements of Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions," an additional minimum pension liability for certain plans, representing the excess of accumulated benefits over plan assets, was recognized as of January 2, 1994. The increase in liabilities was charged directly to shareholders' equity. As of December 28, 1997 there was no minimum pension liability. As of December 29, 1996 the minimum pension liability adjustment, net of income taxes, was $104,000.

12. BENEFIT PLANS -- Continued

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

In Thousands	Fiscal Year 1997	1996	1995
Service cost-benefits earned	$ 2,158	$ 2,218	$ 1,901
Interest cost on projected benefit obligation	4,543	4,288	4,015
Actual return on plan assets	(13,456)	(5,225)	(6,993)
Net amortization and deferral	8,278	1,100	3,732
Net periodic pension cost	$ 1,523	$ 2,381	$ 2,655

The actuarial assumptions that were used for the Company's principal pension plan calculations were as follows:

	1997	1996
Weighted average discount rate used in determining the actuarial present value of the projected benefit obligation	7.50%	8.25%
Weighted average expected long-term rate of return on plan assets	9.00%	9.00%
Weighted average rate of compensation increase	4.00%	4.50%

The Company provides a 401(k) Savings Plan for substantially all of its nonunion employees. Under provisions of the Savings Plan, an employee is vested with respect to Company contributions upon the completion of two years of service with the Company. The total cost for this benefit in 1997, 1996 and 1995 was $1.7 million, $1.8 million and $1.6 million, respectively.

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 plans in the future.

The Company currently provides employee leasing and management services to employees of Piedmont. Piedmont employees participate in the Company's employee benefit plans. During 1996, the obligation for postretirement benefits payable by Piedmont of $5.8 million was transferred to the Company in exchange for a note receivable from Piedmont. The transfer was made to facilitate administration of the payment of postretirement liabilities.

The components of postretirement benefit expense were as follows:

In Thousands	Fiscal Year 1997	1996	1995
Service cost-benefits earned	$ 446	$ 402	$ 338
Interest cost on projected benefit obligation	2,290	1,259	1,275
Net amortization	(25)	29	11
Other	320		
Net postretirement benefit cost	$3,031	$1,690	$1,624

12. BENEFIT PLANS -- Continued

The accrued postretirement benefit obligation was comprised of the following:

In Thousands	Dec. 28, 1997	Dec. 29, 1996
Accumulated postretirement benefit obligation:		
Retirees	$ 23,732	$ 22,038
Fully eligible active plan participants	2,550	2,204
Other active plan participants	6,178	4,639
	32,460	28,881
Unrecognized transition asset	344	369
Unrecognized net loss	(11,658)	(9,332)
Accrued postretirement benefit obligation	$ 21,146	$ 19,918

The weighted average health care cost trend rate used in measuring the postretirement benefit expense was 7.0% in 1997 gradually declining to 5.25% in 1999 and remaining at that level thereafter. A 1% increase in this annual trend rate would have increased the accumulated postretirement benefit obligation on December 28, 1997 by approximately $4.2 million and postretirement benefit expense in 1997 would have increased by approximately $.5 million. The weighted average discount rates used to estimate the accumulated postretirement benefit obligation were 7.5% and 8.25% as of December 28, 1997 and December 29, 1996, respectively.

13. RELATED PARTY TRANSACTIONS

The Company's business consists primarily of the production, marketing and distribution of soft drink products of The Coca-Cola Company, which is the sole owner of the secret formulas under which the primary components (either concentrates or syrups) of its soft drink products are manufactured. Accordingly, the Company purchases a substantial majority of its requirements of concentrates and syrups from The Coca-Cola Company in the ordinary course of its business. The Company paid The Coca-Cola Company approximately $198 million, $185 million and $186 million in 1997, 1996 and 1995, respectively, for sweetener, syrup, concentrate and other miscellaneous purchases. Additionally, the Company engages in a variety of marketing programs, local media advertising and similar arrangements to promote the sale of products of The Coca-Cola Company in territories operated by the Company. Total direct marketing support provided to the Company by The Coca-Cola Company was approximately $47 million, $36 million and $36 million in 1997, 1996 and 1995, respectively. In addition, the Company paid approximately $25 million, $20 million and $18 million in 1997, 1996 and 1995, respectively, for local media and marketing program expense pursuant to cooperative advertising and cooperative marketing arrangements with The Coca-Cola Company.

The Company has a production arrangement with Coca-Cola Enterprises Inc. ("CCE") to buy and sell finished product at cost. The Coca-Cola Company has a significant equity interest in the Company and CCE. Sales to CCE under this agreement were $22.0 million, $21.5 million and $23.3 million in 1997, 1996 and 1995, respectively. Purchases from CCE under this arrangement were $15.3 million, $14.8 million and $13.4 million in 1997, 1996 and 1995, respectively.

In December 1996, the Board of Directors awarded a retirement benefit to J. Frank Harrison, Jr. for his past service to the Company. The Company recorded a non-cash, after-tax charge of $2.7 million in the fourth quarter of 1996 related to this agreement. Additionally, the Company entered into an agreement for consulting services with J. Frank Harrison, Jr. beginning in 1997. Payments in 1997 related to this consulting services agreement totaled $200,000.

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont. The Company and The Coca-Cola Company, through their respective subsidiaries, each beneficially own a 50% interest in Piedmont. The Company provides a portion of the soft drink products for Piedmont at cost and receives a fee for managing the operations of Piedmont pursuant to a management agreement. The Company sold product to Piedmont during 1997, 1996 and 1995 at cost, totaling $42.6 million, $51.3 million and $62.5 million, respectively. The Company received $12.7 million, $11.4 million and $10.7

13. RELATED PARTY TRANSACTIONS -- Continued

million for management services pursuant to its management agreement with Piedmont for 1997, 1996 and 1995, respectively. Also, the Company subleased various fleet and vending equipment to Piedmont at cost. These sublease rentals amounted to approximately $2.7 million, $1.5 million and $.8 million in 1997, 1996 and 1995, respectively. In addition, Piedmont subleased various fleet and vending equipment to the Company at cost. These sublease rentals amounted to approximately $.9 million, $.6 million and $.2 million in 1997, 1996 and 1995, respectively.

On November 30, 1992, the Company and the owner of the Company's Snyder Production Center in Charlotte, North Carolina agreed to the early termination of the Company's lease. Harrison Limited Partnership One purchased the property contemporaneously with the termination of the lease, and the Company and Harrison Limited Partnership One entered into an agreement pursuant to which the Company leased the property for a 10-year term beginning on December 1, 1992. A North Carolina corporation owned entirely by J. Frank Harrison, Jr. serves as sole general partner of the limited partnership. The sole limited partner of this limited partnership is a trust as to which J. Frank Harrison, III and Reid M. Henson are co-trustees. The annual base rent the Company is obligated to pay for its lease of the Snyder Production Center is subject to adjustment for increases in the Consumer Price Index and for increases or decreases in interest rates, using LIBOR as the measurement device. Rent expense under this lease totaled $2.6 million each year in 1997, 1996 and 1995, respectively.

On June 1, 1993, the Company entered into a 10-year lease agreement with Beacon Investment Corporation related to the Company's headquarters office building. Beacon Investment Corporation's sole shareholder is J. Frank Harrison, III. The annual base rent the Company is obligated to pay under this lease is subject to adjustment for increases in the Consumer Price Index and for increases or decreases in interest rates, using LIBOR as the measurement device. Rent expense under this lease totaled $2.1 million, $1.9 million and $1.8 million in 1997, 1996 and 1995, respectively.

The Company is a shareholder in two entities from which it purchases substantially all its requirements for plastic bottles. Net purchases from these entities were approximately $43 million, $46 million and $52 million in 1997, 1996 and 1995, respectively. In connection with its participation in one of these cooperatives, the Company has guaranteed a portion of the cooperative's debt. On December 28, 1997 and December 29, 1996, such guarantee amounted to approximately $20.0 million.

The Company is a member of South Atlantic Canners, Inc., ("SAC"), a manufacturing cooperative. SAC sells finished products to the Company and Piedmont at cost. The Company also manages the operations of SAC pursuant to a management agreement. Management fees from SAC were $1.2 million, $1.4 million and $1.0 million in 1997, 1996 and 1995, respectively. Also, the Company has guaranteed a portion of debt for SAC. Such guarantees were approximately $10.5 million and $12.0 million as of December 28, 1997 and December 29, 1996, respectively.

The Company previously leased vending equipment from Coca-Cola Financial Corporation ("CCFC"), a subsidiary of The Coca-Cola Company. During 1996, the Company made lease payments to CCFC totaling $6.9 million. On January 14, 1997, the Company purchased all of the equipment under leases with CCFC for approximately $66.3 million.

14. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted income before extraordinary charge per share:

In Thousands (Except Per Share Data)	1997	1996	1995
Numerator:			
Income before extraordinary charge	$ 15,266	$ 16,164	$ 15,536
Numerator for basic and diluted income before extraordinary charge per share	$ 15,266	$ 16,164	$ 15,536
Denominator:			
Denominator for basic income before extraordinary charge per share -- weighted average common shares	8,407	9,280	9,294
Effect of dilutive securities -- Stock options	102	50	22
Denominator for diluted income before extraordinary charge per share -- adjusted weighted average common shares	8,509	9,330	9,316
Basic income before extraordinary charge per share	$ 1.82	$ 1.74	$ 1.67
Diluted income before extraordinary charge per share	$ 1.79	$ 1.73	$ 1.67

15. RISKS AND UNCERTAINTIES

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

Approximately 90% of the Company's sales are products of The Coca-Cola Company, which is the sole supplier of the concentrate required to manufacture these products. Additionally, the Company purchases virtually all of its requirements for sweetener from The Coca-Cola Company. The remaining 10% of the Company's sales are products of various other beverage companies. The Company has franchise contracts under which it has various requirements to meet. Failure to meet the requirements of these franchise contracts could result in the loss of distribution rights for the respective product.

The Company currently obtains all of its aluminum cans from two domestic suppliers. The Company currently obtains all of its PET bottles from two domestic cooperatives. The inability of either of these aluminum can or PET bottle suppliers to meet the Company's requirement for containers could result in short-term shortages until alternative sources of supply could be located.

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

Less than 10% of the Company's labor force is currently covered by collective bargaining agreements. Several collective bargaining contracts expire during 1998. The Company anticipates that new labor agreements will be negotiated for all locations with contracts expiring in 1998.

16. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

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

In Thousands	Fiscal Year 1997	1996	1995
Accounts receivable, trade, net	$ (4,234)	$ (38,820)	$ (4,342)
Accounts receivable from The Coca-Cola Company	(1,779)	5,691	(2,567)
Due from Piedmont	3,879	(1,304)	(3,201)
Accounts receivable, other	(793)	(82)	(1,904)
Inventories	(7,910)	(2,798)	3,882
Prepaid expenses and other assets	(3,216)	(2,518)	(1,881)
Accounts payable and accrued liabilities	11,208	(7,534)	10,252
Accounts payable to The Coca-Cola Company	859	(387)	706
Accrued compensation	(207)	226	803
Accrued interest payable	2,926	3,894	(4,057)
(Increase) decrease in current assets less current liabilities	$ 733	$ (43,632)	$ (2,309)

Cash payments for interest and income taxes were as follows:

In Thousands	Fiscal Year 1997	1996	1995
Interest	$23,908	$25,945	$36,749
Income taxes (net of refunds)	8,366	5,465	1,475

17. QUARTERLY FINANCIAL DATA (UNAUDITED)

Set forth below are unaudited quarterly financial data for the fiscal years ended December 28, 1997 and December 29, 1996.

In Thousands (Except Per Share Data)	Quarter 1	2	3	4
Year Ended December 28, 1997				
Net sales	$178,395	$ 208,174	$219,079	$196,493
Gross margin	78,945	93,781	94,113	82,409
Net income (loss)	104	9,141	6,637	(616)
Basic net income (loss) per share	.01	1.09	.79	(.07)
Diluted net income (loss) per share	.01	1.08	.78	(.07)
Weighted average number of common shares outstanding	8,535	8,365	8,365	8,365
Weighted average number of common shares outstanding -- assuming dilution	8,624	8,448	8,467	8,489

17. QUARTERLY FINANCIAL DATA (UNAUDITED) -- Continued

In Thousands (Except Per Share Data)	Quarter 1	2	3	4
Year Ended December 29, 1996				
Net sales	$171,996	$ 213,579	$204,579	$183,609
Gross margin	73,728	93,953	89,938	80,185
Net income (loss)	937	9,545	6,488	(806)
Basic net income (loss) per share	.10	1.03	.70	(.09)
Diluted net income (loss) per share	.10	1.02	.69	(.09)
Weighted average number of common shares outstanding	9,294	9,294	9,294	9,239
Weighted average number of common shares outstanding -- assuming dilution	9,329	9,331	9,338	9,314

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS
OF COCA-COLA BOTTLING CO. CONSOLIDATED

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(a) (1) and (2) of this filing present fairly, in all material respects, the financial position of Coca-Cola Bottling Co. Consolidated and its subsidiaries at December 28, 1997 and December 29, 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 28, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP

Charlotte, North Carolina
February 16, 1998

The financial statement schedule required by Regulation S-X is set forth in response to Item 14 below.

The supplementary data required by Item 302 of Regulation S-K is set forth in Note 17 to the financial statements.

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

Not applicable.

PART III

Item 10 -- Directors and Executive Officers of the Company

For information with respect to the executive officers of the Company, see "Executive Officers of the Registrant" at the end of Part I of this Report. For information with respect to the Directors of the Company, see the "Election of Directors" and "Certain Transactions" sections of the Proxy Statement for the 1998 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which is incorporated herein by reference. For information with respect to Section 16 reports for directors and executive officers of the Company, see the "Election of Directors -- Section 16(a) Beneficial Ownership Reporting Compliance" section of the Proxy Statement for the 1998 Annual Meeting of Shareholders.

Item 11 -- Executive Compensation

For information with respect to executive compensation, see the "Executive Compensation" section of the Proxy Statement for the 1998 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which is incorporated herein by reference (other than the subsections entitled "Report of the Compensation Committee on Annual Compensation of Executive Officers" and "Common Stock Performance," which are specifically excluded from such incorporation).

Item 12 -- Security Ownership of Certain Beneficial Owners and Management

For information with respect to security ownership of certain beneficial owners and management, see the "Principal Shareholders" and "Election of Directors -- Beneficial Ownership of Management" sections of the Proxy Statement for the 1998 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which is incorporated herein by reference.

Item 13 -- Certain Relationships and Related Transactions

For information with respect to certain relationships and related transactions, see the "Certain Transactions" and "Compensation Committee Interlocks and Insider Participation" sections of the Proxy Statement for the 1998 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which are incorporated herein by reference.

PART IV

Item 14 -- Exhibits, Financial Statement Schedules and Reports on Form 8-K

A. List of Documents filed as part of this report.

1. Financial Statements

Report of Independent Accountants
Consolidated Balance Sheets
Consolidated Statements of Operations
Consolidated Statements of Cash Flows
Consolidated Statements of Changes in Shareholders' Equity
Notes to Consolidated Financial Statements

2. Financial Statement Schedule

Schedule II -- Valuation and Qualifying Accounts and Reserves

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

3. Listing of Exhibits:

Number	Description	Page Number or Incorporation by Reference to
(1.1)	Underwriting Agreement dated November 1, 1995, among the Company, Citicorp Securities, Inc. and Salomon Brothers, Inc.	Exhibit 1.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 1995.
(1.2)	Underwriting Agreement dated July 1, 1997 among the Company, Citicorp Securities, Inc. and BancAmerica Securities, Inc.	Exhibit 1.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 1997.
(3.1)	Bylaws of the Company, as amended.	Exhibit 3.2 to the Company's Registration Statement (No. 33-54657) on Form S-3.
(3.2)	Restated Certificate of Incorporation of the Company.	Exhibit 3.1 to the Company's Registration Statement (No. 33-54657) on Form S-3.
(4.1)	Specimen of Common Stock Certificate.	Exhibit 4.1 to the Company's Registration Statement (No. 2-97822) on Form S-1.
(4.2)	Specimen Fixed Rate Note under the Company's Medium Term Note Program, pursuant to which it may issue, from time to time, up to $200 million aggregate principal amount of its Medium-Term Notes, Series A.	Exhibit 4.1 to the Company's Current Report on Form 8-K dated February 14, 1990.
(4.3)	Specimen Floating Rate Note under the Company's Medium-Term Note Program, pursuant to which it may issue, from time to time, up to $200 million aggregate principal amount of its Medium-Term Notes, Series A.	Exhibit 4.2 to the Company's Current Report on Form 8-K dated February 14, 1990.
(4.4)	Indenture dated as of October 15, 1989 between the Company and Manufacturers Hanover Trust Company of California, as Trustee, in connection with the Company's $200 million shelf registration of its Medium-Medium Term Notes, Series A, due from nine months to 30 years from date of issue.	Exhibit 4. to the Company's Registration Statement (No. 33-31784) on Form S-3 as filed on February 14, 1990.
(4.5)	Selling Agency Agreement, dated as of February 14, 1990, between the Company and Salomon Brothers and Goldman Sachs, as Agents, in connection with the Company's $200 million Medium-Term Notes, Series A, due from nine months to 30 years from date of issue.	Exhibit 1.2 to the Company's Registration Statement (No. 33-31784) on Form S-3 as filed on February 14, 1990.
(4.6)	Form of Debenture issued by the Company to two shareholders of Sunbelt Coca-Cola Bottling Company, Inc. dated as of December 19, 1991.	Exhibit 4.04 to the Company's Current Report on Form 8-K dated December 19, 1991.
(4.7)	Commercial Paper Dealer Agreement, dated as of February 11, 1993, between the Company and Citicorp Securities Markets, Inc., as co-agent.	Exhibit 4.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1993.
(4.8)	Amended and restated commercial paper agreement, dated as of November 14, 1994, between the Company and Goldman Sachs Money Markets, L.P.	Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(4.9)	Supplemental Indenture, dated as of March 3, 1995, between the Company and NationsBank of Georgia, National Association, as Trustee.	Exhibit 4.15 to the Company's Annual Report, as amended, on Form 10-K/A-2 for the fiscal year ended January 1, 1995.
(4.10)	First Omnibus Amendment to Purchase Agreements, dated as of June 26, 1995, by and among the Company, as Seller, Corporate Receivables Corporation, as the Investor, and Citicorp North America, Inc., individually and as agent.	Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 1995.
(4.11)	Form of the Company's 6.85% Debentures due 2007.	Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 1995.

Number	Description	Page Number or Incorporation by Reference to
(4.12)	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 subsidiaries for which consolidated financial statements are required to be filed, and which authorizes a total amount of securities not in excess of 10 percent of total assets of the Registrant and its subsidiaries on a consolidated basis.	
(4.13)	Loan Agreement dated as of November 20, 1995 between the Company and LTCB Trust Company, as Agent, and other banks named therein.	Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
(4.14)	Amended and Restated Credit Agreement dated as of December 21, 1995 between the Company and NationsBank, N.A., Bank of America National Trust and Savings Association and other banks named therein.	Exhibit 4.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
(4.15)	Amendment, dated as of July 22, 1997, to Loan Agreement dated November 20, 1995, between the Company and LTCB Trust Company, as Agent, and other banks named therein.	Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 1997.
(4.16)	Form of the Company's 7.20% Debentures Due 2009.	Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 1997.
(10.1)	Employment Agreement of James L. Moore, Jr. dated as of March 16, 1987.**	Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1986.
(10.2)	Amendment, dated as of May 18, 1994, to Employment Agreement designated as Exhibit 10.1.**	Exhibit 10.84 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(10.3)	Stock Rights and Restrictions Agreement by and between Coca-Cola Bottling Co. Consolidated and The Coca-Cola Company dated January 27, 1989.	Exhibit 28.01 to the Company's Current Report on Form 8-K dated January 27, 1989.
(10.4)	Description and examples of bottling franchise agreements between the Company and The Coca-Cola Company.	Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.
(10.5)	Lease, dated as of December 11, 1974, by and between the Company and the Ragland Corporation, related to the production/distribution facility in Nashville, Tennessee.	Exhibit 19.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.
(10.6)	Amendment to Lease Agreement designated as Exhibit 10.5.	Exhibit 19.7 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.
(10.7)	Second Amendment to Lease Agreement designated as Exhibit 10.5.	Exhibit 19.8 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.
(10.8)	Supplemental Savings Incentive Plan, dated as of April 1, 1990 between certain Eligible Employees of the Company and the Company.**	Exhibit 10.36 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1990.
(10.9)	Description and example of Deferred Compensation Agreement, dated as of October 1, 1987, between Eligible Employees of the Company and the Company under the Officer's Split-Dollar Life Insurance Plan.**	Exhibit 19.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1990.
(10.10)	Consolidated/Sunbelt Acquisition Agreement, dated as of December 19, 1991, by and among the Company and the shareholders of Sunbelt Coca-Cola Bottling Company, Inc.	Exhibit 2.01 to the Company's Current Report on Form 8-K dated December 19, 1991.

Number	Description	Page Number or Incorporation by Reference to
(10.11)	Officer Retention Plan, dated as of January 1, 1991, between certain Eligible Officers of the Company and the Company.**	Exhibit 10.47 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991.
(10.12)	Acquisition Agreement, by and among Sunbelt Coca-Cola Bottling Company, Inc., Sunbelt Carolina Acquisition Company, Inc., certain of the common stockholders of Coca-Cola Bottling Co. Affiliated, Inc., and the stockholders of TRNH, Inc., dated as of November 7, 1989.	Exhibit 10.50 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991.
(10.13)	Amendment Number One to the Sunbelt/Affiliated Acquisition Agreement, dated as of December 29, 1989, between Sunbelt Coca-Cola Bottling Company, Inc., Sunbelt Carolina Acquisition Company, Inc., certain of the common stockholders of Coca-Cola Bottling Co. Affiliated, Inc. and the stockholders of TRNH, Inc.	Exhibit 10.04 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 1992.
(10.14)	Amendment Number Two to the Sunbelt/Affiliated Acquisition Agreement, dated as of December 29, 1989, between Sunbelt Coca-Cola Bottling Company, Inc., Sunbelt Carolina Acquisition Company, Inc., certain of the common stockholders of Coca-Cola Bottling Co. Affiliated, Inc. and the stockholders of TRNH, Inc.	Exhibit 10.05 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 1992.
(10.15)	Amendment Number Three to the Sunbelt/Affiliated Acquisition Agreement, dated as of December 29, 1989, between Sunbelt Coca-Cola Bottling Company, Inc., Sunbelt Carolina Acquisition Company, Inc., certain of the common stockholders of Coca-Cola Bottling Co. Affiliated, Inc. and the stockholders of TRNH, Inc.	Exhibit 10.06 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 1992.
(10.16)	Lease Agreement, dated as of November 30, 1992, between the Company and Harrison Limited Partnership One, related to the Snyder Production Center in Charlotte, North Carolina.	Exhibit 10.38 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1993.
(10.17)	Termination and Release Agreement dated as of March 27, 1992 by and among Sunbelt Coca-Cola Bottling Company, Coca-Cola Bottling Co. Affiliated, Inc., the agent for holders of certain debentures of Sunbelt issued pursuant to a certain Indenture dated as of January 11, 1990, as amended, and Wilmington Trust Company which acted as trustee under the Indenture.	Exhibit 10.43 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1993.
(10.18)	Reorganization Plan and Agreement by and among Coca-Cola Bottling Co. Consolidated, Chopper Acquisitions, Inc., Whirl-i-Bird, Inc. and J. Frank Harrison, Jr.	Exhibit 10.03 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 4, 1993.
(10.19)	Partnership Agreement of Carolina Coca-Cola Bottling Partnership,* dated as of July 2, 1993, by and among Carolina Coca-Cola Bottling Investments, Inc., Coca-Cola Ventures, Inc., Coca-Cola Bottling Co. Affiliated, Inc., Fayetteville Coca-Cola Bottling Company and Palmetto Bottling Company.	Exhibit 2.01 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.20)	Asset Purchase Agreement, dated as of July 2, 1993, by and among Carolina Coca-Cola Bottling Partnership,* Coca-Cola Bottling Co. Affiliated, Inc. and Coca-Cola Bottling Co. Consolidated.	Exhibit 2.02 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.21)	Asset Purchase Agreement, dated as of July 2, 1993, by and among Carolina Coca-Cola Bottling Partnership,* Fayetteville Coca-Cola Bottling Company and Coca-Cola Bottling Co. Consolidated.	Exhibit 2.03 to the Company's Current Report on Form 8-K dated July 2, 1993.

Number	Description	Page Number or Incorporation by Reference to
(10.22)	Asset Purchase Agreement, dated as of July 2, 1993, by and among Carolina Coca-Cola Bottling Partnership,* Palmetto Bottling Company and Coca-Cola Bottling Co. Consolidated.	Exhibit 2.04 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.23)	Definition and Adjustment Agreement, dated July 2, 1993, by and among Carolina Coca-Cola Bottling Partnership,* Coca-Cola Ventures, Inc., Coca-Cola Bottling Co. Consolidated, CCBC of Wilmington, Inc., Carolina Coca-Cola Bottling Investments, Inc., The Coca-Cola Company, Carolina Coca-Cola Holding Company, The Coastal Coca-Cola Bottling Company, Eastern Carolina Coca-Cola Bottling Company, Inc., Coca-Cola Bottling Co. Affiliated, Inc., Fayetteville Coca-Cola Bottling Company and Palmetto Bottling Company.	Exhibit 2.05 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.24)	Management Agreement, dated as of July 2, 1993, by and among Coca-Cola Bottling Co. Consolidated, Carolina Coca-Cola Bottling Partnership,* CCBC of Wilmington, Inc., Carolina Coca-Cola Bottling Investments, Inc., Coca-Cola Ventures, Inc. and Palmetto Bottling Company.	Exhibit 10.01 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.25)	Post-Retirement Medical and Life Insurance Benefit Reimbursement Agreement, dated July 2, 1993, by and between Carolina Coca-Cola Bottling Partnership* and Coca-Cola Bottling Co. Consolidated.	Exhibit 10.02 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.26)	Aiken Asset Purchase Agreement, dated as of August 6, 1993 by and among Carolina Coca-Cola Bottling Partnership,* Palmetto Bottling Company and Coca-Cola Bottling Co. Consolidated.	Exhibit 2.01 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 1993.
(10.27)	Aiken Definition and Adjustment Agreement, dated as of August 6, 1993, by and among Carolina Coca-Cola Bottling Partnership, Coca-Cola Ventures, Inc., Coca-Cola Bottling Co. Consolidated, Carolina Coca-Cola Bottling Investments, Inc., The Coca-Cola Company and Palmetto Bottling Company.	Exhibit 2.02 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 1993.
(10.28)	Lease Agreement, dated as of June 1, 1993, between the Company and Beacon Investment Corporation, related to the Company's corporate headquarters in Charlotte, North Carolina.	Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 1993.
(10.29)	Amended and Restated Guaranty Agreement, dated as of July 15, 1993 re: Southeastern Container, Inc.	Exhibit 10.06 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 1993.
(10.30)	Agreement, dated as of December 23, 1993, between the Company and Western Container Corporation covering purchase of PET bottles.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 1994.
(10.31)	Management Agreement, dated as of June 1, 1994, by and among Coca-Cola Bottling Co. Consolidated and South Atlantic Canners, Inc.	Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1994.
(10.32)	Guaranty Agreement, dated as of July 22, 1994, between Coca-Cola Bottling Co. Consolidated and Wachovia Bank of North Carolina, N.A.	Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1994.
(10.33)	Selling Agency Agreement, dated as of March 3, 1995, between the Company, Salomon Brothers Inc. and Citicorp Securities, Inc.	Exhibit 10.83 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(10.34)	Agreement, dated as of March 1, 1994, between the Company and South Atlantic Canners, Inc.	Exhibit 10.85 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.

Number	Description	Page Number or Incorporation by Reference to
(10.35)	Stock Option Agreement, dated as of March 8, 1989, of J. Frank Harrison, Jr.**	Exhibit 10.86 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(10.36)	Stock Option Agreement, dated as of August 9, 1989, of J. Frank Harrison, III.**	Exhibit 10.87 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(10.37)	First Amendment to Credit Agreement, Line of Credit Note and Mortgage, and Reaffirmation of Term Note, Security Agreement, Guaranty Agreement and Addendum to Guaranty Agreement, dated as of March 31, 1995, by and among the Company, South Atlantic Canners, Inc. and Wachovia Bank of North Carolina, N.A.	Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 1995.
(10.38)	Guaranty Agreement and Addendum, dated as of March 31, 1995, between the Company and Wachovia Bank of North Carolina, N.A.	Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 1995.
(10.39)	Can Supply Agreement, dated November 7, 1995, between the Company and American National Can Company.	Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 1995.
(10.40)	Lease Agreement, dated as of July 17, 1988, between the Company and GE Capital Fleet Services covering various vehicles.	Exhibit 19.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1990.
(10.41)	Master Motor Vehicle Lease Agreement, dated as of December 15, 1988, between the Company and Citicorp North America, Inc. covering various vehicles.	Exhibit 19.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1990.
(10.42)	Master Lease Agreement, beginning on April 12, 1989, between the Company and Citicorp North America, Inc. covering various equipment.	Exhibit 19.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1990.
(10.43)	Master Lease Agreement, dated as of January 7, 1992 between the Company and Signet Leasing and Financial Corporation covering various vehicles.	Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 1992.
(10.44)	Master Equipment Lease, dated as of February 9, 1993, between the Company and Coca-Cola Financial Corporation covering various vending machines.	Exhibit 10.37 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1993.
(10.45)	Motor Vehicle Lease Agreement No. 790855, dated as of December 31, 1992, between the Company and Citicorp Leasing, Inc. covering various vehicles.	Exhibit 10.39 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1993.
(10.46)	Master Lease Agreement, dated as of February 18, 1992, between the Company and Citicorp Leasing, Inc. covering various equipment.	Exhibit 10.69 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1994.
(10.47)	Lease Agreement dated as of December 15, 1994 between the Company and BA Leasing & Capital Corporation.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 1995.
(10.48)	Beverage Can and End Agreement dated November 9, 1995 between the Company and Ball Metal Beverage Container Group.	Exhibit 10.48 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
(10.49)	Member Purchase Agreement, dated as of August 1, 1994, between the Company and South Atlantic Canners, Inc., regarding minimum annual purchase requirements of canned product by the Company.	Exhibit 10.49 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
(10.50)	Member Purchase Agreement, dated as of August 1, 1994, between the Company and South Atlantic Canners, Inc., regarding minimum annual purchase requirements of 20 ounce PET product by the Company.	Exhibit 10.50 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.

Number	Description	Page Number or Incorporation by Reference to
(10.51)	Member Purchase Agreement, dated as of August 1, 1994, between the Company and South Atlantic Canners, Inc., regarding minimum annual purchase requirements of 2 Liter PET product by the Company.	Exhibit 10.51 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
(10.52)	Member Purchase Agreement, dated as of August 1, 1994, between the Company and South Atlantic Canners, Inc., regarding minimum annual purchase requirements of 3 Liter PET product by the Company.	Exhibit 10.52 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
(10.53)	Description of the Company's 1998 Bonus Plan for officers.**	Exhibit included in this filing.
(10.54)	Agreement for Consultation and Services between the Company and J. Frank Harrison, Jr.**	Exhibit 10.54 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1996.
(10.55)	Agreement to assume liability for postretirement benefits between the Company and Piedmont Coca-Cola Bottling Partnership.	Exhibit 10.55 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1996.
(10.56)	Participation Agreement (Coca-Cola Trust No. 97-1) dated as of April 10, 1997 between the Company (as Lessee), First Security Bank, National Association (solely as Owner Trustee under Coca-Cola Trust No. 97-1) and the other financial institutions listed therein.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 1997.
(10.57)	Master Equipment Lease Agreement (Coca-Cola Trust No. 97-1) dated as of April 10, 1997 between the Company (as Lessee) and First Security Bank, National Association (solely as Owner Trustee under Coca-Cola Trust No. 97-1).	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 1997.
(10.58)	Franchise Asset Purchase Agreement, dated as of January 21, 1998, by and among Coca-Cola Bottling Company Southeast, Incorporated, as Seller, NABC, Inc., an indirect wholly-owned subsidiary of Guarantor, as Buyer, and Coca-Cola Bottling Co. Consolidated, as Guarantor.	Exhibit included in this filing.
(10.59)	Operating Asset Purchase Agreement, dated as of January 21, 1998, by and among Coca-Cola Bottling Company Southeast, Incorporated, as Seller, CCBC of Nashville, L.P., an indirect wholly-owned subsidiary of Guarantor, as Buyer, and Coca-Cola Bottling Co. Consolidated, as Guarantor.	Exhibit included in this filing.
(10.60)	Master Equipment Lease Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of January 14, 1998 between the Company (as Lessee) and First Security Bank, National Association (solely as Owner Trustee under Coca-Cola Trust No. 97-1).	Exhibit included in this filing.
(10.61)	Participation Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of January 14, 1998 between the Company (as Lessee) and First Security Bank, National Association (solely as OwnerTrustee under Coca-Cola Trust No. 97-1) and other financial institutions listed herein.	Exhibit included in this filing.
(21.1)	List of subsidiaries.	Exhibit included in this filing.
(23.1)	Consent of Independent Accountants to Incorporation by Reference into Form S-3 (Registration No. 33-4325) and Form S-3 (Registration No. 33-54657).	Exhibit included in this filing.
(27.1)	Financial data schedule for period ended December 28, 1997.	Exhibit included in this filing.

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* Carolina Coca-Cola Bottling Partnership's name was changed to Piedmont Coca-Cola Bottling Partnership.

** Management contracts and compensatory plans and arrangements required to be filed as exhibits to this form pursuant to Item 14(c) of this report.

B. Reports on Form 8-K

During the fourth quarter of 1997, the Company did not file any current reports on Form 8-K.

Schedule II

COCA-COLA BOTTLING CO. CONSOLIDATED

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

(IN THOUSANDS)

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions	Balance at End of Year
Allowance for doubtful accounts:				
Fiscal year ended December 28, 1997	$410	$492	$389	$513
Fiscal year ended December 29, 1996	$406	$436	$432	$410
Fiscal year ended December 31, 1995	$400	$319	$313	$406

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COCA-COLA BOTTLING CO. CONSOLIDATED
(REGISTRANT)

Date: March 25, 1998

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

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

By: /s/ J. FRANK HARRISON, JR. J. Frank Harrison, Jr.	Chairman Emeritus of the Board of Directors and Director	March 25, 1998
By: /s/ J. FRANK HARRISON, III J. Frank Harrison, III	Chairman of the Board of Directors, Chief Executive Officer and Director	March 25, 1998
By: /s/ JAMES L. MOORE, JR. James L. Moore, Jr.	President and Chief Operating Officer and Director	March 25, 1998
By: /s/ REID M. HENSON Reid M. Henson	Vice Chairman of the Board of Directors and Director	March 25, 1998
By: /s/ H. W. MCKAY BELK H. W. McKay Belk	Director	March 25, 1998
By: /s/ JOHN M. BELK John M. Belk	Director	March 25, 1998
By: Evander Holyfield	Director	
By: /s/ H. REID JONES H. Reid Jones	Director	March 25, 1998
By: /s/ NED R. MCWHERTER Ned R. McWherter	Director	March 25, 1998
By: /s/ JOHN W. MURREY, III John W. Murrey, III	Director	March 25, 1998
By: /s/ CHARLES L. WALLACE Charles L. Wallace	Director	March 25, 1998
By: /s/ DAVID V. SINGER David V. Singer	Vice President and Chief Financial Officer	March 25, 1998
By: /s/ STEVEN D. WESTPHAL Steven D. Westphal	Vice President and Chief Accounting Officer	March 25, 1998

COCA-COLA BOTTLING CO. CONSOLIDATED
ANNUAL BONUS PLAN

PURPOSE

The purpose of this Annual Bonus Plan (the "Plan") is to promote the best interests of the Company and its Shareholders by providing key management employees with additional incentives to assist the Company in meeting and exceeding its business goals.

PLAN ADMINISTRATION

The Plan will be administered by the Compensation Committee as elected by the Board of Directors; provided that, so long as the Company and the Plan are subject to the provisions of Section 162(m) of the Internal Revenue Code of 1986, as amended ("Section 162(m)"), either the Compensation Committee shall be composed solely of two or more directors who qualify as "outside directors" under Section 162(m) or, if for any reason one or more members of the Compensation Committee cannot qualify as "outside directors," the Board shall appoint a separate Bonus Plan Committee composed of two or more "outside directors" which shall have all of the powers otherwise granted to the Compensation Committee to administer the Plan. All references herein to the "Committee" shall be deemed to refer to either the Compensation Committee or to the Bonus Plan Committee, as applicable at any given time. The Committee is authorized to establish new

guidelines for administration of the Plan, delegate certain tasks to management, make determinations and interpretations under the Plan, and to make awards pursuant to the Plan; provided, however, that the Committee shall at all times be required to exercise these discretionary powers in a manner, and be subject to such limitations, as will permit all payments under the Plan to "covered employees" (as defined in Section 162(m)) to continue to qualify as "performance-based compensation" for purposes of Section 162(m), and any action taken by the Committee shall automatically be deemed null and void to the extent (if any) that it would have the effect of destroying such qualification. Subject to the foregoing, all determinations and interpretations of the Committee will be binding upon the Company and each participant.

PLAN GUIDELINES

Eligibility: The Committee is authorized to grant cash awards to any officer, including officers who are directors and to other employees of the Company and its affiliates in key positions.

Participation: Management will recommend annually key positions which should qualify for awards under the Plan. The Committee has full and final authority in its discretion to select the key positions eligible for awards. Management will inform individuals in selected key positions of their participation in the Plan.

Qualification and Amount of Award:

1. Participants will qualify for awards under the Plan based on:

   (a) Corporate goals set for the fiscal year.

   (b) Division/Manufacturing Center goals or individual goals set for the fiscal year.

   (c) The Committee may, in its sole discretion, eliminate any individual award, or reduce (but not increase) the amount of compensation payable with respect to any individual award.

2. The total cash award to the Participant will be computed as follows:

   Gross Cash Award = Base Salary X Approved Bonus % Factor
   X Indexed Performance Factor X Overall Goal Achievement Factor.

   Notwithstanding the above formula, the maximum cash award that may be made to any individual participant based upon performance for any fiscal year period shall be $1,000,000.

3. The Base Salary is the participant's base salary level set for the fiscal year. The Approved Bonus % Factor is a number set by the Committee (maximum = 100%) to reflect each participant's relative responsibility and the contribution to Company performance attributed to each participant's position with the Company.

4. The Indexed Performance Factor is determined by the Committee prior to making payments of awards for each fiscal

year, based on each individual's performance during such fiscal year. Since the Committee is necessarily required to evaluate subjective factors related to each individual's performance in order to arrive at this number, and since such evaluations cannot be made until after the close of the fiscal year to which the award relates, the Indexed Performance Factor will automatically be set at 1.2 for all participants who are "covered employees" (as defined in Section 162(m)), in order to allow awards to such participants to qualify as "performance-based compensation" that is not subject to the deduction limits of Section 162(m).

5. The Overall Goal Achievement Factor used in calculating the Gross Cash Award for each participant will be determined on the basis of multiplying the weightage factor specified in ANNEX A attached hereto for each of the six performance criteria specified therein (Operating Cash Flow (as defined in ANNEX A), Free Cash Flow (as defined in ANNEX A), Net Income, Unit Volume, Market Share, and an overall Value Measure (as defined in ANNEX A)) by the percentage specified in the following table for the level of performance achieved with respect to each such goal:

Goal Achievement (in percent)	Amount of Award (as a % of max.)
89.0 or less	0
89.1-94	80
94.1-97	90
97.1-100	100
100.1-105	110
105.1-110	120

6. The Committee will review and approve all awards. The Committee has full and final authority in its discretion to adjust the Gross Cash Award determined in accordance with the formula described above in arriving at the actual gross amount of the award to be paid to any participant; subject, however, to the limitation that such authority may be exercised in a manner which reduces (by using lower numbers for the Indexed Performance Factor or otherwise), but not in a manner which increases, the Gross Cash Award calculated in accordance with the formula prescribed in Paragraph 2 above. The gross amount will be subject to all local, state and federal minimum tax withholding requirements.

7. Participant must be an employee of the Company on the date of payment to qualify for an award. Any participant who leaves the employ of the Company, voluntarily or involuntarily, prior to the payment date, is ineligible for any bonus. An employee who assumes a key position during the fiscal year may be eligible for a pro-rated award at the option of the Committee, provided the participant has been

employed a minimum of three (3) months during the calendar year.

8. Awards under the bonus program will not be made if any material aspects of the bottle contracts with The Coca-Cola Company are violated.

Payment Date: Awards shall be paid upon determination (and certification by the Committee, as provided below) of the results under each of the performance criteria specified in Paragraph 5 above following the closing of the Company's books for the fiscal year to which such awards relate; provided, however, that the Committee shall have discretion to delay its certification and payment of awards for any fiscal year until following notification from the Company's independent auditors of the final audited results of operations for the fiscal year. In any event, the Committee shall provide written certification that the annual performance goals have been attained, as required by Section 162(m), prior to any payments being made for any fiscal year.

AMENDMENTS, MODIFICATIONS AND TERMINATION

The Committee is authorized to amend, modify or terminate the Plan retroactively at any time, in part or in whole; provided, however, that any such amendment may not cause payments to "covered employees" under the Plan to cease to qualify as "performance-based compensation" under Section 162(m) unless such

amendment has been approved by the full Board of Directors of the Company.

SHAREHOLDER APPROVAL REQUIRMENT
- ---

So long as the Company and the Plan are subject to the provisions of Section 162(m), no awards shall be paid to any participants under the Plan unless the performance goals under the Plan (including any subsequent Plan amendments as contemplated above) shall have received any approval of the Company's shareholders required in order for all such payments to "covered employees" to qualify as "performance-based compensation" under Section 162(m).

ANNEX A

APPROVED PERFORMANCE CRITERIA FOR
AWARDING BONUS PAYMENTS

CORPORATE GOALS

	PERFORMANCE INDICATED	WEIGHTAGE FACTOR*	GOAL
1.	Cash Flow:		
	Operating Cash Flow (A)	Approved Plan	Approved Budget
	Free Cash Flow (B)	Approved Plan	Approved Budget
2.	Net Income	Approved Plan	Approved Budget
3.	Unit Volume	Approved Plan	Approved Budget
4.	Market Share	Approved Plan	Approved Budget
5.	Value Measure (9 X OCF - Debt)	Approved Plan	Approved Budget
	Total	100%	

* To be set as Part of Approved Plan

NOTES:

1. A. Operating cash flow is defined as income from operations before depreciation and amortization of goodwill and intangibles.

1. B. Free cash flow is defined as the net cash available for debt paydown after considering non-cash charges, capital expenditures, taxes and adjustments for changes in assets and liabilities, but before payment of cash dividends. Specifically excluded would be acquisitions and capital expenditures made because of acquisitions. Specifically excluded from free cash flow are net proceeds from:

- Sales of franchise territories
- Sales of real estate
- Sales of other assets
- Other items as defined by the Committee.

2. Net Income is defined as the after-tax reported earnings of the Company.

3. Unit Volume is defined as bottle, can and pre-mix cases, converted to 8 oz. cases.

4. If, and to the extent that, excluding any of the following items increases the level of goal achievement with respect to any of the performance indicators, then such item shall be excluded from determination of the level of goal achievement:
   - Unbudgeted events of more than $50,000.
   - Impact of non-budgeted acquisition or joint venture transactions occurring after the commencement of the fiscal year performance period.
   - Adjustments required to implement unbudgeted changes in accounting principles (i.e., new FASB rulings).
   - Unbudgeted changes in depreciation and amortization schedules.
   - Unbudgeted premiums paid or received due to the retirement of refinancing of debt or hedging vehicles.

The Committee shall, however, have discretion to include any of these specifically excluded items, but only to the extent that the exercise of such discretion would reduce (but not increase) the amount of any award otherwise payable under the Plan.

5. Bonus program will not be in force if any material aspects of the Bottle Contracts with TCCC are violated.

6. For purposes of determining incentive compensation, accounting practices and principles used to calculate "actual" results will be consistent with those used in calculating the budget.

ANNEX A FOR 1998

APPROVED PERFORMANCE CRITERIA FOR
AWARDING BONUS PAYMENTS

CORPORATE GOALS

PERFORMANCE INDICATOR	WEIGHTAGE FACTOR*	GOAL
1. Cash Flow:		
Operating Cash Flow (A)	30%	Approved Budget
Free Cash Flow (B)	15%	Approved Budget
2. Net Income	10%	Approved Budget
3. Unit Volume	30%	Approved Budget
4. Market Share - Nielsen	5%	Positive Share Swing
5. Value Measure (9 X OCF - Debt)	10%	Approved Budget
Total	100%	

*Set as Part of Approved Plan

NOTES

1. A. Operating cash flow is defined as income from operations before depreciation and amortization of goodwill and intangibles.

1. B. Free cash flow is defined as the net cash available for debt paydown after considering non-cash charges, capital expenditures, taxes and adjustments for changes in assets and liabilities, but before payment of cash dividends. Specifically excluded would be acquisitions and capital expenditures made because of acquisitions. Specifically excluded from free cash flow are net proceeds from:
   - Sales of franchise territories
   - Sales of real estate
   - Sales of other assets
   - Other items as defined by the Committee.

2. Net Income is defined as the after-tax reported earnings of the Company.

3. Unit Volume is defined as bottle, can and pre-mix cases, converted to 8 oz. cases.

4. If, and to the extent that, excluding any of the following items increases the level of goal achievement with respect to any of the performance indicators, then such item shall be excluded from determination of the level of goal achievement:
   - Unbudgeted events of more than $50,000.
   - Impact of non-budgeted acquisition or joint venture transactions occurring after the commencement of the fiscal year performance period.
   - Adjustments required to implement unbudgeted changes in accounting principles (i.e., new FASB rulings).
   - Unbudgeted changes in depreciation and amortization schedules.
   - Unbudgeted premiums paid or received due to the retirement of refinancing of debt or hedging vehicles.

   The Committee shall, however, have discretion to include any of these specifically excluded items, but only to the extent that the exercise of such discretion would reduce (but not increase) the amount of any award otherwise payable under the Plan.

5. Bonus program will not be in force if any material aspects of the Bottle Contracts with TCCC are violated.

6. For purposes of determining incentive compensation, accounting practices and principles used to calculate "actual" results will be consistent with those used in calculating the budget.

FRANCHISE ASSET
PURCHASE AGREEMENT

THIS FRANCHISE ASSET PURCHASE AGREEMENT, is made as of the 21st day of January, 1998 by and among Coca-Cola Bottling Company Southeast, Incorporated, an Alabama corporation ("SELLER"), NABC, Inc., ("BUYER") a Delaware corporation and an indirect wholly-owned subsidiary of Guarantor, and Coca-Cola Bottling Co. Consolidated, a Delaware corporation ("GUARANTOR").

W I T N E S S E T H:

WHEREAS, Seller is the franchisee of those franchise rights for the bottling, distribution and sale of soft drink products from The Coca-Cola Company, the Dr Pepper Company and other soft drink franchisers in the territories specified in each of the franchise contracts set forth on Exhibit A (collectively the "FRANCHISE CONTRACTS"); and

WHEREAS, Seller desires to sell to Buyer and Buyer desires to purchase from Seller all of Seller's right, title and interest in and to the Franchise Contracts and items of intangible property as specified herein; and

WHEREAS, such purchase and sale shall be pursuant to the terms and conditions of this Agreement; and

WHEREAS, the execution and performance of this Agreement is a condition to closing of that certain Operating Asset Purchase Agreement dated of even date herewith by and among Seller, Guarantor and CCBC of Nashville, L.P. (the "OPERATING ASSET PURCHASE AGREEMENT");

NOW THEREFORE, in consideration of the mutual promises and conditions contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
SALE, TRANSFER AND CONVEYANCE OF
FRANCHISE CONTRACTS AND INTANGIBLE ASSETS

At the Closing and upon the terms and conditions contained herein, Seller shall bargain, sell, assign, convey, and transfer to Buyer, and Buyer agrees to purchase and receive from Seller all of Seller's right, title and interest in and to (i) the Franchise Contracts as well as (ii) all those intangible assets of Seller which are neither "Purchased Assets" nor "Excluded Assets" as those terms are defined in the Operating Asset Purchase Agreement. The foregoing items (i) and (ii) are collectively referred to as the "PURCHASED INTANGIBLES".

ARTICLE II
PURCHASE PRICE

The purchase price for the Purchased Intangibles shall be Twenty-Eight Million Six Hundred Thousand Dollars ($28,600,000) payable at Closing by the issuance to Seller of Buyer's term note providing for payment of Twenty-Eight Million One Hundred Thousand Dollars ($28,100,000) due July 15, 1998 and payment of Five Hundred Thousand Dollars ($500,000) due January 31, 1999, said note being in the form attached hereto as Exhibit B (the "PROMISSORY NOTE"), or at the alternate election of Seller, two (2) promissory notes will be issued, one providing for the payment of Sixteen Million Four Hundred Fifty Thousand Dollars ($16,450,000) due July 15, 1998 and payment of Two Hundred fifty Thousand Dollars ($250,000) due January 31, 1999, and the second providing for the payment of Eleven Million Six Hundred Fifty Thousand Dollars ($11,650,000) due July 15, 1998 and payment of Two Hundred Fifty Thousand Dollars ($250,000) due January 31, 1999, said notes being in the form attached hereto as Exhibit B-1. If the alternate promissory notes are issued, then they shall be deemed collectively defined as the

"Promissory Note" for all purposes under this Agreement. The Promissory Note will state on its face that it is subject to the right of offset pursuant the provisions of Articles XII hereof and Article XV of the Operating Asset Purchase Agreement.

ARTICLE III
CLOSING

The delivery of the Promissory Note pursuant to Article II above, the sale, transfer, assignment and delivery of the Purchased Intangibles pursuant to Article I above, and the delivery of the other instruments, certificates and legal opinions required hereunder (the "CLOSING") shall take place at 200 West Ninth Street Plaza, Suite 209, Wilmington, Delaware 19801, commencing at 2 p.m., eastern standard time on _____, January _____, 1998 or on such other date or such other time or place as the parties hereto shall agree; provided, however, that unless the parties otherwise agree, such closing shall take place on the business day immediately preceding the closing of the transactions contemplated by the Operating Asset Purchase Agreement (the date and time of the Closing being referred to herein as the "CLOSING DATE"). At the Closing (a) Seller shall convey to Buyer all of Seller's right, title and interest in and to the Purchased Intangibles by delivery of bills of sale (in the form attached hereto as Exhibit C) and instruments of transfer and assignment satisfactory to Buyer and its counsel, shall deliver all certificates, opinions of counsel and other instruments and documents contemplated hereby all in form and substance reasonably satisfactory to Buyer's counsel and as shall be reasonably necessary and appropriate to transfer and convey all of Seller's rights in and to the Purchased Intangibles, and (b) Buyer shall deliver to Seller the Promissory Note, and all certificates, instruments and documents contemplated hereby, all in form and substance reasonably satisfactory to Seller's counsel. The effective time of Closing shall be 11:59 p.m. on the Closing Date of the aforesaid Operating Asset Purchase Agreement.

ARTICLE IV
FEES

Each party shall pay its own attorneys and accountants fees and fees of other applicable professionals retained by such party. Seller shall be solely responsible for the fee of Glover Capital, Inc. and any other broker or finder retained by it. Notwithstanding the foregoing, Buyer agrees to reimburse Seller (on a monthly basis as incurred) for all of its actual out-of-pocket costs, expenses and fees (including attorney's fees) incurred by Seller in complying with the provisions of the Hart-Scott-Rodino Antitrust Improvements Act as required by the transactions contemplated by this Agreement and (without duplication of payment) the Operating Asset Purchase Agreement.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF SELLER

As a material inducement to Buyer entering into this Agreement and consummating the transactions contemplated hereby, Seller hereby makes the following representations and warranties to Buyer, each of which shall be continuing, shall be true at the date of execution hereof and on the Closing Date, and shall survive the Closing and the sale of the Purchased Assets and other transactions contemplated hereby as provided in Section 13.2 below. Where a particular representation or warranty is limited to Seller's knowledge, or to the knowledge of Seller, it shall refer only to the knowledge of any of the following: (i) any of the shareholders of Seller, (ii) Robert Carroll (Chief Operating Officer), (iii) Russell Isom (Director of Sales and Marketing), or (iv) Elisa Means (Controller); all without personal liability to said persons.

5.1 CORPORATE EXISTENCE, AUTHORITY AND BINDING EFFECT. Seller is a corporation duly organized, validly existing, and in good standing under the laws of the state of Alabama, and is in good standing as a foreign corporation in the state of Tennessee. Seller has full power and authority to own its properties and conduct its business as now being conducted. Seller has full corporate power and authority to execute this Agreement and consummate the transactions contemplated hereby, and its shareholders and Board of Directors have properly approved the transactions contemplated by this Agreement. True and correct copies of the resolutions of the

Board of Directors and shareholders of Seller authorizing Seller to enter into and consummate this transaction, properly certified by the Chief Executive Officer or Secretary of Seller, are attached hereto as Exhibit D. Upon execution and delivery, this Agreement, the Assignment and Bill of Sale, and all other documents collateral hereto and thereto shall be valid and legally binding documents, enforceable in accordance with their terms, except that (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditor's rights, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceedings therefor may be brought.

5.2 CAPITALIZATION AND GOOD TITLE TO SHARES. The authorized capital stock of Seller consists solely of shares of common stock all of which are owned either by Walter Matthews or Carolyn Matthews Lowe. There are no outstanding subscriptions, options, rights, warrants, or other agreements or commitments obligating Seller to issue or to transfer from treasury any additional shares of its capital stock. There are no pledges or other agreements which would give any other person or entity other than Walter Matthews or Carolyn Matthews Lowe the right to vote the shares of stock of Seller or any right to interfere with the consummation of the transactions contemplated hereunder.

5.3 ORGANIZATIONAL DOCUMENTS. The Articles of Incorporation, By-Laws, minute books and stock books of Seller which have been furnished to Buyer are true and complete and, except as set forth in Schedule 5.3 contain all amendments thereto to date, a record of all material corporate proceedings of Seller (in the case of the minute books), and a record of all stock issuances and transfers (in the case of the stock books). Schedule 5.3 contains a true and complete list of all of the current officers and directors of Seller.

5.4 LIENS AND GOOD TITLE.

(A) Seller owns all legal title and beneficial and equitable interest in and to the Purchased Intangibles. Seller has, and on the Closing Date will have, good and marketable title to

the Purchased Intangibles, free and clear of any and all liens, security interests, pledges, encumbrances, agreements, charges, restrictions, options, joint ownership or adverse claims or rights whatsoever, other than those restrictions stated in the Franchise Contracts comprising the Purchased Intangibles.

(B) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED AT LAW OR IN EQUITY, IN RESPECT OF ANY OF ITS ASSETS (INCLUDING THE PURCHASED INTANGIBLES), LIABILITIES OR OPERATIONS, INCLUDING NO REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, CONDITION OR QUALITY, AND ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. BUYER HEREBY ACKNOWLEDGES AND AGREES THAT, EXCEPT TO THE EXTENT SPECIFICALLY SET FORTH IN THIS AGREEMENT, BUYER IS PURCHASING THE PURCHASED INTANGIBLES ON AN "AS-IS, WHERE-IS" BASIS. THE PROVISIONS OF THIS SECTION 5.4 SHALL SURVIVE THE CLOSING OF THE TRANSACTION DESCRIBED HEREIN AND THE ISSUANCE OF ANY BILLS OF SALE, DEEDS OF TRANSFER, OR OTHER DOCUMENTS OF TRANSFER.

5.5 NO CONFLICT. Neither the execution and delivery of this Agreement, the consummation by Seller of the transactions contemplated hereby, nor the fulfillment and compliance with the terms and provisions hereof will on the Closing Date (i) conflict with or result in a breach of or default under any of the terms, conditions or provisions of any loan, note, bond, mortgage, lease, indenture, license, contract, agreement, or other instrument or obligation to which Seller is a party or by which any of its respective properties or assets are bound (except as limited by the Franchise Contracts), (ii) conflict with any provision of Seller's charter, bylaws, or any corporate agreement binding on Seller, or (iii) otherwise constitute an ultra vires act.

5.6 NO CONSENTS. All consents necessary to consummate the transactions contemplated herein shall be obtained prior to or at the Closing, except as otherwise provided herein. No other consent or approval of, or declaration, filing or registration with, any non-governmental third party or any governmental authority is required to be obtained by Seller (i) in connection with the execution of this Agreement or (ii) for the consummation of the transactions contemplated hereby other than compliance with the provisions of the Hart-Scott-Rodino Antitrust Improvements Act. For purposes of this Section, and as to consents required by soft drink franchisers, only the consent of The Coca-Cola Company and the Dr Pepper Company shall be considered necessary consents. No other consent of a soft drink franchiser shall be deemed a necessary consent.

5.7 ABSENCE OF CHANGE. From the date hereof through and including the Closing Date:

(a) Seller shall not have sold, contracted to sell, conveyed, transferred, assigned, encumbered, pledged, distributed, or otherwise disposed of any of the Purchased Intangibles or any rights thereto.

(b) Seller shall not have granted any license or sub-license of any rights with respect to any of the Purchased Intangibles.

5.8 LITIGATION. Except as set forth in Schedule 5.8, there is no governmental or private litigation, investigation, proceeding, claim, suit or audit of any kind whatsoever pending or, to the best knowledge of Seller, threatened against Seller or the Purchased Intangibles. To Seller's knowledge, there is no private person, other entity or governmental agency who has any basis for any cause of action which would cause Seller, or Buyer as a transferee, to suffer any loss or liability not disclosed herein.

5.9 ANTITRUST MATTERS. Seller is and throughout the applicable statutory period of limitations has been in compliance with all laws and regulations, whether federal or state, per-

taining or relating in any way to the regulation of competition or trade among or between business entities, including but not limited to, Section 1 and 2 of the Sherman Act, Section 3 of the Clayton Act, the Robinson-Patman Act, the Lanham Act, Section 5 of the Federal Trade Commission Act and applicable state antitrust and trade laws, regulations and/or ordinances. The business and operations of Seller, or any predecessor, affiliate, parent or subsidiary thereof, have been conducted in full and complete compliance with any and all such laws, regulations and ordinances. To the knowledge of Seller, there is no grand jury or other federal or state investigation pending with regard to any antitrust matters involving Seller or the Purchased Intangibles.

5.10 NO BROKER OR FINDER. With the exception of Glover Capital, Inc. (whose fee will be paid by Seller), Seller has not had discussions with, negotiated with, been represented by, employed any broker or finder or incurred any liability for any brokerage fees, commission or finder's fees to any individual or entity in connection with this Agreement or any of the transactions contemplated hereby.

5.11 NO MATERIAL OMISSION. To the knowledge of Seller, all facts material to the financial condition, assets, supplies, customers, business prospects, and results of operations of its business have been disclosed to Buyer in writing in this Agreement. To the knowledge of Seller, no representation or warranty contained in this Agreement, and no Exhibit, certificate, Schedule, list or other information attached to this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

ARTICLE VI
BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer hereby makes the following representations and warranties to Seller, each of which shall be continuing, shall be true at the date of execution hereof and on the Closing date, and shall survive the Closing and the sale of the Purchased Assets and other transactions contemplated hereby as provided in Section 13.2 below.

6.1 CORPORATE EXISTENCE, AUTHORITY AND BINDING EFFECT. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the state of Delaware. Buyer has full power and authority to own its properties and conduct its business as now being conducted. Buyer has full corporate power and authority to execute this Agreement and consummate the transactions contemplated hereby, and its shareholders and Board of Directors have properly approved the transactions contemplated by this Agreement. True and correct copies of the resolutions of the Board of Directors and shareholders of Buyer authorizing Buyer to enter into and consummate this transaction, properly certified by the President and Secretary of Buyer, are attached hereto as Exhibit E. Upon execution and delivery, this Agreement, the Assignment and Bill of Sale, and all other documents collateral hereto and thereto shall be valid and legally binding documents, enforceable in accordance with their terms, except that (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditor's rights, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceedings therefor may be brought.

6.2 NO VIOLATION OR CONFLICT. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not violate any law or regulation to which Buyer is subject, or conflict with or cause a default under the terms of any agreement to which Buyer is a party, or by which it or any of its assets may be bound.

6.3 NO LITIGATION. Buyer has not been served with notice that there is any ongoing or pending litigation or antitrust claim against Buyer, Buyer has no knowledge of any such litigation or claim being threatened, and Buyer has no knowledge of any basis for such litigation or claim, whether by private person, other entity, or governmental agency, where such litigation or claim would adversely affect the transactions contemplated by this Agreement.

6.4 NO BROKERS OR FINDERS. Neither Buyer nor anyone acting on its behalf has had discussions with, negotiated with, been represented by, employed any broker or finder or done

anything to cause or incur any liability to any party for any broker's or finder's fees, commissions or the like to any individual or entity in connection with this Agreement or any transaction contemplated hereby.

6.5 FINANCIAL ABILITY. Buyer has the financial ability to consummate the transactions contemplated hereby and honor the Promissory Note.

ARTICLE VII
COVENANTS OF SELLER

Seller covenants and agrees with Buyer as follows:

7.1 CONDUCT OF BUSINESS THROUGH THE CLOSING DATE. From the date hereof through and including the Closing Date:

(a) Seller shall operate its business diligently and only in the usual, ordinary and customary manner as a going concern.

(b) Seller shall take all steps necessary to keep all of the Purchased Intangibles in full force and effect. Seller shall neither act (nor fail to act) in such a manner which would lead to a breach or default by Seller with the terms and conditions of the Franchise Contracts or otherwise give the franchiser any right to terminate the Franchise Contracts.

7.2 REPRESENTATIONS AND WARRANTIES. Seller shall use its commercially reasonable efforts to cause the representations and warranties of Article V to be true and correct as of the Closing Date; provided however, that the foregoing shall not limit Buyer's indemnification rights under Article XII hereof.

7.3 COMPLETION OF TRANSACTIONS. Seller shall use its commercially reasonable efforts to assure that the conditions set forth in Article IX hereof are satisfied on or prior to the Closing Date.

7.4 APPROVALS, CONSENTS. Seller shall fully cooperate with Buyer in obtaining the consent of all franchisers to the transfer of the Franchise Contracts to Buyer; provided however, that so long as Seller has fully cooperated with Buyer in this regard, the failure to obtain any consent to transfer of any soft drink bottling rights shall not be deemed to be a breach by Seller with the terms of this Section 7.4.

7.5 ACCESS TO PROPERTIES AND RECORDS. Seller shall give to Buyer and its financial advisors, counsel, accountants, institutional investors and lenders and other representatives, during normal business hours, access to all properties, books, contracts, documents, and records with respect to Seller's business and affairs as Buyer may request to conduct due diligence and as shall be necessary to effectuate full disclosure to Buyer of all facts affecting the financial condition, business operations and assets of the business which a reasonably prudent business person knowledgeable in transactions of this nature would consider to be material. No investigation by Buyer shall, however, diminish or limit in any way the representations or warranties of Seller as set forth in Article V hereof unless Buyer has actual knowledge of the breach on or prior to the Closing and has consummated the Closing of this Agreement without affording Seller notice of the breach and a reasonable opportunity to cure the breach or to elect not to Close without penalty.

7.6 REFRAIN FROM NEGOTIATIONS WITH OTHERS. For the period beginning with the date of execution of this Agreement to and through the Closing Date or January 31, 1998, whichever shall first occur, Seller and its agents shall negotiate and deal exclusively with Buyer for the sale, transfer, and conveyance of the Purchased Intangibles and Seller shall cause its agents and the shareholders of Seller not to entertain, solicit, or consider any other offers from a third party for the acquisition of any of the stock or assets of Seller.

7.7 NONPUBLICITY AND NONDISCLOSURE OF TERMS. Seller shall take all reasonable steps to minimize any publicity regarding this transaction to third parties without prior approval of Buyer, and Seller shall not, without the prior written consent of Buyer, disclose the purchase price or any other terms of this Agreement or the transactions contemplated hereby to any third party other than as requested by Buyer in writing, or as required by subpoena, civil investigative or discovery demand, criminal investigative demand or similar order lawfully issued by a court of competent jurisdiction, or as otherwise required by law; provided, however, that if Seller receives any of the foregoing, Seller shall promptly notify Buyer and cooperate with Buyer at Buyer's expense to quash or otherwise limit the scope of such disclosure.

7.8 FURTHER ASSURANCES. Seller shall on the Closing Date, and from time to time thereafter, promptly at Buyer's request and without further consideration, execute and deliver to Buyer such instruments of transfer, conveyance and assignment as Buyer shall reasonably request to transfer, convey and assign more effectively the Purchased Intangibles to Buyer.

7.9 NO CHANGE TO GOVERNING DOCUMENTS. Prior to Closing, Seller shall not amend its Articles of Incorporation or Bylaws.

ARTICLE VIII
COVENANTS OF BUYER

Buyer hereby covenants and agrees with Seller as follows:

8.1 REPRESENTATIONS AND WARRANTIES. Buyer shall use its commercially reasonable efforts to cause the representations and warranties of Article VI to be true and correct as of the Closing Date; provided however, that the foregoing shall not limit Seller's indemnification rights under Article XII hereof.

8.2 COMPLETION OF TRANSACTIONS. Buyer shall use its commercially reasonable efforts to assure that the conditions set forth in Article X hereof are satisfied on or before the Closing Date.

8.3 NONDISCLOSURE OF PROPRIETARY INFORMATION. All proprietary and confidential information of Seller made available to Buyer shall remain the property of Seller pending Closing. Prior to Closing (and in the event there is no Closing), Buyer shall restrict its use of any and all information received from Seller for the purposes specified herein and to prepare the filings and take such action as is required by applicable law, including but not limited to the provisions of the Hart-Scott-Rodino Antitrust Improvements Act, and otherwise will be governed by the confidentiality agreement entered into between Buyer and Glover Capital Inc. as of August 22, 1997 and that certain "Binding Proposal to Purchase Coca-Cola Bottling Company Southeast, Incorporated" dated October 27, 1997.

8.4 APPROVALS, CONSENTS. Buyer shall use its commercially reasonable efforts to obtain the consent of The Coca-Cola Company and the Dr Pepper Company to the transfer of the Franchise Contracts.

8.5 NONDISCLOSURE OF TERMS. Buyer shall not, without the prior written consent of Seller, disclose the purchase price or any other economic terms of this Agreement or the transactions contemplated hereby to any third party, other than as required by law, including but not limited to the Securities Act of 1933 and other state or federal securities law. In the event that Buyer is ordered to make a disclosure by virtue of a subpoena, civil investigative or discovery demand, criminal investigative demand or similar order lawfully issued by a court of competent jurisdiction, then Buyer shall promptly notify Seller and cooperate with Seller to quash or otherwise limit the scope of such disclosure. In the event that on or after the date hereof and through the Closing Date, Buyer desires to disclose the fact of this transaction to customers of Seller for purposes of transition, Buyer shall so notify Seller in advance.

ARTICLE IX

CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE

The obligations of Buyer to complete the Closing are subject to the satisfaction on or before the Closing Date of each of the following conditions precedent; provided, however, that the election of Buyer to complete the Closing, notwithstanding that any such condition is not fulfilled by such time, shall not preclude Buyer from seeking redress from Seller for breach of the terms of this Agreement; provided that if Buyer has actual knowledge of the failure, notice of the failure to fulfill the condition has been provided to Seller and Seller has been given a reasonable opportunity to fulfill the condition or elect not to Close without penalty.

9.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Seller set forth in Article V shall have been true and correct in all material respects on the date made and shall be true and correct on the Closing Date. Buyer shall have received a certificate to that effect signed by the Chief Executive Officer of Seller. The parties expressly intend that a non-material breach by Seller of its representations and warranties shall not give Buyer the right to refuse to consummate the Closing or to terminate this Agreement pursuant to Article XI. However, such Closing shall be without prejudice to Buyer's rights of indemnification under Article XII hereof, unless Buyer has actual knowledge of the breach on or prior to the Closing and has consummated the Closing of this Agreement without affording Seller notice of the breach and a reasonable opportunity to cure the breach, or elect not to Close without penalty.

9.2 PERFORMANCE OF COVENANTS. Seller shall have performed and complied with all the covenants, obligations, and conditions required to be performed or complied with by Seller on or before the Closing Date pursuant to this Agreement. Buyer shall have received a certificate to that effect signed by the Chief Executive Officer of Seller. The parties expressly intend that a non-material failure by Seller to perform or comply with any such covenant, obligation, or condition shall not give Buyer the right to refuse to consummate the Closing or to terminate this Agreement pursuant to Article XI. However, such Closing shall be without prejudice to Buyer's rights of indemnification under Article XII hereof, unless Buyer has actual knowledge of the failure on or prior to the Closing and has consummated the Closing of this Agreement without

affording Seller notice of the failure and a reasonable opportunity to cure the failure, or elect not to Close without penalty.

9.3 CERTIFIED COPY OF AUTHORIZING RESOLUTIONS. Buyer shall have received a copy of Seller's board of director and shareholder resolutions approving this transaction, duly certified by the Secretary of Seller.

9.4 NO IMPAIRMENT TO FRANCHISE CONTRACTS.

(A) Seller shall have neither taken any action nor have failed to take any action which would, in Buyer's reasonable opinion, (i) impair the ability of Buyer to be granted soft drink franchise rights in the territories specified in those Franchise Contracts of The Coca-Cola Company or the Dr Pepper Company, pursuant to normal contract terms, or (ii) impose liability upon Buyer for any act or omission of Seller occurring prior to the Closing Date and relating to the Franchise Contracts of The Coca-Cola Company or the Dr Pepper Company.

(B) The consent of The Coca-Cola Company and the Dr Pepper Company to the issuance of soft drink franchise rights to bottle and distribute the beverage brands of The Coca-Cola Company and the Dr Pepper Company in the same territories where Seller has historically held franchise rights shall have been granted to Buyer by said franchisers.

9.5 OPINION OF SELLER'S COUNSEL. Buyer shall have received the opinion of Seller's counsel, Cox and Young, substantially in the form attached hereto as Exhibit F.

9.6 NO LITIGATION. No action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, or local jurisdiction, or before any arbitrator, wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (a) prevent the consummation of any of the transactions contemplated by this Agreement or (b) cause any of the transactions contemplated by this Agreement to be rescinded following consummation. As to the Franchise Contracts, only litigation concerning the franchise rights granted by The Coca-Cola Company and the Dr Pepper Company shall be subject to the provisions of this Section.

9.7 CERTIFICATES OF GOOD STANDING. At Closing, Seller shall have delivered to Buyer a certificate of existence and good standing of Seller from the office of the Alabama Secretary of State dated not earlier than five (5) days prior to the Closing Date. Seller shall also deliver a cer-

tificate of existence of Seller from the office of the Tennessee Secretary of State certifying the due qualification of Seller to transact business in the State of Tennessee as a foreign corporation dated not earlier than five (5) days prior to the Closing Date.

9.8 COMPLIANCE WITH HSR. The parties acknowledge that all applicable waiting periods (and any extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act have expired or otherwise been terminated.

9.9 CLOSING OF OPERATING ASSET PURCHASE AGREEMENT. Under no circumstances shall Buyer have any obligation to consummate this transaction unless and until CCBC of Nashville, L.P. has acquired the operating assets of Seller pursuant to the terms and conditions of the Operating Asset Purchase Agreement.

9.10 CLOSING. The Closing shall have occurred no later than January 31, 1998.

ARTICLE X
CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

The obligations of Seller to complete the Closing are subject to the satisfaction on or before the Closing Date of each of the following conditions precedent; provided, however, that the election by Seller to complete the Closing notwithstanding that any such condition is not fulfilled by such time shall not preclude Seller from seeking redress from Buyer for breach of the terms of the Agreement, provided that if Seller has actual knowledge of the failure, notice of the failure to fulfill the condition has been provided to Buyer and Buyer has been given a reasonable opportunity to fulfill the condition or elect not to Close without penalty.

10.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Buyer set forth in Article VI shall have been true and correct in all material respects on the date made, and shall be true and correct on the Closing Date. Seller shall have received a

certificate to that effect signed by a duly authorized officer of Buyer. The parties expressly intend that a non-material breach by Buyer of its representations and warranties shall not give Seller the right to refuse to consummate the Closing or to terminate this Agreement pursuant to Article XI. However, such Closing shall be without prejudice to Seller's rights of indemnification under Article XII hereof, unless Seller has actual knowledge of the breach on or prior to the Closing and has consummated the Closing of this Agreement without affording Buyer notice of the breach and a reasonable opportunity to cure the breach or elect not to Close without penalty.

10.2 PERFORMANCE OF COVENANTS. Buyer shall have performed and complied with all covenants, obligations, and conditions required to be performed or complied with by Buyer on or before the Closing Date pursuant to this Agreement. Seller shall have received a certificate to that effect signed by a duly authorized officer of Buyer. The parties expressly intend that a non-material failure by Buyer to perform or comply with any such covenant, obligation or condition shall not give Seller the right to refuse to consummate the Closing or to terminate this Agreement pursuant to Article XI. However, such Closing shall be without prejudice to Seller's rights of indemnification under Article XII hereof, unless Seller has actual knowledge of the failure on or prior to the Closing and has consummated the Closing of this Agreement without affording Buyer notice of the failure and a reasonable opportunity to cure the failure or elect not to Close without penalty.

10.3 CERTIFIED COPY OF AUTHORIZING RESOLUTIONS. Seller shall have received a copy of Buyer's board of directors resolutions approving this transaction, duly certified by the Secretary of Buyer.

10.4 OPINION OF BUYER'S COUNSEL. Seller shall have received an opinion of Witt, Gaither & Whitaker, P.C., counsel to Buyer and Guarantor, substantially in the form attached hereto as Exhibit G.

10.5 NO LITIGATION. No action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, or local jurisdic-

tion, or before any arbitrator, wherein an unfavorable injunction, order, decree, ruling, or charge would (a) prevent the consummation of any of the transactions contemplated by this Agreement or (b) cause any of the transactions contemplated by this Agreement to be rescinded following consummation.

10.6 CERTIFICATES OF GOOD STANDING. At Closing, Buyer shall provide Seller with a certificate of existence from the office of the Delaware Secretary of State certifying the existence and good standing of Buyer in the state of Delaware. Such certificates shall be dated not more than five (5) days prior to the Closing Date.

10.7 COMPLIANCE WITH HSR. The parties acknowledge that all applicable waiting periods (and any extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act shall have expired or otherwise been terminated.

10.8 CLOSING OF OPERATING ASSET PURCHASE AGREEMENT. Under no circumstances shall Seller have any obligation to consummate this transaction unless and until CCBC of Nashville, L.P. has acquired the operating assets of Seller pursuant to the terms and conditions of the Operating Asset Purchase Agreement.

10.9 CLOSING. The Closing shall have occurred no later than January 31, 1998.

ARTICLE XI
TERMINATION

11.1 CONDITIONS OF TERMINATION. The obligations of the parties with respect to the Closing shall terminate:

(a) At the election of Buyer, at or prior to Closing, if any of the conditions precedent set forth in Article IX have not been fulfilled on or before the Closing Date, or if any

other circumstance shall have occurred entitling Buyer to terminate this Agreement pursuant to the terms hereof.

(b) At the election of Seller, at or prior to Closing, if any of the conditions precedent set forth in Article X have not been fulfilled on the Closing Date, or if any other circumstance shall have occurred entitling Seller to terminate this Agreement pursuant to the terms hereof.

11.2 EFFECT OF TERMINATION. In the event of termination in accordance with this Article: (i) this Agreement shall become null and void and of no further force or effect, except as otherwise provided herein, (ii) this Agreement shall be deemed to be rescinded, (iii) each party shall pay all costs and expenses incurred by it in connection with this Agreement and the transactions contemplated herein, and (iv) no party shall have further liability to any other party because of the failure to consummate the transactions contemplated hereby.

ARTICLE XII
INDEMNIFICATION

12.1 INDEMNIFICATION BY SELLER. Sellers shall indemnify and hold Buyer harmless from and against, and reimburse and promptly pay to Buyer the full amount of, any and all loss, damage, liability, cost, obligation or expense (including reasonable expenses and fees of counsel) incurred by Buyer, directly or indirectly, as a result of:

(a) a breach of any representation or warranty or inaccuracy of any representation of Seller contained in this Agreement or the Operating Asset Purchase Agreement, or in any certificate or document delivered to Buyer by Seller which is specified in this Agreement; or

(b) a failure of Seller to perform or comply with any covenant, agreement or obligation required by this Agreement or the Operating Asset Purchase Agreement to be performed or complied with by Seller.

All undisputed claims, undisputed portions of partially disputed claims, and disputed claims that have been resolved by agreement of the parties or pursuant to the provisions of Section 12.7 below shall first be applied against the Liability Deductible in the manner set forth in Section 12.4 hereof, and shall be subject to the Seller indemnity cap set forth in Section 12.5 hereof. To the extent that any claim of Buyer against Seller is indemnified by Seller, Seller shall receive all of Buyer's rights in and to such claim and Seller shall be entitled to pursue third parties in satisfaction of such claim as Seller shall deem appropriate.

12.2 INDEMNIFICATION BY BUYER. Buyer shall indemnify and hold Seller harmless from and against, and reimburse and promptly pay to Seller the full amount of, any and all loss, damage, liability, cost, obligation or expense (including reasonable expenses and fees of counsel) incurred by Seller, directly or indirectly, as a result of:

(a) a breach of any representation or warranty of Buyer contained in this Agreement or the Operating Asset Purchase Agreement or in any certificate or document delivered to Seller by Buyer in connection with this transaction; or

(b) a failure of Buyer to perform or comply with any covenant, agreement or obligation required by this Agreement or the Operating Asset Purchase Agreement to be performed or complied with by Buyer.

12.3 NOTICE OF POTENTIAL CLAIMS AND OPPORTUNITY TO PARTICIPATE IN DEFENSE. Promptly after either Buyer or Seller becomes aware of any claim whatsoever which would be subject to indemnification set forth in Sections 12.1 or 12.2 above, such party shall provide the other party with prompt written notice of such claim stating all information regarding the claim that the party possesses. The duty to provide information is a continuing one, and the party claiming indemnification shall provide all new and/or additional information to the indemnifying party as it becomes available. If the notified party acknowledges its obligation to indemnify, then it shall have the option to provide, at its own expense, the defense of any such claims, pro-

vided that (i) the option to defend is exercised and notice of such election is given to the indemnified party within fifteen (15) days of receipt of notice of the claim for indemnification, (ii) the indemnified party shall be kept fully informed of the defense, said defense to be vigorously pursued by the indemnifying party, (iii) the indemnified party shall have the right, at its expense, to participate in the defense and (iv) no material strategic decision or settlement offer or response by the indemnifying party shall be made without the prior consent of the indemnified party (such consent not to be unreasonably withheld or delayed). Nothing herein shall be deemed to prevent Buyer or Seller from making a claim for indemnification hereunder for potential or contingent claims or demands provided the notice sets forth the specific basis for any such potential or contingent claim or demand to the extent then feasible and the notifying party has reasonable grounds to believe that such a claim or demand may be made. Upon the determination that a claim is subject to indemnification (either by agreement or pursuant to the resolution of the dispute pursuant to Section 12.7 below) and the indemnified party has suffered an out of pocket loss, the claim shall bear interest at the same rate as the Promissory Note from the date which is thirty (30) days subsequent to the date on which notice of claim was given to the other party, until the date the claim is satisfied (which in the case of Buyer's claims is the date on which the claim is applied to the Liability Deductible pursuant to Section 12.4 below or the date that the claim is paid by way of offset to the Promissory Note or otherwise). All claims for indemnification must be made prior to the expiration of the applicable representation and warranty as provided in Section 13.2 below.

12.4 LIABILITY DEDUCTIBLE. Seller shall not be required to indemnify Buyer pursuant to this Article XII unless and until the aggregate amount of all indemnification claims made by Buyer to Seller under this Agreement and the Operating Asset Purchase Agreement (without duplication) exceed one half of one percent (0.5%) of the sum of (i) Twenty-Eight Million Six Hundred Thousand Dollars ($28,600,000) plus the "Purchase Price" as adjusted by the "Adjustment" pursuant to Articles II and III of the Operating Asset Purchase Agreement. The result of the foregoing calculation shall be referred to as the "LIABILITY DEDUCTIBLE". Only the amounts in excess of the Liability Deductible are recoverable by Buyer.

12.5 SELLER INDEMNITY CAP, METHOD OF INDEMNITY PAYMENT.

(a) The parties intend that the indemnity cap be the same as, and not in addition to the provisions of Section 15.5 of the Operating Asset Purchase Agreement. Accordingly, the maximum indemnity liability of Seller for (i) breaches of this Agreement (other than for breaches of Sections 5.1, 5.2 and 5.4 hereof) plus (ii) breaches of the Operating Asset Purchase Agreement (other than for breaches of Sections 7.1, 7.2 and 7.5 thereof) shall not exceed One Million Five Hundred Thousand Dollars ($1,500,000). The method of indemnity payment shall be by way of offset to the Promissory Note, or otherwise as provided herein. Such offset shall be by way of substitution of the Promissory Note using the same procedure as specified in Section 3.2 of the Operating Asset Purchase Agreement.

(b) To the extent that proceeds from the Promissory Note have been distributed by Seller directly or indirectly to or for the benefit of one or more shareholders of Seller, then the indemnity obligation shall devolve to such shareholder to the extent of such distribution to the individual shareholder.

(c) In the event that Buyer has made a timely claim for indemnification, and to the extent such claim is in excess of the Liability Deductible, Buyer shall be entitled to withhold payment of an amount equal to such claim from the amounts otherwise due and payable pursuant to the Promissory Note. In such event, the amount so withheld shall continue to bear interest as provided in the Promissory Note until the resolution of such claim. Upon resolution, such amounts, if any, still due to Seller shall be promptly paid, with accrued and unpaid interest.

12.6 EXCLUSIVE REMEDIES. The parties intend that all matters within the scope of the indemnification provisions of this Article XII shall be resolved pursuant to this Article XII and

that this Article XII shall constitute the sole and exclusive remedy of Buyer with respect to such matters or with respect to any other breach of this Agreement, it being understood that the remedies provided in this Article XII shall supersede any conflicting statutory or common law rights of either party. The foregoing shall not apply to claims involving intentional fraud or intentional misrepresentation.

12.7 ARBITRATION. In the event a dispute arises under this Agreement over a claim for indemnification, and if such dispute continues for a period in excess of thirty (30) days subsequent to the date of the claim, either party shall have the right to demand arbitration and the dispute shall then be submitted to a mutually agreeable arbitrator or, if none are mutually agreeable, to the American Arbitration Association for arbitration under the Commercial Arbitration Rules of the Association, as then in effect. If deemed appropriate by the arbitrator, the prevailing party's costs and expenses incurred in connection with the arbitration, including reasonable attorney's fees and expenses, shall be awarded to the prevailing party. The arbitration shall be under the law applicable to this Agreement and held in Atlanta, Georgia. The award of the arbitrator shall be binding upon the parties and may be registered with any court of competent jurisdiction as a judgment.

ARTICLE XIII
MISCELLANEOUS

13.1 SIMULTANEOUS CLOSING. All transactions at Closing including execution and delivery of collateral documents referenced herein shall be deemed to take place simultaneously and none shall be deemed to take place until all shall have taken place.

13.2 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The respective representations, warranties, obligations, covenants and agreements contained herein shall survive the Closing as follows: All representations and warranties of the parties shall expire unless a claim is made prior to the first (1st) anniversary of the Closing Date, except for the representations and warranties under Sections 5.1, 5.2, 5.4, and 6.1, which will survive indefinitely.

13.3 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed as original, and all of which together shall constitute one and the same instrument.

13.4 CAPTIONS. The captions and subject headings are for convenience of reference only, and shall not affect the meaning or construction to be given to any of the provisions hereof.

13.5 GENDER. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the parties and context may require.

13.6 NOTICES. Any notice, demand, request, consent, approval or other communications required or permitted to be given hereunder shall be in writing and shall be delivered personally or sent either by facsimile transmission, or nationally recognized overnight courier (utilizing guaranteed next business morning or day delivery), addressed to the party to be notified at the following address, or to such other address as such party shall specify by like notice:

If to Seller, then to:

Mr. Walter Matthews
381 East Colinas Blvd.
Apartment 5005
Irving, TX 75039
Facsimile: (972) 409-2481

AND BETWEEN THE DATES OF JUNE 1ST AND AUGUST 30TH OF EACH YEAR:

Mr. Walter Matthews
276 Hazelwood Lane
Florence, AL 35634
Facsimile: (205) 757-3920

With a copy to:

Mrs. Carolyn Matthews Lowe

381 East Colinas Blvd.
Apartment 5005B
Irving, TX 75039
Facsimile: (972) 409-2481

Frederick F. Saunders, Jr., Esq.
Harman Owen Saunders & Sweeney, P.C.
1900 Peachtree Center Tower
230 Peachtree Street, NW
Atlanta, Georgia 30303
Facsimile: (404) 525-4347

Mark A. Cohen, Esq.
Cohen, Darnell & Cohen
302 North Market Street
Suite 200
Dallas, TX 75202
Facsimile: (214) 655-2601

If to Buyer then to:

NABC, Inc.
200 West Ninth Street Plaza
Suite 209
Wilmington, DE 19801
Attention: Umesh M. Kasbekar
Facsimile: (302) 655-4681

If to Guarantor then to:

Coca-Cola Bottling Co. Consolidated
1900 Rexford Road
Charlotte, North Carolina 28211
Attention: Umesh M. Kasbekar
Facsimile: (704) 551-4030

With a copy to:

Jonathan M. Minnen, Esq.,
Witt, Gaither & Whitaker, P.C.
1100 SunTrust Bank Building
736 Market Street

Chattanooga, Tennessee 37402
Facsimile: (423) 266-4138

Notices given as provided shall be deemed effective upon receipt if by personal delivery, upon confirmed reception of transmission if by facsimile, or if by recognized overnight courier, on the date delivery is acknowledged to said courier.

13.7 "INCLUDING". Words of inclusion shall not be construed as terms of limitation herein, so that references to "included" matters shall be regarded as non-exclusive, non-characterizing illustrations.

13.8 ENTIRE AGREEMENT, MODIFICATION. This instrument contains the entire agreement of the parties with respect to the subject matter hereof, all previous agreements and discussions relating to the same or similar subject matter being merged herein. The parties acknowledge and agree that neither of them has made any representations with respect to the subject matter of this Agreement or any representations inducing the execution and delivery hereof except as specifically set forth herein. Each of the parties hereto acknowledges that it has relied on its own judgment in entering into this Agreement. This Agreement may not be changed, amended, or modified including specifically the provisions of this paragraph, except by a writing signed by both parties hereto. The provisions of this paragraph may not be changed, amended, modified, terminated, or waived as a result of any failure to enforce any provision or the waiver of any specific breach or breaches thereof or any course of conduct of the parties.

13.9 ASSIGNMENT. This Agreement and the rights, obligations and duties of the parties hereto shall not be assignable or otherwise transferable, provided that the rights, obligations and duties of Buyer may be assigned to a related party of Buyer. In the event of assignment by Buyer, the assignee shall expressly assume, in writing delivered to Seller, the liabilities and obligations of Buyer hereunder, and Buyer shall remain liable for the full performance of all of the assigned liabilities and obligations under this Agreement, which liabilities and obligations of Buyer and Guarantor shall be a primary liability and obligation for full and prompt performance and payment. Buyer shall promptly notify Seller of any such assignment.

13.10 BINDING EFFECT AND BENEFIT. This Agreement shall inure to the benefit of, and shall be binding upon, the parties, their heirs, executors and administrators, successors and permitted assigns.

13.11 PARTIAL INVALIDATION. If any portion of this Agreement is held invalid, illegal or unenforceable, such determination shall not impair the enforceability of the remaining terms and provisions contained herein. In such event, this Agreement shall be construed and interpreted as if such invalid, illegal or unenforceable terms were limited to the minimum extent whereby such terms would be valid, legal and enforceable, and, if such limitation is not possible, this Agreement shall be construed and interpreted as if such invalid, illegal or unenforceable terms were severed and not included herein unless the result of such limitation or severance would result in such a material change as to cause completion of the transactions contemplated hereby to be unreasonable.

13.12 WAIVER. No waiver of a breach or violation of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach.

13.13 NO THIRD PARTY BENEFICIARIES. This Agreement shall not create any rights for the benefit of any third party other than as expressly provided for herein.

13.14 GOVERNING LAW. This Agreement shall be interpreted and construed in accordance with the laws of the State of Tennessee.

13.15 PRESS RELEASES AND PUBLIC ANNOUNCEMENTS. Seller acknowledges that since Guarantor is a publicly traded company, Seller will not issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of Buyer.

13.16 CONSTRUCTION. The parties have participated jointly in the negotiation and drafting of this Agreement. Therefore, in the event of any ambiguity in the construction or interpretation of this Agreement, 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.

13.17 GUARANTY. In order to induce Seller to enter into this Agreement, Guarantor hereby unconditionally guarantees the full and prompt payment and performance of all obligations of Buyer under this Agreement as for Guarantor's own debt and obligation. Guarantor hereby waives any right to require Seller to take any action against Buyer prior to enforcing this guaranty against Guarantor. Guarantor agrees that Seller may grant one or more extensions to fulfill such obligations or release or reach a compromise with any person liable for such obligations without giving Guarantor notice or without obtaining Guarantor's consent. This guaranty is absolute, unconditional, continuing, primary and irrevocable under any and all circumstances and shall not be released, in whole or in part, by any action or thing which might, but for this provision, be deemed a legal or equitable discharge of a surety or guarantor, or by reason of any waiver, omission, action or failure to act by Seller (whether or not Guarantor's risk is varied or increased or its rights or remedies are affected thereby), or by reason of any further dealings between Seller and Buyer, and Guarantor hereby expressly waives and surrenders any defense to its liability hereunder based upon, and shall be deemed to have consented to, the foregoing. Guarantor hereby waives notice of acceptance hereof, notice of non-payment or default by Buyer, presentment, demand, notice of dishonor, protest and any other notices of any kind. This guaranty is a guarantee of payment and performance, not merely of collection. This guaranty is subject to Guarantor's right to assert any defense which could be asserted by Buyer. Under no circumstances shall Guarantor's liability to Seller exceed the liability of Buyer to Seller hereunder; provided, however, that the discharge in bankruptcy of Buyer shall not act to discharge Guarantor's obligations hereunder.

13.18 SCHEDULES AND EXHIBITS. All Exhibits, Schedules and documents specified in this Agreement shall be deemed to be incorporated herein by any reference thereto as if fully set out,

and a matter disclosed in one Schedule or Exhibit shall be deemed to be disclosed in all other Schedules or Exhibits in which such disclosure is called for. The following Schedules and Exhibits are attached hereto:

SCHEDULES	DESCRIPTION	PAGE REFERENCE
5.3	List of Officers and Directors	
5.8	Litigation	

EXHIBITS	SECTION REFERENCE	PAGE REFERENCE
Exhibit A Franchise Contracts	Preamble	
Exhibit B Promissory Note	Article II	
Exhibit B-1 alternative Promissory Note	Article II	
Exhibit C Assignment and Bill of Sale	Article III	
Exhibit D Seller's Resolutions	5.1	
Exhibit E Buyer's Resolutions	6.1	
Exhibit F Opinion of Seller's Counsel	9.5	
Exhibit G Opinion of Buyer's Counsel	10.4	

13.20 DEFINITIONS.

DEFINED TERM	SECTION WHERE DEFINED	PAGE REFERENCE
Buyer	Preamble	
Closing	Article III	
Closing Date	Article III	
Guarantor	Preamble	
Franchise Contracts	Recitals	
Liability Deductible	12.4	
Operating Asset Purchase Agreement	Recitals	
Promissory Note	Article II	
Purchased Intangibles	Article I	
Seller	Preamble	

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year aforesaid.

SELLER:
Coca-Cola Bottling Company Southeast, Incorporated

By: _____
Walter Matthews, Chief Executive Officer

Attest: _____
_____, Secretary

BUYER:

NABC, Inc.

By: _____
Mark J. Gentile, Vice-President

Attest: _____
B. Craig Wilkinson, Ass't. Secretary

GUARANTOR:

Coca-Cola Bottling Co. Consolidated

By: _____
Umesh M. Kasbekar, Vice-President

Attest: _____
_____, _____Secretary

OPERATING ASSET
PURCHASE AGREEMENT

THIS OPERATING ASSET PURCHASE AGREEMENT, is made as of the 21st day of January 1998 by and among Coca-Cola Bottling Company Southeast, Incorporated, an Alabama corporation ("SELLER"), CCBC of Nashville, L.P., ("BUYER") a Tennessee limited partnership and an indirect wholly-owned subsidiary of Guarantor, and Coca-Cola Bottling Co. Consolidated, a Delaware corporation ("GUARANTOR"), for purposes of Section 10.4, 10.5 and 10.6 hereof, Walter Matthews, and for purposes of Sections 10.4 and 10.6 hereof, Carolyn Matthews Lowe.

W I T N E S S E T H:

WHEREAS, Seller is the owner and operator of assets utilized in the manufacture, distribution and sale of soft drink products of The Coca-Cola Company, the Dr Pepper Company and other soft drink franchisers (the "BUSINESS"); and

WHEREAS, Seller desires to sell to Buyer and Buyer desires to purchase from Seller substantially all of the operating assets of the Business other than the franchise rights (such franchise rights to be conveyed by Seller to NABC, Inc., a Delaware corporation, pursuant to that certain "FRANCHISE ASSET PURCHASE AGREEMENT" dated of even date herewith); and

WHEREAS, such purchase and sale shall be pursuant to the terms and conditions of this Agreement;

NOW THEREFORE, in consideration of the mutual promises and conditions contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
PURCHASE AND SALE OF ASSETS

1.1 SALE OF ASSETS. At the Closing and upon the terms and conditions contained herein, Seller agrees to bargain, sell, assign, convey and transfer to Buyer, and Buyer agrees to purchase and receive from Seller, all of the assets of Seller, other than the Excluded Assets, located at the facility of Seller located at 502 South Court Street, Florence, Alabama (the "FACILITY") or used or usable in the business of Seller in connection with or relating to the Business, whether tangible, real, personal, mixed, booked or unbooked, and wherever located including those assets reflected on the interim financial of Seller dated July 31, 1997 (the "INTERIM BALANCE SHEET") hereinafter collectively referred to as the "PURCHASED ASSETS". The Purchased Assets include, without limitation, all of Seller's right, title and interest in the following property used in and/or constituting the Business wherever located:

(a) certain land located in Florence, Lauderdale County, Alabama as more specifically described by Exhibit A hereto, together with all right, title and interest, if any, of Seller in and to all (i) land lying in the bed of any street, road or avenue opened, closed or proposed, public or private, in front of or adjoining the land, (ii) any strips or gores in front of or adjacent to the land, (iii) any water ways, courses, streams or ditches in front of or adjoining the land, (iv) any reversionary rights which Seller may have in any easement or license granted with respect to the foregoing (the foregoing being collectively hereinafter referred to as the "LAND") and (v) all buildings, improvements, and fixtures appurtenant thereto (hereinafter referred to as the "IMPROVEMENTS") situated on, in, under or serving such Land (the Land and Improvements hereinafter collectively referred to as the "REAL ESTATE");

(b) all machinery and equipment used or usable in connection with the Business including but not limited to the machinery and equipment described in Exhibit B hereto (the "MACHINERY AND EQUIPMENT");

(c) all furniture and furnishings used or usable in connection with the Business including but not limited to the furniture and furnishings described in Exhibit C hereto (the "FURNITURE AND FURNISHINGS");

(d) all supplies and miscellaneous items used or usable in connection with the Business, including but not limited to all repair, instruction, safety and maintenance manuals which are necessary or convenient to the operation and utilization of the Purchased Assets (the "SUPPLIES AND MISCELLANEOUS ITEMS");

(e) all trucks, trailers, vans, and other rolling stock and vehicles used or usable in connection with the Business including those described on Exhibit D (the "VEHICLES");

(f) all spare parts, tools and accessories used or usable in connection with the Purchased Assets (the "SPARE PARTS");

(g) all cash and cash equivalents;

(h) all accounts receivable and any other rights to reimbursement or payment from any source including but not limited to any patronage dividends which would be due to Seller from cooperatives;

(i) Seller's inventory of raw materials, work-in-process, and finished goods (the "INVENTORY");

(j) all financial, business and other records relating to the Business of Seller, including but not limited to customer records, personnel records, reports to any governmental or regulatory agency (provided that Seller may retain copies of said reports);

(k) trade secrets, intellectual property rights (including any patents, trademarks, or copyrights, and all rights to computer software whether internally developed or acquired

or licensed from third parties), contracts, licenses, production records, accounts (including bank accounts and safe deposit boxes), prepaid expenses, miscellaneous investments (including capital stock of others) and any and all rights to the exclusive use of the names (i) Coca-Cola Bottling Company, Southeast, (ii) Florence Coca-Cola Bottling Company and (iii) all variations thereof.

(l) to the extent transferable, all product warranties that relate to the Purchased Assets;

(m) all rights of Seller in and to its rights and obligations under the leases and contracts including those listed on Exhibit E;

(n) all rights of Seller in and to all licenses, certificates and permits from all federal, state and other public authorities issued in connection with the operation of the Business;

(o) all keys to the Improvements and all rights to all telephone numbers, facsimile numbers and post office boxes used by the Business;

(p) all of Seller's other claims, refunds, rebates, causes of action, choses in action, rights of recovery, rights of set-off and rights of recoupment relating to the Business;

(q) all of Seller's unemployment tax reserves held by any applicable state and ratings relating to the Business to the extent assignment thereof to Buyer is permitted by applicable law and Buyer requests that they be assigned;

(r) to the extent not otherwise specified above, all assets of Seller listed on the Audited Closing Balance Sheet; and

(s) all rights which Seller has in and to any pension plan, funds, or assets including but not limited to the Retirement Plan.

Buyer acknowledges that although certain Purchased Assets, such as cold drink equipment and merchandising items may be listed in the books and records of Seller, the physical location and therefore the existence of such assets may not be determinable, and the failure by Buyer to locate or determine the existence of such assets will not provide the basis of or result in a claim against Seller hereunder or otherwise, so long as such missing items, in the aggregate, are not material to the Purchased Assets taken as a whole.

1.2 EXCLUDED ASSETS. Notwithstanding anything contained herein to the contrary, the parties acknowledge and agree that the Purchased Assets expressly exclude the following:

(a) bottling franchise rights of The Coca-Cola Company, the Dr Pepper Company and any and all franchisers of beverage products where Seller is the franchisee, such franchise rights to be conveyed by Seller to NABC, Inc., a Delaware corporation, pursuant to the Franchise Asset Purchase Agreement;

(b) Coca-Cola memorabilia, desks and other personal property of Seller that have historically been used and enjoyed by the shareholders of Seller and are listed on Exhibit F hereto, and

(c) the vehicles listed on Exhibit G hereto;

(collectively the "EXCLUDED ASSETS") provided, however, that (i) the Excluded Assets under Section 1.2(b) and (c) above shall have a value not to exceed in the aggregate One Hundred Thousand Dollars ($100,000) in net book value at Closing, and (ii) notwithstanding the application of GAAP, the net working capital of Seller as determined in the Audited Closing Balance Sheet will not be reduced as a result of retention of the Excluded Assets set forth in Section 1.2(b) and (c) above by Seller.

ARTICLE II
TRANSFER AND PURCHASE PRICE OF PURCHASED ASSETS

2.1 TRANSFER.

(a) Subject to the terms and conditions of this Agreement and by way of an "ASSIGNMENT AND BILL OF Sale" in substantially the form attached hereto as Exhibit H and the statutory warranty deed in substantially the form attached hereto as Exhibit I, Seller shall sell, transfer and convey to Buyer, and Buyer shall purchase, receive and accept the Purchased Assets from Seller on the Closing Date. All of the Purchased Assets will be conveyed to Buyer free and clear of all liens, encumbrances, security interests, charges and liabilities whatsoever, except for those matters stated in the statutory warranty deed including but not limited to liens for real estate taxes for the current year, such real estate taxes to be prorated as provided in Section 6.2.

(b) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED AT LAW OR IN EQUITY, IN RESPECT OF ANY OF ITS ASSETS (INCLUDING THE PURCHASED ASSETS), LIABILITIES OR OPERATIONS, INCLUDING NO REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, CONDITION OR QUALITY, AND ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. BUYER HEREBY ACKNOWLEDGES AND AGREES THAT, EXCEPT TO THE EXTENT SPECIFICALLY SET FORTH IN THIS AGREEMENT, BUYER IS PURCHASING THE PURCHASED ASSETS ON AN "AS-IS, WHERE-IS" BASIS. THE PROVISIONS OF THIS SECTION 2.1 SHALL SURVIVE THE CLOSING OF THE TRANSACTION DESCRIBED HEREIN AND THE ISSUANCE OF ANY BILLS OF SALE, DEEDS OF TRANSFER, OR OTHER DOCUMENTS OF TRANSFER.

2.2 PURCHASE PRICE. The purchase price for the Purchased Assets shall be, as adjusted in accordance with Article III hereinafter, (i) One Million Five Hundred Thousand Dollars ($1,500,000) being due in cash at closing (the "CASH PORTION"), (ii) the issuance of a term note by Buyer to Seller providing for payment of Two Million Five Hundred Seventeen Thousand Eight Hundred and Twenty-Seven Dollars and Nineteen Cents ($2,517,827.19) on July 15, 1998 and payment of One Million Dollars ($1,000,000) on January 31, 1999 in the form of Exhibit J (the "PROMISSORY NOTE"), and (iii) the assumption by Buyer of the Assumed Liabilities pursuant to the terms of an "ASSIGNMENT AND ASSUMPTION AGREEMENT" in substantially the form attached hereto as Exhibit K. Items (i), (ii), and (iii) above are collectively referred to as the "PURCHASE PRICE". For purposes hereof, "ASSUMED LIABILITIES" means only those liabilities arising from the conduct of the Business in the ordinary course which (a) are liquidated and non-contingent liabilities of Seller incurred prior to Closing and (b) are reflected on the Audited Closing Balance Sheet. "Assumed Liabilities" expressly excludes any liability to the extent that it arises out of or is related to a breach by Seller with the terms and conditions of this Agreement. The Promissory Note will state on its face that it is subject to rights of offset and deferral of payment for purposes of the Adjustment to Purchase Price and indemnity claims regardless of whether it is held by Seller or a subsequent transferee.

2.3 PAYMENT OF CASH PORTION; DELIVERY OF NOTES. The Cash Portion shall be paid to Seller in immediately available funds at Closing pursuant to the wire transfer instructions set forth in Exhibit L hereto.
The Promissory Note will also be delivered to Seller at Closing.

2.4 ALLOCATION OF PURCHASE PRICE. The Purchase Price shall be allocated by Buyer among the Purchased Assets as of the close of business on the Closing Date. Buyer shall deliver this allocation to Seller within sixty (60) days following the completion of the Audited Closing Balance Sheet. Seller shall have seven (7) business days to review this allocation. The allocation shall be deemed final unless Seller notifies Buyer in writing of its objection within this seven (7) business day period, such notice to specify the nature of the objection. The parties shall then negotiate for an additional seven (7) business days to resolve the dispute. If the dispute is not resolved, Buyer shall engage an MAI (Member of the Appraisal Institute) commercial

appraiser acceptable to Seller (or if Seller does not agree to an appraiser, then any MAI commercial appraiser which would be acceptable to the commercial lending department of AmSouth Bank of Birmingham, Alabama) to appraise the Purchase Assets. The cost of the appraisal shall be shared equally between Seller and Buyer. The allocation of the Purchase Price as determined above will be appended to this Agreement as Exhibit M, and Seller and Buyer agree to timely and properly report this transaction for state and federal tax purposes in accordance with such allocation, including but not limited to the submission of Internal Revenue Service Form 8594 (Asset Acquisition Statement under Internal Revenue Code Section 1060).

ARTICLE III
PURCHASE PRICE ADJUSTMENTS

3.1 SELLER NET WORKING CAPITAL ADJUSTMENT. The Purchase Price will be adjusted, upward or downward based on any positive or negative variance of the net working capital of Seller as of the Closing Date from Nine Hundred Ten Thousand Dollars ($910,000). The net working capital of Seller as of the Closing Date will be determined based upon the Audited Closing Balance Sheet, with any long-term liabilities treated as current liabilities for purposes of computing the Adjustment; i.e. net working capital for purposes of the Adjustment shall be current assets minus the sum of current and long term liabilities.

3.2 PAYMENT OF ADJUSTMENT. If upon determination of the adjustment required under this Article III (the "ADJUSTMENT"), the Adjustment requires a reduction in the Purchase Price, then said amount will be offset against the Promissory Note. In the event that the outstanding principal amount of the Promissory Note is insufficient to make the full amount of the Adjustment, then the remainder of the Adjustment shall be offset against the Promissory Note issued as part of the Franchise Asset Purchase Agreement. In the event that the Adjustment requires an increase in the Purchase Price, then said amount will be added to the Promissory Note issued pursuant to this Agreement. In the event that an Adjustment occurs, the Promissory Note (or if applicable, notes) will be replaced in the following manner: Buyer shall deliver to Seller's counsel a replacement note or notes bearing the issue date of the original note which will be held in

escrow until Seller's counsel has obtained the original note or notes from Seller. Seller agrees to promptly surrendered the note or notes to its counsel. The surrendered note or notes shall be marked "canceled", and dispatched to Buyer's counsel by priority Federal Express(R) (simultaneously sending to Buyer's counsel a facsimile of the canceled note or notes along with the airbill tracking number). Upon dispatch, Seller's counsel shall be authorized to release the replacement note or notes to Seller.

3.3 AUDITED CLOSING BALANCE SHEET. A closing balance sheet will be prepared by Buyer in accordance with United States generally accepted accounting principals ("GAAP") consistently applied for general purpose users, audited by the accounting firm of Price Waterhouse within ninety (90) days of the Closing Date and presented to Seller along with the Adjustment calculation for review and comment. The cost of the audit shall be borne by Buyer. Notwithstanding the application of GAAP, the Audited Closing Balance Sheet will treat any long-term liability as a current liability as specified in Section 3.1 above. The closing balance sheet as thus prepared and audited shall be referred to as the "AUDITED CLOSING BALANCE SHEET".

3.4 REVIEW BY SELLER. During the preparation and audit of the Audited Closing Balance Sheet, Seller and Seller's accounting representatives shall be permitted to be present to review the details of and offer comments on (i) any contemplated decision as to the amount to reflect as contingency provisions or reserves on the Audited Closing Balance Sheet and (ii) any other item in which a discretionary decision is required. Materiality levels will be maintained at the level consistently used by Seller. Pursuant to such review, each party shall be entitled from time to time to examine the working papers prepared in connection therewith and the books and records of Seller, and discuss the preparation of the Audited Closing Balance Sheet and the Adjustment calculation and the conduct of the audit with the other party or its accountants. Such discussions shall be held by telephone or at places mutually agreeable to Seller and Buyer. All such review activities by a party shall be at the expense of such party.

3.5 SETTLEMENT PROCEDURE. In the event that Seller disagrees with the Adjustment calculation, Seller shall deliver to Buyer (within fifteen (15) business days after delivery to Seller of the Audited Closing Balance Sheet) a written description of any such disagreements, and Seller and Buyer shall negotiate in good faith to resolve any disagreement with respect thereto. If, after a period of twenty (20) business days following the date on which Buyer delivers to Seller the Audited Closing Balance Sheet, Buyer and Seller have not resolved any such disagreement, then Buyer and Seller shall jointly select a firm of independent public accountants, of nationally recognized reputation, which firm of accountants shall make a final and binding resolution of the disagreement. Such selection shall be made in the following manner: Seller shall submit within five (5) business days a list of three "Big Five" accounting firms together with the name of the partner at each firm who will be responsible for handling the firm's engagement, from which list Buyer shall select one firm within five (5) business days. The resolution of the disagreement shall be made within twenty (20) business days after the date on which the firm of accountants is selected or as soon thereafter as possible and shall be binding upon the parties. The costs and expenses for the services of such firm of accountants shall be borne equally by Seller and Buyer.

ARTICLE IV
CLOSING

The delivery of the Purchase Price pursuant to Section 2.2 hereof, the sale, transfer, assignment and delivery of the Purchased Assets pursuant to Section 2.1 hereof and the delivery of the other instruments, certificates and legal opinions required hereunder (the "CLOSING"), shall take place at the offices of Harman, Owen, Saunders & Sweeney 1900 Peachtree Center Tower, 230 Peachtree Street, N.W., Atlanta, Georgia commencing at 10 a.m. eastern standard time on _____, January _____, 1998 or on such other date or such other time or place as the parties hereto shall agree; provided however, that unless the parties otherwise agree, such Closing shall take place on the next business day following the closing of the transactions contemplated by the Franchise Asset Purchase Agreement (the date and time of the Closing being referred to herein as the "CLOSING DATE"). At the Closing, (a) Seller shall convey the Purchased

Assets to Buyer by delivery of statutory warranty deeds, bills of sale and instruments of transfer and assignment satisfactory to Buyer and its counsel, including all documents necessary to transfer bank accounts, and shall deliver all certificates, opinions of counsel and other instruments and documents contemplated hereby all in form and substance reasonably satisfactory to Buyer's counsel and as shall be reasonably necessary and appropriate to effectively vest in Buyer good and marketable title in and to the Purchased Assets pursuant to the terms of this Agreement, and (b) Buyer shall deliver to Seller the Cash Portion of the Purchase Price, the term notes referenced in Section 2.2 above, the Assignment and Assumption Agreement, and all certificates and other instruments and documents contemplated hereby, all in form and substance reasonably satisfactory to Seller's counsel. The effective time of the Closing shall be 11:59 p.m. on the Closing Date.

ARTICLE V
LIABILITIES NOT ASSUMED; BULK SALES

5.1 LIABILITIES NOT ASSUMED. Buyer expressly assumes no liabilities or obligations of Seller whatsoever, other than the Assumed Liabilities. Without limiting the foregoing, Buyer specifically does not assume any liability of Seller with respect to obligations for any federal, foreign, state or local taxes except as provided in Section 6.2 or as provided on the Audited Closing Balance Sheet.

5.2 WAIVER OF BULK SALES COMPLIANCE. In consideration of the indemnification provided by Seller in Section 9.7, Buyer waives compliance by Seller with any Bulk Sales Act of the State of Alabama and any other state, if and to the extent such acts are applicable. Nothing contained in this Section, however, shall be construed to be a determination by any of the parties hereto that any of such acts are applicable to the transactions contemplated by this Agreement.

ARTICLE VI

SALES AND TRANSFER TAXES, PRORATIONS AND FEES

6.1 SALES AND TRANSFER TAXES. Seller shall be responsible for payment to the appropriate state or local governmental authorities of all transfer taxes, whether for personal property or real property, with respect to the sale contemplated herein. Buyer shall be responsible for all sales taxes, if any, with respect to the sale contemplated herein.

6.2 PRORATIONS FOR REAL ESTATE AND PERSONAL PROPERTY TAXES AND UTILITIES. Real estate and personal property taxes for the fiscal tax year (October 1st through September 30th) in which the Closing takes place shall be prorated through the Closing Date. If the tax amount for such year has not been determined as of the Closing Date, taxes shall be prorated using the tax amount for the prior year and the parties agree, from and after the Closing Date and upon written demand of either party, to promptly remit to the other party such additional amounts as are necessary to discharge its prorata share of such taxes when the tax rate for the fiscal tax year in which the Closing occurs has been determined. This obligation to adjust the taxes shall survive the Closing. Real Estate and (if estimable) personal property tax prorations shall be reflected on the Audited Closing Balance Sheet. All utility charges and operating expenses of the Real Property shall be prorated based on the number of calendar days in the relevant billing period before and after the Closing Date. Since such amount will likely not be available at Closing, the parties agree that Buyer shall pay the utility bills for billing periods that span the Closing Date, and Seller shall promptly reimburse Buyer for Seller's prorata share of the utility expenses upon Buyer's presentation of copies of the utility bills to Seller.

6.3 RECORDING OR FILING FEES. The party receiving a conveyance by deed, lease, assignment or otherwise shall pay any applicable recording or filing fees thereon.

6.4 ATTORNEY'S AND ACCOUNTANT'S FEES, ETC.. Each party shall pay its own attorney's and accountant's fees and fees of other applicable professionals retained by such party. Seller shall be solely responsible for the fee of Glover Capital, Inc. and any other broker or finder retained by it. Notwithstanding the foregoing, Buyer agrees to reimburse Seller (on a monthly ba-

sis as incurred) for all of its actual out-of-pocket costs, expenses and fees (including attorney's fees) incurred by Seller in complying with the provisions of the Hart-Scott-Rodino Antitrust Improvements Act as required by the transactions contemplated by this Agreement.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES OF SELLER

As a material inducement to Buyer entering into this Agreement and consummating the transactions contemplated hereby, Seller hereby makes the following representations and warranties to Buyer, each of which shall be continuing, shall be true at the date of execution hereof and on the Closing Date, and shall survive the Closing and the sale of the Purchased Assets and other transactions contemplated hereby as provided in Section 17.4 below. Where a particular representation or warranty is limited to Seller's knowledge, or to the knowledge of Seller, it shall refer only to the knowledge of any of the following: (i) any of the shareholders of Seller, (ii) Robert Carroll (Chief Operating Officer), (iii) Russell Isom (Director of Sales and Marketing), or (iv) Elisa Means (Controller); all without personal liability to said persons.

7.1 CORPORATE EXISTENCE, AUTHORITY AND BINDING EFFECT. Seller is a corporation duly organized, validly existing, and in good standing under the laws of the state of Alabama, and is in good standing as a foreign corporation in the state of Tennessee. Seller has full power and authority to own its properties and conduct the Business as now being conducted. Seller has full corporate power and authority to execute this Agreement and consummate the transactions contemplated hereby, and its shareholders and Board of Directors have properly approved the transactions contemplated by this Agreement. True and correct copies of the resolutions of the Board of Directors and shareholders of Seller authorizing Seller to enter into and consummate this transaction, properly certified by the President and Secretary of Seller, are attached hereto as Exhibit N. Upon execution and delivery, this Agreement, the statutory warranty deeds, Assignment and Bill of Sale, the Assignment and Assumption Agreement attached as exhibits hereto, and all other documents collateral hereto and thereto shall be valid and legally binding docu-

ments, enforceable in accordance with their terms, except that (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditor's rights, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceedings therefor may be brought.

7.2 CAPITALIZATION AND GOOD TITLE TO SHARES. The authorized capital stock of Seller consists solely of shares of common stock all of which are owned either by Walter Matthews or Carolyn Matthews Lowe. There are no outstanding subscriptions, options, rights, warrants, or other agreements or commitments obligating Seller to issue or to transfer from treasury any additional shares of its capital stock. There are no pledges or other agreements which would give any other person or entity other than Walter Matthews or Carolyn Matthews Lowe the right to vote the shares of stock of Seller or any right to interfere with the consummation of the transactions contemplated hereunder.

7.3 ORGANIZATIONAL DOCUMENTS. The Articles of Incorporation, By-Laws, minute books and stock books of Seller which have been furnished to Buyer are true and complete and contain all amendments thereto to date, a record of all material corporate proceedings of Seller (in the case of the minute books and except as set forth in Schedule 7.3), and a record of all stock issuances and transfers (in the case of the stock books). Schedule 7.3 contains a true and complete list of all of the current officers and directors of Seller.

7.4 FINANCIAL STATEMENTS. Attached as Schedule 7.4, are copies of the 1995 and 1996 financial statements of Seller (the "SELLER FINANCIAL STATEMENTS") which have been prepared in accordance with GAAP, and each of which fairly presents the financial position and results of operations of Seller as of the respective dates of the statements.

7.5 LIENS AND GOOD TITLE. Seller owns, of record, all legal title and beneficial and equitable interest in and to all of the Purchased Assets. Seller has, and on the Closing Date will have, good and marketable title or valid leasehold interest to all of the Purchased Assets, free and

clear of any and all mortgages, deeds of trust, liens, security interests, pledges, encumbrances, encroachments, easements, leases, agreements, covenants, charges, restrictions, options, joint ownership or adverse claims or rights whatsoever, except for liens for taxes not yet due and those matters and limitations specified in the statutory warranty deed.

7.6 NO CONFLICT. Neither the execution and delivery of this Agreement, the consummation by Seller of the transactions contemplated hereby, nor the fulfillment and compliance with the terms and provisions hereof will (i) conflict with or result in a breach of or default under any of the terms, conditions or provisions of any loan, note, bond, mortgage, lease, indenture, license, contract, agreement, or other instrument or obligation to which Seller is a party or by which any of its respective properties or assets are bound, (ii) conflict with any provision of Seller's charter, bylaws, corporate agreement binding on Seller, or (iii) otherwise constitute an ultra vires act.

7.7 INVENTORY AND PRODUCT IN THE TRADE. As of the Closing Date, the Inventory is in good and merchantable condition. To the knowledge of Seller, there is no pending governmental investigation or regulatory action affecting the Inventory.

7.8 ACCOUNTS RECEIVABLE. Except as disclosed on Schedule 7.8, all accounts receivable reflected on the Audited Closing Balance Sheet will have arisen from transactions in the ordinary course of business, credit being extended in a manner consistent with Seller's regular credit practices. Reserves will be provided on the Audited Closing Balance Sheet consistent with historical reserve levels. Except as disclosed on Schedule 7.8, Seller has not been notified by any customer that such customer disputes or otherwise intends not to pay its debt as reflected in the accounts receivable in the ordinary course of business.

7.9 CASE SALES ANALYSES. Attached hereto as Schedule 7.9 are copies of case sales analysis for the period commencing 1995 and ending July 31, 1997 (collectively the "CASE SALES ANALYSES"). To the knowledge of Seller, the Case Sales Analyses fairly and accurately reflect the sales of the Business for the periods then ended consistent with past practices.

7.10 TAX RETURNS AND REPORTS. Except as set forth in Schedule 7.10:

(a) Seller has filed all federal, state, local and foreign tax returns and reports required under the laws of the United States or any foreign country or any state or municipal or political subdivision of any of the foregoing ("TAX RETURNS") to be filed by Seller in respect of any Tax or Taxes. For purposes of this Agreement "TAX" and "TAXES" shall mean all income, gross receipt, gains, sales, use, employment, franchise, license, school, profits, property, ad valorem, excise or other taxes, estimated, import duties, fees, stamp, taxes and assessments or charges of any kind whatsoever (whether payable directly or by withholding), together with any additional charges, interest and any penalties, additions to tax or additional amounts imposed by any taxing authority with respect thereto, or any charges, interest or penalties imposed by any taxing authority as the result of the failure to file any return.

(b) Seller has paid or provided for all Taxes shown on the Tax Returns, and all deficiencies and assessments of Tax, interest or penalties.

(c) Seller has no penalties or other charges which are, or will become, due with respect to late filing of any Tax Returns.

(d) Except as set forth in Schedule 7.10, Seller has not had any of the Tax Returns audited for any fiscal year beginning after January 1, 1990. If any audits have occurred since January 1, 1990, all material results are summarized in Schedule 7.10.

All of the Tax Returns as filed were true and correct.

7.11 BANK ACCOUNTS. Schedule 7.11 sets forth a complete and accurate list of each bank or financial institution in which Seller has an account or safety deposit box (giving the ad-

dress and account numbers) and the names of the persons authorized to draw thereon or who have access thereto.

7.12 OCCUPATIONAL SAFETY, HEALTH AND OTHER FILINGS. To the knowledge of Seller, Seller will list on Schedule 7.12 and deliver to Buyer at Closing all reports and filings made or filed by Seller pursuant to all applicable occupational safety and health legislation, regulations and orders since January 1, 1995.

7.13 ABSENCE OF UNDISCLOSED CLAIMS AND LIABILITIES. Except as disclosed on Schedule 7.13, to Seller's knowledge there are no claims or liabilities of any nature, whether accrued, unaccrued, absolute, contingent or otherwise, which exist presently or which may arise in the future as a result of activities of Seller or the Business on or prior to the Closing Date which would impose any transferee liability on Buyer (including but not limited to product liability claims and claims for off-site disposal of hazardous waste or regulated substances) other than the Assumed Liabilities.

7.14 COMPLIANCE WITH LAWS. Except as disclosed in Schedule 7.14, to Seller's knowledge, neither Seller nor the Business is in violation or has received a notice of potential violation of any applicable federal, state or local law, statute, ordinance, order, rule or regulation relating to or affecting the ownership of the Purchased Assets or the operation or conduct of the Business.

7.15 NO CONSENTS. All consents necessary to consummate the transactions contemplated herein shall be obtained prior to or at the Closing, except as otherwise provided herein. No consent or approval of, or declaration, filing or registration with, any non-governmental third party or any governmental authority is required to be obtained by Seller (i) in connection with the execution of this Agreement, (ii) for the consummation of the transactions contemplated hereby (including but not limited to the assignment of the contracts specified under Section 7.19) or (iii) for the operation of the Business other than compliance with the provisions of the Hart-Scott-Rodino Antitrust Improvements Act. For purposes of this Section, and as to consents required by

soft drink franchisers, only the consent of The Coca-Cola Company and the Dr Pepper Company shall be considered necessary consents. No other consent of a soft drink franchiser shall be deemed a necessary consent.

7.16 ABSENCE OF CHANGE. From July 31, 1997 and through the Closing Date and except as disclosed in Schedule 7.16, the other schedules and exhibits attached hereto or reflected in the Audited Closing Balance Sheet:

(a) The business shall have been conducted in the ordinary course consistent with historical methods of operation.

(b) The inventory of the Business shall have been maintained at ordinary, normal and customary levels, and no extraordinary change in purchases or sales shall have occurred.

(c) There shall have been no loss, damage, claim, liability, adverse change to, of, or in the Business, and no event or condition shall have occurred which adversely affects the Purchased Assets, the intended use thereof or the prospects of the Business.

(d) Seller shall not have sold, contracted to sell, conveyed, transferred, assigned, distributed, or otherwise disposed of any of the Purchased Assets, or any rights thereto, except for (i) the sale of Inventory in the ordinary and customary course of business and (ii) the transactions contemplated hereby.

(e) Seller shall not have mortgaged, pledged, or granted any security interest in, and has not encumbered or otherwise caused a lien to be placed against any of the Purchased Assets, except liens for unpaid taxes not yet due and which have been adequately provided for in the Audited Closing Balance Sheet.

(f) Except as disclosed in Schedule 7.16, Seller shall not have granted an increase in any bonus, fringe benefits, incentive or other compensation payable, or to become pay-

able (except normal and customary salary increases and performance bonuses consistent with past practice), to any employee or agent of the Business, nor made any oral or written commitment to adopt or grant any bonus, incentive compensation, deferred compensation, profit sharing, pension, post employment or severance benefit (including insurance), golden parachute agreement, change of control agreement or other employee benefit.

(g) Seller shall not have made any changes in its Business, including, without limitation, its advertising, pricing and employment policies beyond that which would be considered normal in the ordinary business fluctuations inherent in the soft drink bottling business.

(h) Except as disclosed in Schedule 7.16, Seller shall not have made any declaration, setting aside or payment of any dividend or other distribution of assets (whether in cash, stock or property) with respect to the capital stock of Seller, or any direct or indirect redemption, purchase or other acquisition of such capital stock.

(i) Seller has not received notice and Seller has no knowledge that a third party has accelerated, terminated, modified, or canceled any agreement, contract, lease, or license (or series of related agreements, contracts, leases, or licenses) relating to the Business involving more than $25,000 to which Seller is a party or by which it is bound.

(j) Except as disclosed on Schedule 7.16, Seller has not canceled, compromised, waived, or released any right or claim (or series of related rights and claims) relating to the Business either involving more than $25,000 in the aggregate or outside the ordinary course of business.

(k) Seller has not granted any license or sublicense of any rights with respect to any of its contract rights.

Additionally, Seller is not aware of any significant change in the customers, employees, equipment needs, markets, or suppliers of or to the Business.

7.17 LICENSES AND PERMITS. To the knowledge of Seller, all approvals, authorizations, consents, licenses, orders, franchises, rights, registrations and permits from all governmental and non-governmental agencies and authorities which are material to the operation of the Business as presently conducted have been obtained. Schedule 7.17 contains a list of most, but not necessarily all of such items. For purposes of this Section, soft drink franchise rights shall not be included.

7.18 MAJOR SUPPLIERS AND CUSTOMERS. To the knowledge of Seller, Schedule 7.18 sets forth a list of most but not necessarily all of the suppliers of goods to Seller to whom Seller paid in the aggregate $5,000 or more during the most recent completed fiscal year, together with the approximate amount paid during such period and a list of most but not necessarily all of the customers of Seller to whom Seller sold more than Twenty-Five Thousand Dollars ($25,000) of products during the most recent completed fiscal year together with the approximate amount of product sold during such period. To Seller's knowledge, Seller has not been notified that any supplier or customer listed on Schedule 7.18, intends to diminish the amount of business which it will engage in with Seller subsequent to the Closing Date by more than ten percent (10%). Set forth on Schedule 7.18, is a list of most but not necessarily all of the volume incentive programs, rebate programs or consignment or special return arrangements Seller has with any of its customers. To Seller's knowledge, during 1997, no sales of products of the Business have been made which have resulted or will result in such customer holding more product inventory than such customer normally maintains and sells in the ordinary course of business.

7.19 MATERIAL CONTRACTS AND COMMITMENTS. To Seller's knowledge, Schedule 7.19 contains a reasonably complete and accurate list of all material contracts, agreements, commitments or understandings, whether oral or written, to which the Business or the Purchased Assets are subject ("CONTRACTS"). To the knowledge of Seller, each of the Contracts is valid, in full force and effect, and enforceable in accordance with its terms, except to the extent that the same

may be limited by laws concerning insolvency, bankruptcy, or similar laws or equitable principles affecting the enforcement of creditors' rights generally.

7.20 BUSINESS RECORDS. To the knowledge of Seller all of Seller's business records have been maintained in accordance with good and sound accounting and business practices.

7.21 REAL ESTATE.

(a) GENERAL. Except for the Real Estate, there is no real property owned or continuously occupied by Seller and used or connected with the Business.

(b) CODES, ORDINANCES, USE AND NOTICE OF CONDEMNATION. To the knowledge of Seller, there are no existing, pending or proposed violations of any fire or health codes, building ordinances, or rules of the Board of Fire Underwriters (or organizations exercising functions similar thereto), with respect to the Real Estate. Seller has received no notice of any condemnation proceeding in process or proposed that would affect the Real Estate. Seller shall advise Buyer forthwith of any notice concerning violations, condemnation proceeding, and tax or utility rate increases that may affect the Real Estate.

(c) NO NOTICE OF VIOLATIONS. To the knowledge of Seller, Seller's Business is in material compliance with all applicable laws, rules and regulations. To the knowledge of Seller, Seller has not received any notice of violations of any federal, state or local laws, ordinances, rules, regulations or orders relating to the Business or the Purchased Assets.

(d) UTILITY CONNECTIONS. To Seller's knowledge, all public utility connections serving the Business have been completed, installed, activated, and paid for. To the knowledge of Seller (without a separate duty of independent inquiry) all utility connections are in compliance with appropriate codes, rules and regulations.

(e) TAXES AND UTILITIES. Seller has no knowledge of any notice or any condition which would result in an increase in the assessments covering the Real Estate or utility rates affecting the Real Estate or the Business.

(f) ACCESS. Seller, to its knowledge, presently has the unencumbered right to use (and to transfer to Buyer) all accesses from the Real Estate to and from public thoroughfares, as such accesses are presently configured and utilized.

(g) RIGHT TO OPERATE. To Seller's knowledge, Seller has the legal right to operate all parts of the Real Estate in the manner in which it is currently being operated as a facility for the manufacture, distribution and sale of soft drink products.

7.22 LITIGATION. Except as disclosed on Schedule 7.22, there is no governmental or private litigation, investigation, proceeding, claim, suit or audit of any kind whatsoever pending or, to the knowledge of Seller, threatened against Seller, the Business, or any of the Purchased Assets. Seller has no knowledge or reason to believe that there is any private person, other entity, or governmental agency who has any basis for any cause of action which would cause Seller, the Business or Buyer, as a transferee, to suffer any loss or liability not disclosed herein.

7.23 LABOR RELATIONS. Except as disclosed on Schedule 7.23, since January 1, 1997, neither Seller nor the Business is, or has been, involved in any labor discussion with any unit or group seeking to become the bargaining unit for any of its employees, nor does Seller have any notice or knowledge that any such unit or group has announced an intention to commence any organizational activities among the employees of the Business. Except as disclosed on Schedule 7.23, since January 1, 1997, Seller has not been accused, notified or made aware of any pending unfair labor or employment practice, discriminatory act or omissions, nor is there any pending or threatened strike, work stoppage, or other labor dispute affecting Seller or the Business.

7.24 EMPLOYEE CONTRACTS, UNION AGREEMENTS AND BENEFIT PLANS. Schedule 7.24 sets forth a complete and accurate list and description of all oral or written employment, consult-

ing or collective bargaining contracts, deferred compensation, change in control agreements, golden parachute agreements, profit-sharing, bonus, option, share purchase or other benefit or compensation commitment, benefit plans, arrangements or plans, including all welfare plans of or pertaining to the present for former employees of Seller, or Seller's predecessors in interest. Except as set forth on Schedule 7.24, Seller and its predecessors in interest have complied with all of their respective obligations, including the payment of all contributions, the filing of all reports, and the payment or accrual of all expenses for the period between the end of the previous plan year and the Closing Date, with respect to such contracts, commitments, arrangements and plans. The plans have been maintained in compliance with all applicable laws and regulations. The levels of insurance reserves and accrued liabilities with regard to all such plans are reasonable and are sufficient to provide for all incurred but unreported claims and any retroactive premium adjustments.

7.25 EMPLOYEE BENEFIT PLANS.

(a) The only employee pension benefit plan as defined in Section 3(2) of Employee Retirement Income Security Act of 1974 ("ERISA") and including all trusts executed in connection therewith, adopted or sponsored or maintained or contributed to by Seller with respect to which or as the result of which Seller has or may have had or may have any liability (specifically including, but not limited to, any liability for a partial or complete withdrawal from a "MULTI-EMPLOYER PLAN" as defined in Sections 3(37) and 4001(a)(3) of ERISA and any other liability arising under Title IV of ERISA) during the last five (5) years is the Coca-Cola Bottling Company Southeast, Incorporated Defined Benefit Plan (the "RETIREMENT PLAN"). The term "Seller" specifically includes for the purposes of this Section 7.25 Seller and any member of a controlled group with Seller under Section 414(b),(c),(m) or (o) the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "CODE") or any organization to which Seller is a successor or parent corporation within the meaning of Section 4069(b) of ERISA. Seller has never been required to make or has made any contribution to any Multi-employer Plan.

(b) The Retirement Plan is subject to a favorable determination letter; and all amendments made to the Retirement Plan prior to the Closing Date have either been considered in the determination letter or attached hereto as Schedule 7.25. To Seller's knowledge, no action has been taken (or failure to take action has occurred) which would cause such determination letter to be revoked. To the knowledge of Seller, the Retirement Plan has been administered and operated in accordance with its terms and in a manner so as to preserve such qualification. All Notices of Reportable Events required to be filed with the Pension Benefit Guaranty Corporation have been timely filed. Based on actuarial reports received by Seller, the Retirement Plan will be fully funded on a termination basis as of Closing so that if the Retirement Plan were terminated as of Closing there would be sufficient assets to pay for all liabilities accrued as of that date (assuming that all participants would be fully vested). As of Closing, Seller shall have withdrawn no assets out of the Retirement Plan.

(c) (i) Neither Seller nor any fiduciary as defined in Section 3(21) of ERISA has taken any action or failed to take any action which would result in any liability to Buyer after the Closing Date with respect to the Retirement Plan or any welfare benefit plan within the meaning of Section 3(1) of ERISA maintained or contributed to by Seller during the last five (5) years (collectively the "EMPLOYEE BENEFIT PLANS"); and Buyer is specifically free from any obligation to continue any Employee Benefit Plan after the Closing Date.

(ii) There is not any contract, plan or commitment or legal requirement (other than the funding requirement of ERISA with respect to the Retirement Plan), that would require Buyer to create any additional employee benefit plan to provide or designed to provide benefits for any employees of Seller or their dependents or beneficiaries or that would require Buyer to make any contribution to or to pay any expense of the Retirement Plan or to any Employee Benefit Plan.

7.26 ANTITRUST MATTERS. Seller and the Business are and throughout the applicable statutory period of limitations have been in compliance with all laws and regulations, whether

federal or state, pertaining or relating in any way to the regulation of competition or trade among or between business entities, including but not limited to, Section 1 and 2 of the Sherman Act, Section 3 of the Clayton Act, the Robinson-Patman Act, the Lanham Act, Section 5 of the Federal Trade Commission Act and applicable state antitrust and trade laws, regulations and/or ordinances. The business and operations of Seller, or any predecessor, affiliate, parent or subsidiary thereof, have been conducted in full and complete compliance with any and all such laws, regulations and ordinances. To the knowledge of Seller, there is no grand jury or other federal or state investigation pending with regard to any antitrust matters involving Seller or the Business.

7.27 ABSENCE OF CERTAIN PAYMENTS. Other than for services legitimately and openly performed under applicable laws and nominal non-cash gifts (with a total per donee retail value of less than $100.00 in any year), neither Seller, nor to Seller's knowledge, any agent, employee or representative of Seller has made any payment, gratuity, gift or thing of value to any present or prospective customer, supplier, government official, insurance carrier, referral source, employee or agent or any other person.

7.28 NO BROKER OR FINDER. With the exception of Glover Capital, Inc. (whose fee will be paid by Seller), Seller has not had discussions with, negotiated with, been represented by, employed any broker or finder or incurred any liability for any brokerage fees, commission or finder's fees to any individual or entity in connection with this Agreement or any of the transactions contemplated hereby.

7.29 NO MATERIAL OMISSION. To the knowledge of Seller, all facts material to the financial condition, assets, supplies, customers, business prospects, and results of operations of the Business have been disclosed to Buyer in writing in this Agreement. To the knowledge of Seller, no representation or warranty contained in this Agreement, and no Exhibit, certificate, Schedule, list or other information attached to this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

ARTICLE VIII
BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer hereby makes the following representations and warranties to Seller, each of which shall be continuing, shall be true at the date of execution hereof and on the Closing date, and shall survive the Closing and the sale of the Purchased Assets and other transactions contemplated hereby as provided in Section 17.4 below:

8.1 FORMATION, GOOD STANDING AND POWER. Buyer is a limited partnership duly organized, validly existing, and in good standing under the laws of the State of Tennessee, with full power and authority to execute this Agreement and consummate the transactions contemplated hereby. Buyer is qualified to transact business in the state of Alabama. Buyer's general and limited partners have properly approved the execution of this Agreement and the consummation of the transactions contemplated hereby and a copy of their resolution authorizing Buyer to execute this Agreement and consummate the transactions contemplated hereby, properly certified by the general partner of Buyer is attached hereto as Exhibit O. Upon execution, this Agreement and the transactions contemplated herein shall be the valid, legal and binding obligation of Buyer, enforceable in accordance with its terms, subject to equitable principles of any bankruptcy, insolvency, and other similar laws generally affecting creditors' rights.

8.2 NO VIOLATION OR CONFLICT. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not violate any law or regulation to which Buyer is subject, or conflict with or cause a default under the terms of any agreement to which Buyer is a party, or by which it or any of its assets may be bound.

8.3 NO LITIGATION. Buyer has not been served with notice that there is any ongoing or pending litigation or antitrust claim against Buyer, Buyer has no knowledge of any such litigation or claim being threatened, and Buyer has no knowledge of any basis for such litigation or

claim, whether by private person, other entity, or governmental agency, where such litigation or claim would adversely affect the transactions contemplated by this Agreement.

8.4 NO BROKERS OR FINDERS. Neither Buyer nor anyone acting on its behalf has had discussions with, negotiated with, been represented by, employed any broker or finder, or done anything to cause or incur any liability to any party for any broker's or finder's fees or the like in connection with this Agreement or any transaction contemplated hereby.

8.5 FINANCIAL ABILITY. Buyer has the financial ability to consummate the transactions contemplated hereby, tender the Purchase Price, and honor the term notes constituting a portion of the Purchase Price in accordance with the terms of said notes.

ARTICLE IX
COVENANTS OF SELLER

Seller covenants and agrees with Buyer as follows:

9.1 CONDUCT OF BUSINESS THROUGH THE CLOSING DATE. From the date hereof through and including the Closing Date:

(a) Seller shall operate the Business diligently and only in the usual, ordinary and customary manner as a going business concern and use its commercially reasonable efforts to preserve its present business organizations intact so as to keep available the services of its present employees and agents, and to preserve its present business relationship with customers, suppliers, and others having business dealings with Seller.

(b) Seller shall maintain in the same condition as existing on the date hereof (reasonable wear and tear excepted) all properties necessary for the conduct of the Business, whether owned or leased, real or personal;

(c) Seller shall maintain its books, records, and accounts in the usual manner on a basis consistent with prior periods utilizing historical accounting practices.

(d) Seller shall duly comply with all laws relevant to the conduct of the Business.

(e) Seller shall not enter into any contract, commitment, lease or sublease relating to or affecting the Business, other than in the ordinary course of business, without the prior written approval of Buyer.

(f) Seller shall use its commercially reasonable efforts to preserve for Buyer the relationships existing with Seller's suppliers, customers, employees and others having business relationships with Seller.

(g) Seller shall maintain insurance consistent with past practice upon the Purchased Assets until Closing, and, unless Buyer elects to terminate this Agreement pursuant to Article XIV, Seller shall transfer and convey to Buyer all amounts received under such insurance for an insured loss, such amounts to be included in the Purchased Assets.

(h) Seller shall take all action reasonably necessary to maintain the utility services being provided to the Real Estate.

(i) Except for Assumed Liabilities, Seller shall hold Buyer harmless from all claims for labor, materials, supplies, and defective product which, if unpaid, might become a lien or charge upon the Purchased Assets, or impose transferee liability upon Buyer.

(j) Except in the ordinary course of business and with the approval of Buyer, Seller will not create or assume any mortgage, pledge, lien, encumbrance or charge of any kind (including vendor's rights under conditional sales agreements or other title retention agreements) upon the Purchased Assets, whether owned or hereafter acquired, except

such mortgages, liens, pledges, encumbrances or charges, if any, as are consented to in writing by Buyer in advance.

(k) Except in the ordinary course of business or with the approval of Buyer, Seller shall not sell or remove any of the Purchased Assets from the Real Property.

(l) Except in the ordinary course of business or with the approval of Buyer, Seller shall not make any distribution of its assets.

9.2 REPRESENTATIONS AND WARRANTIES. Seller shall use its commercially reasonable efforts to cause the representations and warranties of Article VII to be true and correct as of the Closing Date; provided however, that the foregoing shall not limited Buyer's indemnification rights under Article XV hereof.

9.3 COMPLETION OF TRANSACTIONS. Seller shall use its commercially reasonable efforts to assure that the conditions set forth in Article XII hereof are satisfied on or prior to the Closing Date.

9.4 ACCESS TO PROPERTIES AND RECORDS. Seller shall give to Buyer and its financial advisors, counsel, accountants, institutional investors and lenders and other representatives, during normal business hours, access to all properties, books, contracts, documents, and records with respect to Seller's business and affairs as Buyer may request to conduct due diligence and as shall be necessary to effectuate full disclosure to Buyer of all facts affecting the financial condition, business operations and assets of the Business which a reasonably prudent business person knowledgeable in transactions of this nature would consider to be material. No investigation by Buyer shall, however, diminish or limit in any way the representations or warranties of Seller as set forth in Article VII hereof, unless Buyer has actual knowledge of the breach on or prior to the Closing and has consummated the Closing of this Agreement without affording Seller notice of the breach and a reasonable opportunity to cure the breach or to elect to Close without penalty.

9.5 REFRAIN FROM NEGOTIATIONS WITH OTHERS. For the period beginning with the date of execution of this Agreement to and through the Closing Date or January 31, 1998, whichever shall first occur, Seller and its agents shall negotiate and deal exclusively with Buyer for the sale of the Purchased Assets and Seller shall cause its agents and the shareholders of Seller not to entertain, solicit, or consider any other offers from a third party for the acquisition of any of the stock or assets of Seller.

9.6 NONPUBLICITY AND NONDISCLOSURE OF TERMS. Seller shall take all reasonable steps to minimize any publicity regarding this transaction to third parties without prior approval of Buyer, and Seller shall not, without the prior written consent of Buyer, disclose the Purchase Price or any other terms of this Agreement or the transactions contemplated hereby to any third party other than as requested by Buyer in writing, or as required by subpoena, civil investigative or discovery demand, criminal investigative demand or similar order lawfully issued by a court of competent jurisdiction, or as otherwise required by law; provided, however, that if Seller receives any of the foregoing, Seller shall promptly notify Buyer and cooperate with Buyer at Buyer's expense to quash or otherwise limit the scope of such disclosure.

9.7 BULK SALES. Seller acknowledges noncompliance with any applicable bulk sales or transfer act and agrees to pay all of its creditors as Seller's liabilities accrue and become due and payable to the extent that such liabilities are not Assumed Liabilities as provided herein. Subject to Section 15.4 and 15.5 hereof, Seller shall indemnify and hold harmless Buyer from and against, and reimburse and pay to Buyer the full amount of any and all loss, damage, liability, cost obligation or expense (including reasonable expenses and fees of counsel) incurred by Buyer, directly or indirectly, by reason of Seller's failure to pay its creditors as provided above.

9.8 TERMINATION OF EMPLOYEES. On the Closing Date, Seller shall terminate the employment of all those employees of Seller that Buyer wishes to employ so as to make the services of such persons available to Buyer. Buyer may, at its sole discretion, employ such persons under agreements which are terminable at will.

9.9 NAME CHANGE OF SELLER. On the Closing Date, Seller shall file with the probate court of Lauderdale County, Alabama such documents as are necessary to amend its Certificate of Incorporation and change its name to one dissimilar to any of the names constituting part of the Purchased Assets under Section 1.1(k).

9.10 FURTHER ASSURANCES. Seller shall on the Closing Date, and from time to time thereafter, promptly at Buyer's request and without further consideration, execute and deliver to Buyer such instruments of transfer, conveyance and assignment as Buyer shall reasonably request to transfer, convey and assign more effectively the Purchased Assets to Buyer.

9.11 EMPLOYEE BENEFIT PLANS. Eligibility to participate in any plan of Buyer will be based on the rules of Buyer's plans; and the parties recognize that in individual cases, employees who were eligible to participate in Seller's Employee Benefit Plans may not have immediate eligibility for Buyer's plans or may be subject to a pre-existing condition waiting period. Seller and Buyer agree that Buyer is not acquiring or succeeding to any obligations with respect to the Employee Benefit Plans and that Buyer is not intended to be and is not a successor employer to Seller for any purposes, including with respect to the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), and that no benefit plan sponsored or maintained by Buyer is intended to be and no such benefit plan shall be a successor plan to any of Seller's Employee Benefit Plans. Seller agrees that it will comply with COBRA after the Closing with respect to all qualified beneficiaries who had a qualifying event as of or prior to the Closing. Seller will provide the certification described in Sections 9801 et seq. of the Code to the extent required by law for all employees of Seller on the Closing Date.

9.12 RETIREMENT PLANS. Subsequent to Closing, Seller covenants and agrees to comply with those corporate resolutions of Seller attached hereto as Exhibit P.

9.13 NO CHANGE TO GOVERNING DOCUMENTS. Prior to Closing, Seller shall not amend its Articles of Incorporation or Bylaws.

9.14 SETTLEMENT OF RELATED PARTY TRANSACTIONS. Prior to Closing, all obligations owed to Seller by any shareholder, employee or other related party of Seller shall be settled in full either in cash or in such other way acceptable to Buyer, such that there are no assets reflected on the Audited Closing Balance Sheet which arise out of or are related to amounts owed to Seller by any such related party.

ARTICLE X
COVENANTS OF BUYER AND GUARANTOR

Buyer (and as specified, Guarantor) hereby covenants and agrees with Seller as follows:

10.1 REPRESENTATIONS AND WARRANTIES. Buyer shall use its commercially reasonable efforts to cause the representations and warranties of Article VIII to be true and correct as of the Closing Date; provided however, that the foregoing shall not limit Seller's indemnification rights under Article XV hereof.

10.2 COMPLETION OF TRANSACTIONS. Buyer shall use its best efforts to assure that the conditions set forth in Article XIII hereof are satisfied on or before the Closing Date.

10.3 NONDISCLOSURE OF PROPRIETARY INFORMATION. All proprietary and confidential information of Seller made available to Buyer shall remain the property of Seller pending Closing. Prior to Closing (and in the event there is no Closing), Buyer shall restrict its use of any and all information received from Seller for the purposes specified herein and to prepare the filings and take such action as is required by applicable law, including but not limited to the provisions of the Hart-Scott-Rodino Antitrust Improvements Act, and otherwise will be governed by the confidentiality agreement entered into between Buyer and Glover Capital Inc. as of August 22, 1997 and that certain "Binding Proposal to Purchase Coca-Cola Bottling Company, Southeast, Incorporated" dated October 27, 1997.

10.4 MEDICAL AND AUTOMOBILE INSURANCE. Buyer will provide family medical benefits for Walter Matthews and Carolyn Matthews Lowe as follows: It is anticipated that the current medical plan provided by Seller can be converted to personal family policies for Mr. Matthews and Mrs. Lowe, the cost of which will be paid by Buyer for a period of five (5) years from the Closing Date, not to exceed Ten Thousand Dollars ($10,000) per year for both policies. If the policies are not convertible, Buyer will provide outside policies with similar benefits for a period of five (5) years from the Closing Date, with cost not to exceed Ten Thousand Dollars ($10,000) per year for both policies. Buyer will also pay for a period of five (5) years from the Closing Date, the cost of premiums for automobile insurance for automobiles owned and/or operated by Mr. Matthews and Mrs. Lowe, provided that the sum total of medical insurance and automobile insurance premiums does not exceed Ten Thousand Dollars ($10,000) per annum.

10.5 UNDERSTANDING REGARDING ADVISORY SERVICES. As partial consideration for inducing Guarantor to enter into this Agreement, Walter Matthews agrees that he will act in an advisory capacity from time-to-time to Robert D. Pettus, Jr., Executive Vice-President of Guarantor. Guarantor anticipates that most of Mr. Matthews' activities will be related to assisting Guarantor in identifying acquisition opportunities and furthering its relationships with other bottlers. If it is required that Mr. Matthews travel, entertain, and/or incur business expenses in the performance of his duties, those expenses will be reimbursed by Guarantor as sole fees for his services pursuant to this Section. The advisory position will be for the years 1998, 1999 and 2000. Mr. Matthews may terminate this advisory relationship at any time. It is understood and agreed that Mr. Matthews may set his own hours and days of work, and will furnish his own business tools and supplies. He will have the discretion to discharge his responsibilities in any way he believes appropriate, Guarantor being interested only in the results achieved. Mr. Matthews is not required to devote his full time and attention to the performance of his duties under this Section, and shall be free to engage in any other employment or activity he chooses, provided that the same does not represent a conflict of interest. Mr. Matthews will be deemed an independent contractor of Guarantor for all purposes, and shall neither have the power to bind Guarantor or Buyer for any purpose, nor represent to any third party that he has such power.

10.6 UNDERSTANDING REGARDING TRAVEL. Guarantor shall provide Mr. Matthews and Mrs. Lowe the opportunity to participate in franchiser sponsored travel and meetings to the same extent as available to Guarantor's employees with expenses not to exceed Five Thousand Dollars ($5,000) per year per person for a period of three (3) years.

10.7 NONDISCLOSURE OF TERMS. Buyer shall not, without the prior written consent of Seller, disclose the purchase price or any other economic terms of this Agreement or the transactions contemplated hereby to any third party, other than as required by law, including but not limited to the Securities Act of 1933 and other state or federal securities law. In the event that Buyer is ordered to make a disclosure by virtue of a subpoena, civil investigative or discovery demand, criminal investigative demand or similar order lawfully issued by a court of competent jurisdiction, then Buyer shall promptly notify Seller and cooperate with Seller to quash or otherwise limit the scope of such disclosure. In the event that on or after the date hereof and through the Closing Date, Buyer desires to disclose the fact of this transaction to customers of Seller for purposes of transition, Buyer shall so notify Seller in advance.

10.8 RECORDS RETENTION. Buyer covenants that from the Closing Date through January 31, 2000 (and thereafter absent the notice specified in the next sentence) it shall not intentionally either destroy or discard the financial, business and other records of Seller which Buyer is acquiring pursuant to Section 1.1(j) above, and shall allow Seller to have access to said records upon reasonable notice and during normal business hours. From and after January 31, 2000, Buyer may provide Seller with sixty (60) days written notice of Buyer's intention to no longer be responsible for the retention of such records. At any time within such sixty (60) day notice period, Seller may request such records, and thereupon Buyer shall make such records available for transfer to Seller. If Seller does not claim and take custody of such records prior to the expiration of the sixty (60) day period, then Buyer shall thereupon and thereafter be discharged from any responsibility for the retention of such records.

10.9 EMPLOYMENT OF SELLER PERSONNEL.

(a) Buyer covenants that it shall hire sufficient numbers of Seller's personnel such that Seller shall not have been subject to the notification requirements of the federal "WARN" Act for its actions under Section 9.8 above.

(b) For purposes of assisting Seller with its "COBRA notice" requirements under Section 9.11 above, Buyer agrees that it will, on Seller's behalf, issue such notice to Seller's employees in a timely fashion as required by law.

(c) Buyer agrees that it will continue to maintain the health insurance coverage currently offered by Seller to its employees, until such time that all employees who are hired by Buyer can be enrolled in Buyer's standard health insurance plan.

ARTICLE XI
COVENANT OF THE PARTIES AS TO PLAN OF REMEDIATION

The parties agree that prior to the Closing Date, Buyer, at its sole cost and expense, has caused an environmental audit of the Real Estate to be made. Based on this audit, it is agreed that subsequent to Closing, Buyer shall (i) cause the floor tile in the vending office to be covered (along with the preparation of an operation and maintenance plan relating to the tile) and (ii) cause the remediation of soil contamination in the vicinity of a fuel dispenser island which was associated with fuel tanks that were removed in 1989. Buyer's actual cost of the foregoing shall be billed to Seller and promptly reimbursed by Seller to Buyer in cash, provided that the cost of such reimbursement by Seller to Buyer shall in no event exceed twenty-one thousand five hundred dollars ($21,500) in the aggregate. This reimbursement shall be paid outside of Closing and shall not be subject to the indemnification provisions of Article XV hereof. After Closing, Seller shall have no contractual liability to Buyer for any other environmental item not specified above, unless such item results from intentional fraud, negligence between the date hereof and the Closing Date, or intentional misrepresentation.

ARTICLE XII

CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE

The obligations of Buyer to complete the Closing are subject to the satisfaction on or before the Closing Date of each of the following conditions precedent; provided, however, that the election of Buyer to complete the Closing, notwithstanding that any such condition is not fulfilled by such time, shall not preclude Buyer from seeking redress from Seller for breach of the terms of this Agreement, provided that if Buyer has actual knowledge of the failure, notice of the failure to fulfill the condition has been provided to Seller and Seller has been given a reasonable opportunity to fulfill the condition or elect not to Close without penalty.

12.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Seller set forth in Article VII shall have been true and correct in all material respects on the date made and shall be true and correct on the Closing Date. Buyer shall have received a certificate to that effect signed by the Chief Executive Officer of Seller. The parties expressly intend that a non-material breach by Seller of its representations and warranties shall not give Buyer the right to refuse to consummate the Closing or to terminate this Agreement pursuant to Article XIV. However, such Closing shall be without prejudice to Buyer's rights of indemnification under Article XV hereof, unless Buyer has actual knowledge of the breach on or prior to the Closing and has consummated the Closing of this Agreement without affording Seller notice of the breach and a reasonable opportunity to cure the breach, or elect not to close without penalty.

12.2 PERFORMANCE OF COVENANTS. Seller shall have performed and complied with all the covenants, obligations, and conditions required to be performed or complied with by Seller on or before the Closing Date pursuant to this Agreement. Buyer shall have received a certificate to that effect signed by the Chief Executive Officer of Seller. The parties expressly intend that a non-material failure by Seller to perform or comply with any such covenant, obligation, or condition shall not give Buyer the right to refuse to consummate the Closing or to terminate this Agreement pursuant to Article XIV. However, such Closing shall be without prejudice to Buyer's rights of indemnification under Article XV hereof, unless Buyer has actual knowledge of

the failure on or prior to the Closing and has consummated the Closing of this Agreement without affording Seller notice of the failure and a reasonable opportunity to cure the failure, or elect not to Close without penalty.

12.3 CERTIFIED COPY OF AUTHORIZING RESOLUTIONS. Buyer shall have received a copy of Seller's board of director and shareholder resolutions approving this transaction, duly certified by the Secretary of Seller.

12.4 NO IMPAIRMENT TO PURCHASED ASSETS. None of the Purchased Assets or the Business shall have been adversely impaired (whether by fire, accident, act of war, casualty, labor disturbance, legislation, regulation, or any other adverse circumstance) to the extent that, in Buyer's reasonable opinion, such impairment would render the Facility substantially unable to conduct the Business on the Closing Date with the Purchased Assets.

12.5 LICENSES AND PERMITS NECESSARY FOR BUYER TO CONDUCT BUSINESS. Buyer shall have received all licenses and permits necessary for it to conduct its business and affairs utilizing the Purchased Assets subsequent to the Closing; provided that Buyer shall use its best efforts to obtain such items. In the event that such items are not obtained, Buyer's sole remedy (notwithstanding any other provision of this Agreement to the contrary) is to delay the Closing for a period not to exceed thirty (30) days.

12.6 OPINION OF SELLER'S COUNSEL. Buyer shall have received the opinion of Seller's counsel, Cox and Young, substantially in the form attached hereto as Exhibit Q.

12.7 NO LITIGATION. No action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, or local jurisdiction, or before any arbitrator, wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (a) prevent the consummation of any of the transactions contemplated by this Agreement or (b) cause any of the transactions contemplated by this Agreement to be rescinded following consummation. As to the Franchise Contracts (as that term is defined in the Franchise

Asset Purchase Agreement), only litigation concerning the franchise rights granted by The Coca-Cola Company and the Dr Pepper Company shall be subject to the provisions of this Section.

12.8 CERTIFICATES OF GOOD STANDING. At Closing, Seller shall have delivered to Buyer a certificate of existence and good standing of Seller from the office of the Alabama Secretary of State dated not earlier than five (5) days prior to the Closing Date. Seller shall also deliver a certificate of existence of Seller from the office of the Tennessee Secretary of State certifying the due qualification of Seller to transact business in the State of Tennessee as a foreign corporation dated not earlier than five (5) days prior to the Closing Date.

12.9 COMPLIANCE WITH HSR. The parties acknowledge, that all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act have expired or otherwise been terminated.

12.10 ACQUISITION OF FRANCHISE RIGHTS BY NABC, INC. Under no circumstances shall Buyer have any obligation to consummate this transaction unless and until NABC, Inc. has acquired from Seller pursuant to the Franchise Asset Purchase Agreement the franchise rights to bottle and distribute the beverage brands of The Coca-Cola Company and the Dr Pepper Company in the same territories where Seller has historically held franchise rights, and The Coca-Cola Company and the Dr Pepper Company have granted said territorial franchise rights to NABC, Inc. pursuant to substantially the same franchise terms as have been granted to other subsidiaries of Guarantor. Additionally, the Franchise Asset Purchase Agreement shall have been consummated in accordance with its terms. The conditions set forth in this Section shall not apply if the failure to satisfy these conditions is due to the fault, act or omission of Buyer, NABC, Inc., or Guarantor.

12.11 DELIVERY OF DOCUMENTS OF TRANSFER AND TITLE INSURANCE. Seller shall deliver all deeds (which in the case of the Real Estate shall mean a statutory warranty deed), assignments and other documents referenced in or contemplated by this Agreement which are necessary or appropriate to consummate the transactions contemplated hereby, including but not limited to

such documents as are customarily presented in real estate transactions occurring in the state of Alabama. Additionally, at Closing, Seller shall provide Buyer with a title insurance commitment on ALTA Commitment - 1966 issued by Chicago Title Insurance Company (or such other nationally recognized title insurance company reasonably acceptable to Buyer) committing to insure Buyer's fee simple title to the Real Estate with Schedule B Standard Exceptions numbered 1,2,3,4 and 5 waived. The coverage on the Real Estate shall be in a face amount of One Million Five Hundred Thousand Dollars ($1,500,000). Subsequent to Closing, Seller shall cause the title insurance policy in conformity with the commitment to be promptly issued.

12.12 CONSENTS. Seller shall obtain in writing prior to Closing those approvals and consents, if any, required to transfer to and vest in Buyer the Purchased Assets. Seller shall deliver to Buyer copies, reasonably satisfactory in form and substance to Buyer's counsel, of such approvals and consents.

12.14 SELLER RESOLUTIONS REGARDING RETIREMENT PLANS. Seller shall have entered into those corporate resolutions regarding its Retirement Plans as specified in Section 9.12 above.

ARTICLE XIII
CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

The obligations of Seller to complete the Closing are subject to the satisfaction on or before the Closing Date of each of the following conditions precedent; provided, however, that the election by Seller to complete the Closing notwithstanding that any such condition is not fulfilled by such time shall not preclude Seller from seeking redress from Buyer for breach of the terms of the Agreement, provided that if Seller has actual knowledge of the failure, notice of the failure to fulfill the condition has been provided to Buyer and Buyer has been given a reasonable opportunity to fulfill the condition or elect not to Close without penalty.

13.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Buyer set forth in Article VIII shall have been true and correct in all material respects

on the date made, and shall be true and correct on the Closing Date. Seller shall have received a certificate to that effect signed by a duly authorized officer of Buyer. The parties expressly intend that a non-material breach by Buyer of its representations and warranties shall not give Seller the right to refuse to consummate the Closing or to terminate this Agreement pursuant to Article XIV. However, such Closing shall be without prejudice to Seller's rights of indemnification under Article XV hereof, unless Seller has actual knowledge of the breach on or prior to the Closing and has consummated the Closing of this Agreement without affording Buyer notice of the breach and a reasonable opportunity to cure the breach, or elect not to Close without penalty.

13.2 PERFORMANCE OF COVENANTS. Buyer shall have performed and complied with all covenants, obligations, and conditions required to be performed or complied with by Buyer on or before the Closing Date pursuant to this Agreement. Seller shall have received a certificate to that effect signed by a duly authorized officer of Buyer. The parties expressly intend that a non-material failure by Buyer to perform or comply with any such covenant, obligation, or condition shall not give Seller the right to refuse to consummate the Closing or to terminate this Agreement pursuant to Article XIV. However, such Closing shall be without prejudice to Seller's rights of indemnification under Article XV hereof, unless Seller has actual knowledge of the failure on or prior to the Closing and has consummated the Closing of this Agreement without affording Buyer notice of the failure and a reasonable opportunity to cure the failure, or elect not to Close without penalty.

13.3 OPINION OF BUYER'S COUNSEL. Seller shall have received an opinion of Witt, Gaither & Whitaker, P.C., counsel to Buyer and Guarantor, substantially in the form attached hereto as Exhibit R.

13.4 NO LITIGATION. No action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, or local jurisdiction, or before any arbitrator, wherein an unfavorable injunction, order, decree, ruling, or charge would (a) prevent the consummation of any of the transactions contemplated by this Agreement

or (b) cause any of the transactions contemplated by this Agreement to be rescinded following consummation.

13.5 CERTIFICATES OF GOOD STANDING. At Closing, Buyer shall provide Seller with a certificate of existence from the office of the Tennessee Secretary of State certifying the existence and good standing of Buyer in the state of Tennessee, and a certificate of existence from the office of the Alabama Secretary of State certifying the good standing of Buyer in the state of Alabama as a foreign limited liability company. Such certificates shall be dated not more than five (5) days prior to the Closing Date.

13.6 COMPLIANCE WITH HSR. The parties acknowledge that all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act have expired or otherwise been terminated.

13.7 ACQUISITION OF FRANCHISE RIGHTS BY NABC, INC. Under no circumstances shall Seller have any obligation to consummate this transaction unless and until NABC, Inc. has acquired from Seller pursuant to the Franchise Asset Purchase Agreement the franchise rights to bottle and distribute the beverage brands of The Coca-Cola Company and the Dr Pepper Company in the same territories where Seller has historically held franchise rights. Additionally, the Franchise Asset Purchase Agreement shall have been consummated in accordance with its terms.

13.8 CERTIFIED COPY OF AUTHORIZING RESOLUTIONS. Seller shall have received a copy of Buyer's resolutions approving this transaction, duly certified by Buyer's general partner.

13.9 CLOSING. The Closing shall have occurred no later than January 31, 1998.

ARTICLE XIV
TERMINATION

14.1 CONDITIONS OF TERMINATION. The obligations of the parties with respect to the Closing shall terminate:

(a) At the election of Buyer, at or prior to Closing, if any of the conditions precedent set forth in Article XII have not been fulfilled on or before the Closing Date, or if any other circumstance shall have occurred entitling Buyer to terminate this Agreement pursuant to the terms hereof.

(b) At the election of Seller, at or prior to Closing, if any of the conditions precedent set forth in Article XIII have not been fulfilled on the Closing Date, or if any other circumstance shall have occurred entitling Seller to terminate this Agreement pursuant to the terms hereof.

14.2 EFFECT OF TERMINATION. In the event of termination in accordance with Section 14.1: (i) this Agreement shall become null and void and of no further force or effect, except as otherwise provided herein, (ii) this Agreement shall be deemed to be rescinded, (iii) each party shall pay all costs and expenses incurred by it in connection with this Agreement and the transactions contemplated herein, and (iv) no party shall have further liability to any other party because of the failure to consummate the transactions contemplated hereby.

ARTICLE XV
INDEMNIFICATION

15.1 INDEMNIFICATION BY SELLER. Sellers shall indemnify and hold Buyer harmless from and against, and reimburse and promptly pay to Buyer the full amount of, any and all loss, damage, liability, cost, obligation or expense (including reasonable expenses and fees of counsel) incurred by Buyer, directly or indirectly, as a result of:

(a) a breach of any representation, warranty or agreement of Seller contained in this Agreement or the Franchise Asset Purchase Agreement, or in any certificate or document delivered to Buyer by Seller which is specified in this Agreement;

(b) a failure of Seller to perform or comply with any covenant, agreement or obligation required by this Agreement or the Franchise Asset Purchase Agreement to be performed or complied with by Seller; or

(c) any event or circumstance arising out of or relating to the conduct of the Business on or prior to the Closing Date that was not an Assumed Liability.

All undisputed claims, undisputed portions of partially disputed claims, and disputed claims that have been resolved by agreement of the parties or pursuant to the provisions of Section 15.7 below shall first be applied against the Liability Deductible in the manner set forth in Section 15.4 hereof, and shall be subject to the Seller indemnity cap set forth in Section 15.5 hereof. To the extent that any claim of Buyer against Seller is indemnified by Seller, Seller shall receive all of Buyer's rights in and to such claim and Seller shall be entitled to pursue third parties in satisfaction of such claim as Seller shall deem appropriate.

15.2 INDEMNIFICATION BY BUYER. Buyer shall indemnify and hold Seller harmless from and against, and reimburse and promptly pay to Seller the full amount of, any and all loss, damage, liability, cost, obligation or expense (including reasonable expenses and fees of counsel) incurred by Seller, directly or indirectly, as a result of:

(a) a breach of any representation, warranty or agreement of Buyer contained in this Agreement or the Franchise Asset Purchase Agreement, or in any certificate or document delivered to Seller by Buyer which is specified in this Agreement;

(b) a failure of Buyer to perform or comply with any covenant, agreement or obligation required by this Agreement or the Franchise Asset Purchase Agreement to be performed or complied with by Buyer; or

(c) an event or circumstance arising out of or relating to the conduct of the Business subsequent to the Closing Date.

15.3 NOTICE OF POTENTIAL CLAIMS AND OPPORTUNITY TO PARTICIPATE IN DEFENSE. Promptly after either Buyer or Seller becomes aware of any claim whatsoever which would be subject to indemnification set forth in Sections 15.1 or 15.2 above, such party shall provide the other party with prompt written notice of such claim stating all information regarding the claim that the party possesses. The duty to provide information is a continuing one, and the party claiming indemnification shall provide all new and/or additional information to the indemnifying party as it becomes available. If the notified party acknowledges its obligation to indemnify, then it shall have the option to provide, at its own expense, the defense of any such claims, provided that (i) the option to defend is exercised and notice of such election is given to the indemnified party within fifteen (15) days of receipt of notice of the claim for indemnification, (ii) the indemnified party shall be kept fully informed of the defense, said defense to be vigorously pursued by the indemnifying party, (iii) the indemnified party shall have the right, at its expense, to participate in the defense and (iv) no material strategic decision or settlement offer or response by the indemnifying party shall be made without the prior consent of the indemnified party (such consent not to be unreasonably withheld or delayed). Nothing herein shall be deemed to prevent Buyer or Seller from making a claim for indemnification hereunder for potential or contingent claims or demands provided the notice sets forth the specific basis for any such potential or contingent claim or demand to the extent then feasible and the notifying party has reasonable grounds to believe that such a claim or demand may be made. Upon the determination that a claim is subject to indemnification (either by agreement or pursuant to the resolution of the dispute pursuant to Section 15.7 below) and the indemnified party has suffered an out of pocket loss, the claim shall bear interest at the same rate as the Promissory Note from the date which is thirty (30) days subsequent to the date on which notice of claim was given to the other party,

until the date the claim is satisfied (which in the case of Buyer's claims is the date on which the claim is applied to the Liability Deductible pursuant to Section 15.4 below or the date that the claim is paid by way of offset to the Promissory Note or otherwise). All claims for indemnification must be made prior to the expiration of the applicable representation and warranty as provided in Section 17.4 below.

15.4 LIABILITY DEDUCTIBLE. Subject to the last sentence of this Section, Seller shall not be required to indemnify Buyer pursuant to this Article XV unless and until the aggregate amount of all indemnification claims made by Buyer to Seller under this Agreement and the Franchise Asset Purchase Agreement (without duplication) exceed one half of one percent (0.5%) of the sum of (i) Twenty-Eight Million Six Hundred Thousand Dollars ($28,600,000) plus the "Purchase Price" as adjusted by the "Adjustment" pursuant to Articles II and III hereof. The result of the foregoing calculation shall be referred to as the "LIABILITY DEDUCTIBLE". Only the amounts in excess of the Liability Deductible are recoverable by Buyer. Notwithstanding the foregoing, Seller's responsibilities under the plan of remediation shall not be subject to the Liability Deductible, and Seller shall be liable for all costs and expenses of remediation to the extent specified in Article XI.

15.5 SELLER'S INDEMNITY CAP, METHOD OF PAYMENT.

(a) The maximum indemnity liability of Seller for (i) breaches of this Agreement (other than for breaches of Sections 7.1, 7.2 and 7.5 hereof) plus (ii) breaches of the Franchise Asset Purchase Agreement (other than for breaches of Sections 5.1, 5.2 and 5.4 thereof) shall not exceed One Million Five Hundred Thousand Dollars ($1,500,000). The method of indemnity payment shall be by way of offset to the Promissory Note, or otherwise as provided herein. Such offset shall be by way of substitution of the Promissory Note using the same procedure as specified in Section 3.2 hereof.

(b) To the extent that proceeds from the Promissory Note have been distributed by Seller directly or indirectly to or for the benefit of one or more shareholders of Seller, then the indemnity obligation shall devolve to such shareholder to the extent of such distribution to the individual shareholder.

(c) In the event that Buyer has made a timely claim for indemnification, and to the extent such claim is in excess of the Liability Deductible, Buyer shall be entitled to withhold payment of an amount equal to such claim from the amounts otherwise due and payable pursuant to the Promissory Note. In such event, the amount so withheld shall continue to bear interest as provided in the Promissory Note until the resolution of such claim. Upon resolution, such amounts, if any, still due to Seller shall be promptly paid, with accrued and unpaid interest.

15.6 EXCLUSIVE REMEDIES. The parties intend that all matters within the scope of the indemnification provisions of this Article XV shall be resolved pursuant to this Article XV and that this Article XV shall constitute the sole and exclusive remedy of Buyer with respect to such matters or with respect to any other breach of this Agreement, it being understood that the remedies provided in this Article XV shall supersede any conflicting statutory or common law rights of either party. The foregoing shall not apply to claims involving intentional fraud or intentional misrepresentation.

15.7 ARBITRATION. In the event a dispute arises under this Agreement over a claim for indemnification, and if such dispute continues for a period in excess of thirty (30) days subsequent to the date of the claim, either party shall have the right to demand arbitration and the dispute shall then be submitted to a mutually agreeable arbitrator or, if none are mutually agreeable, to the American Arbitration Association for arbitration under the Commercial Arbitration Rules of the Association, as then in effect. If deemed appropriate by the arbitrator, the prevailing party's costs and expenses incurred in connection with the arbitration, including reasonable attorney's fees and expenses, shall be awarded to the prevailing party. The arbitration shall be under the law applicable to this Agreement and held in Atlanta, Georgia. The award of the arbitra-

tor shall be binding upon the parties and may be registered with any court of competent jurisdiction as a judgment.

ARTICLE XVI
DEFINITIONS, SCHEDULES AND EXHIBITS.

16.1 DEFINITIONS.

DEFINED TERM	SECTION WHERE DEFINED	PAGE REFERENCE
Adjustments	3.2	
Agreement	Introduction	
Assignment and Assumption Agrmt	2.2	
Assignment and Bill of Sale	2.1	
Assumed Liabilities	2.2	
Audited Closing Balance Sheet	3.3	
Business	Preamble	
Buyer	Introduction	
Case Sales Analysis	7.9	
Cash Portion	2.2	
Closing	Article IV	
Closing Date	Article IV	
COBRA	9.11	
Code	7.25(a)	
Contracts	7.19	
Employee Benefit Plans	7.25(c)	
Environmental Laws	7.30(a)	
ERISA	7.25(a)	
Excluded Assets	1.2	
Facility	1.1	
Franchise Asset Purchase Agreement	Preamble	
Furniture and Furnishings	1.1(c)	
GAAP	3.3	

Improvements	1.1(a)
Interim Balance Sheet	1.1
Inventory	1.1(i)
Land	1.1(a)
Liability Deductible	15.4
Machinery and Equipment	1.1(b)
Multi-employer Plan	7.25(a)
Purchase Price	2.2
Purchased Assets	1.1
Real Estate	1.1(a)
Retirement Plan	7.25(a)
Review Period	17.1
Seller	Introduction
Seller Financial Statements	7.4
Spare Parts	1.1(f)
Supplies and Miscellaneous Items	1.1(d)
Tax or Taxes	7.10(a)
Tax Returns	7.10(a)
Vehicles	1.1(e)

16.2 LIST OF SCHEDULES AND EXHIBITS.

SCHEDULES	DESCRIPTION	PAGE REFERENCE
Schedule 7.3	Seller's Officers and Directors	
Schedule 7.4	Financial Statements	
Schedule 7.8	Accounts Receivable	
Schedule 7.9	Marketing Summary and Case Sales Analysis	
Schedule 7.10	Tax Returns and Reports	
Schedule 7.11	Bank Accounts	
Schedule 7.12	OSHA Reports	

Warranty Deed	
Exhibit J Promissory Note	2.2
Exhibit K Assignment and Assumption Agreement	2.2
Exhibit L Seller's Wire Transfer Instructions	2.3
Exhibit M Purchase Price Allocation	2.4
Exhibit N Seller's Resolutions	7.1
Exhibit O Buyer's Resolutions	8.1
Exhibit P Seller Resolutions Regarding Retirement Plans	9.12
Exhibit Q Opinion of Seller's Counsel	12.8
Exhibit R Opinion of Buyer's Counsel	13.4

ARTICLE XVII
MISCELLANEOUS

17.1 BUSINESS DAYS. All references in this Agreement to "business days" shall mean any day when the Federal Reserve Bank of Atlanta, Georgia is open for business.

17.2 RISK OF LOSS. The risk of loss or damage to the Purchased Assets from fire, storm, act of God or other casualty shall be borne by Seller through the Closing Date.

17.3 SIMULTANEOUS CLOSING. All transactions at Closing including execution of collateral documents referenced herein shall be deemed to take place simultaneously and none shall be deemed to take place until all shall have taken place.

17.4 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The respective representations, warranties, obligations, covenants and agreements contained herein shall survive the Closing as follows: All representations and warranties of the parties shall expire unless a claim is made prior to the first (1st) anniversary of the Closing Date, except for the representations and warranties under Sections 7.1, 7.2, 7.5, and 8.1, which will survive indefinitely.

17.5 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed as original, and all of which together shall constitute one and the same instrument.

17.6 CAPTIONS. The captions and subject headings are for convenience of reference only, and shall not affect the meaning or construction to be given to any of the provisions hereof.

17.7 GENDER. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the parties and context may require.

17.8 NOTICES. Any notice, demand, request, consent, approval or other communications required or permitted to be given hereunder shall be in writing and shall be delivered personally or sent either by facsimile transmission, or nationally recognized overnight courier (utilizing guaranteed next business morning or day delivery), addressed to the party to be notified at the following address, or to such other address as such party shall specify by like notice:

If to Seller, then to:

Mr. Walter Matthews
381 East Colinas Blvd.
Apartment 5005
Irving, TX 75039
Facsimile: (972) 409-2481

AND BETWEEN THE DATES OF JUNE 1ST AND AUGUST 30TH OF EACH YEAR:

Mr. Walter Matthews
276 Hazelwood Lane
Florence, AL 35634
Facsimile: (205) 757-3920

With a copy to:

Mrs. Carolyn Matthews Lowe
381 East Colinas Blvd.
Apartment 5005B
Irving, TX 75039
Facsimile: (972) 409-2481

Frederick F. Saunders, Jr., Esq.
Harman Owen Saunders & Sweeney, P.C.
1900 Peachtree Center Tower
230 Peachtree Street, NW
Atlanta, Georgia 30303
Facsimile: (404) 525-4347

Mark A. Cohen, Esq.
Cohen, Darnell & Cohen
302 North Market Street
Suite 200
Dallas, TX 75202
Facsimile: (214) 655-2601

If to Buyer then to:

CCBC of Nashville, L.P.
1900 Rexford Road
Charlotte, North Carolina 28211

Attention: Umesh M. Kasbekar
Facsimile: (704) 551-4030

If to Guarantor then to:

Coca-Cola Bottling Co. Consolidated
1900 Rexford Road
Charlotte, North Carolina 28211
Attention: Umesh M. Kasbekar
Facsimile: (704) 551-4030

With a copy to:

Jonathan M. Minnen, Esq.,
Witt, Gaither & Whitaker, P.C.
1100 SunTrust Bank Building
736 Market Street
Chattanooga, Tennessee 37402
Facsimile: (423) 266-4138

Notices given as provided shall be deemed effective upon receipt if by personal delivery, upon confirmed reception of transmission if by facsimile, or if by recognized overnight courier, on the date delivery is acknowledged to said courier.

17.9 "INCLUDING". Words of inclusion shall not be construed as terms of limitation herein, so that references to "included" matters shall be regarded as non-exclusive, non-characterizing illustrations.

17.10 ENTIRE AGREEMENT, MODIFICATION. This instrument contains the entire agreement of the parties with respect to the subject matter hereof, all previous agreements and discussions relating to the same or similar subject matter being merged herein. The parties acknowledge and agree that neither of them has made any representations with respect to the subject matter of this Agreement or any representations inducing the execution and delivery hereof except as specifically set forth herein. Each of the parties hereto acknowledges that it has relied on its own judgment in entering into this Agreement. This Agreement may not be changed, amended, or modi-

fied including specifically the provisions of this paragraph, except by a writing signed by both parties hereto. The provisions of this paragraph may not be changed, amended, modified, terminated, or waived as a result of any failure to enforce any provision or the waiver of any specific breach or breaches thereof or any course of conduct of the parties.

17.11 ASSIGNMENT. This Agreement and the rights, obligations and duties of the parties hereto shall not be assignable or otherwise transferable, provided that the rights, obligations and duties of Buyer may be assigned to a related party of Buyer. In the event of assignment by Buyer, the assignee shall expressly assume, in writing delivered to Seller, the liabilities and obligations of Buyer hereunder, and Buyer shall remain liable for the full performance of all of the assigned liabilities and obligations under this Agreement, which liabilities and obligations of Buyer and Guarantor shall be a primary liability and obligation for full and prompt performance and payment. Buyer shall promptly notify Seller of any such assignment.

17.12 BINDING EFFECT AND BENEFIT. This Agreement shall inure to the benefit of, and shall be binding upon, the parties, their heirs, executors and administrators, successors and permitted assigns.

17.13 PARTIAL INVALIDATION. If any portion of this Agreement is held invalid, illegal or unenforceable, such determination shall not impair the enforceability of the remaining terms and provisions contained herein. In such event, this Agreement shall be construed and interpreted as if such invalid, illegal or unenforceable terms were limited to the minimum extent whereby such terms would be valid, legal and enforceable, and, if such limitation is not possible, this Agreement shall be construed and interpreted as if such invalid, illegal or unenforceable terms were severed and not included herein unless the result of such limitation or severance would result in such a material change as to cause completion of the transactions contemplated hereby to be unreasonable.

17.14 WAIVER. No waiver of a breach or violation of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach.

17.15 EXHIBITS AND SCHEDULES. All Exhibits, Schedules and documents specified in this Agreement shall be deemed to be incorporated herein by any reference thereto as if fully set out, and a matter disclosed in one Schedule or Exhibit shall be deemed to be disclosed in all other Schedules or Exhibits in which such disclosure is called for.

17.16 NO THIRD PARTY BENEFICIARIES. This Agreement shall not create any rights for the benefit of any third party other than as expressly provided for herein.

17.17 GOVERNING LAW; JURISDICTION AND VENUE. This Agreement shall be interpreted and construed in accordance with the laws of the State of Tennessee.

17.18 PRESS RELEASES AND PUBLIC ANNOUNCEMENTS. Seller acknowledges that since Guarantor is a publicly traded company, Seller will not issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of Buyer and Guarantor.

17.19 CONSTRUCTION. The parties have participated jointly in the negotiation and drafting of this Agreement. Therefore, in the event of any ambiguity in the construction or interpretation of this Agreement, 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.

17.20 GUARANTY. In order to induce Seller to enter into this Agreement, Guarantor hereby unconditionally guarantees the full and prompt payment and performance of all obligations of Buyer under this Agreement as for Guarantor's own debt and obligation. Guarantor hereby waives any right to require Seller to take any action against Buyer prior to enforcing this guaranty against Guarantor. Guarantor agrees that Seller may grant one or more extensions to fulfill such obligations or release or reach a compromise with any person liable for such obligations without giving Guarantor notice or without obtaining Guarantor's consent. This guaranty is absolute, unconditional, continuing, primary and irrevocable under any and all circumstances and

shall not be released, in whole or in part, by any action or thing which might, but for this provision, be deemed a legal or equitable discharge of a surety or guarantor, or by reason of any waiver, omission, action or failure to act by Seller (whether or not Guarantor's risk is varied or increased or its rights or remedies are affected thereby), or by reason of any further dealings between Seller and Buyer, and Guarantor hereby expressly waives and surrenders any defense to its liability hereunder based upon, and shall be deemed to have consented to, the foregoing. Guarantor hereby waives notice of acceptance hereof, notice of non-payment or default by Buyer, presentment, demand, notice of dishonor, protest and any other notices of any kind. This guaranty is a guaranty of payment and performance, not merely of collection. This guaranty is subject to Guarantor's right to assert any defense which could be asserted by Buyer. Under no circumstances shall Guarantor's liability to Seller exceed the liability of Buyer to Seller hereunder; provided, however, that the discharge in bankruptcy of Buyer shall not act to discharge Guarantor's obligations hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year aforesaid.

SELLER:
Coca-Cola Bottling Company Southeast, Incorporated

By: _____
Walter Matthews, Chief Executive Officer

Attest: _____
_____, Secretary

BUYER:

CCBC of Nashville, L.P.

By: Coca-Cola Bottling Company of Tennessee, LLC, General Partner

By: Coca-Cola Bottling Co. Consolidated, Member

By: _____
Umesh M. Kasbekar, Vice-President

Attest: _____
_____, _____ Secretary

GUARANTOR:

Coca-Cola Bottling Co. Consolidated

By: _____
Umesh M. Kasbekar, Vice-President

Attest: _____
_____, _____Secretary

FOR PURPOSES OF SECTIONS 10.4, 10.5 AND 10.6 OF THIS AGREEMENT:

- ---------------------------------
WALTER MATTHEWS

FOR PURPOSES OF SECTIONS 10.4 AND 10.6 OF THIS AGREEMENT:

- ---------------------------------
CAROLYN MATTHEWS LOWE

MASTER EQUIPMENT LEASE AGREEMENT

(1998 Transaction)
(Coca-Cola Trust No. 97-1)

Dated as of January 14, 1998

Between
FIRST SECURITY BANK, NATIONAL ASSOCIATION,
not in its individual capacity except
as expressly provided herein, but
solely as Owner Trustee under Coca-Cola Trust No. 97-1,
as Lessor

and

COCA-COLA BOTTLING CO. CONSOLIDATED,
as Lessee

CERTAIN OF THE RIGHT, TITLE AND INTEREST OF LESSOR IN AND TO THIS LEASE AND THE RENT DUE AND TO BECOME DUE HEREUNDER (EXCLUDING THE EXCEPTED PROPERTY) HAVE BEEN ASSIGNED AS COLLATERAL SECURITY TO, AND ARE SUBJECT TO A SECURITY INTEREST GRANTED BY LESSOR, AS DEBTOR, IN FAVOR OF, NATIONSBANK, N.A., AS AGENT FOR THE BENEFIT OF THE LENDERS AND THE HOLDERS, AS SECURED PARTY. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM NATIONSBANK, N.A., AS AGENT, PURSUANT TO THE NOTICE PROVISIONS SET FORTH IN SECTION 20 OF THIS LEASE. SEE SECTION 24.2 OF THIS LEASE FOR INFORMATION CONCERNING THE RIGHTS OF THE HOLDERS OF THE VARIOUS COUNTERPARTS HEREOF INCLUDING WITHOUT LIMITATION THE ORIGINAL CHATTEL PAPER COPY HEREOF.

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MASTER EQUIPMENT LEASE AGREEMENT
(1998 Transaction)
(Coca-Cola Trust No. 97-1)

THIS MASTER EQUIPMENT LEASE AGREEMENT (1998 Transaction) (Coca-Cola Trust No. 97-1) is dated as of January 14, 1998 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Lease") between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity except as expressly provided herein, but solely as Owner Trustee under Coca-Cola Trust No. 97-1 (together with its successors and assigns permitted hereunder, the "Lessor"), and COCA-COLA BOTTLING CO. CONSOLIDATED, a Delaware corporation (together with its successors and assigns permitted hereunder, the "Lessee").

W I T N E S S E T H :

SECTION 1. DEFINITIONS.

Unless the context otherwise requires, all capitalized terms used herein without definition shall have the respective meanings set forth in Appendix A hereto for all purposes of this Lease. The General Provisions of Appendix A hereto are hereby incorporated by reference herein.

SECTION 2. ACCEPTANCE AND LEASING OF EQUIPMENT.

Subject to satisfaction or waiver of the conditions set forth in Sections 4.1 and 4.2 of the Participation Agreement, Lessor hereby agrees on the applicable Acceptance Date for each Unit (a) to accept delivery of such Unit from the appropriate Seller simultaneously with the delivery of such Unit from such Seller, as acceptance shall be evidenced by the execution and delivery by Lessor (or such other parties referenced below) of a Certificate of Acceptance with respect to such Unit and (b) to lease such Unit to Lessee hereunder. On the applicable Acceptance Date for each Unit, Lessee hereby agrees to lease from Lessor hereunder each Unit, as evidenced by the execution and delivery by Lessee and Lessor of a Lease Supplement (substantially in the form of Exhibit A hereto) covering such Unit. Lessor hereby authorizes Lessee or an authorized representative of Lessee to act on behalf of Lessor to accept delivery of each Unit and to execute and deliver Certificates of Acceptance with respect thereto, all in accordance with Section 2.3(c) of the Participation Agreement. Lessee hereby agrees that acceptance of delivery of any Unit by Lessee or its authorized representative on behalf of Lessor shall, without further act, irrevocably constitute acceptance by Lessee (as between Lessor and Lessee) of such Unit for all purposes of this Lease.

SECTION 3. TERM AND RENT.

3.1 LEASE TERM.

The interim term of this Lease (the "Interim Term") for each Unit shall commence on the applicable Interim Term Commencement Date and subject to earlier termination pursuant to Sections 10, 11 and 15, shall expire on the Interim Term Expiration Date. The Interim Term Expiration Date with respect to any Unit shall not be later than the Basic Term Commencement Date for such Unit.

The basic term of this Lease (the "Basic Term") for each Unit shall commence on the Basic Term Commencement Date and subject to earlier termination pursuant to Sections 10, 11 and 15, shall expire on the Basic Term Expiration Date. Subject and pursuant to Section 22.3, Lessee may elect one or more Renewal Terms for all, but not less than all, the Equipment in a particular Class; provided, Lessee may not renew this Lease respecting any Unit in a particular Class unless Lessee renews this Lease respecting all Units in such Class at the same time.

3.2 BASIC RENT.

Lessee hereby agrees to pay Basic Rent to Lessor for each Unit throughout the Term in consecutive installments payable in arrears on each Payment Date during the Term. In connection with (and simultaneously with) each such payment, Lessee shall provide notice to Lessor specifying the amount of such payment of Basic Rent applicable to Class A Equipment, Class B Equipment and/or Class C Equipment.

3.3 SUPPLEMENTAL RENT.

Lessee hereby agrees to pay to Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent, upon the date the same shall become due and owing, or where no due date is specified, within 30 days after demand by the Person entitled thereto. In connection with each such payment, Lessee shall provide notice to Lessor specifying the amount of such payment of Supplemental Rent applicable to Class A Equipment, Class B Equipment and/or Class C Equipment. In the event of any failure on the part of Lessee to pay any Supplemental Rent due and owing to (i) Lessor, Lessor shall have all rights, powers and remedies provided for herein or by Law or equity or otherwise as in the case of nonpayment of Basic Rent or (ii) to any Person (other than Lessor), such Person shall have all rights, powers and remedies available at Law or in equity. In clarification of the foregoing and not in limitation of Lessee's general obligation to pay all amounts of Supplemental Rent due and owing from time to time, Lessee hereby agrees to pay as Supplemental Rent (a) on demand, to the extent permitted by applicable Law, an amount equal to interest at the applicable Late Rate on (i) any part of any installment of Basic Rent not paid when due for any period for which the same shall be overdue and (ii) any payment of Supplemental Rent not paid when due or within 30 days after such Supplemental Rent has been demanded by the Person entitled thereto as referenced above in this Section 3.3, as the case may be, for the period from such due date or demand until the same shall be paid, (b) in the case of a prepayment of any Note and/or any early redemption of any Certificate as a result of the

voluntary early termination of this Lease with respect to any Equipment pursuant to Section 10, on the date of such prepayment and/or early redemption, an amount equal to the applicable Break-Amount, if any, payable in respect of such Note and/or Certificate being prepaid at either such time, (c) all amounts due and owing under the Operative Agreements by any Person from time to time (except for such amounts that (i) have otherwise been paid by Lessee as Basic Rent and (ii) are otherwise due and owing by (A) the Holders to the Owner Trustee pursuant to Section 6.03 of the Trust Agreement or (B) the Lenders to the Agent pursuant to Section 8.4 of the Loan Agreement (provided, the obligations of the Holders and the Lenders described in this subsection (ii) shall not diminish the indemnification obligations of Lessee under the Operative Agreements)), (d) any other amounts due and owing to the Participants or the Bank Lenders under the Operative Agreements, including without limitation pursuant to Sections 9.1, 9.2 and 9.3 of the Participation Agreement, (e) all amounts due and owing from time to time with regard to the Arrangement Fee and/or the Fees, (f) all amounts due and owing from time to time to a Bank Lender pursuant to Section 8.2(b) of the Participation Agreement, (g) the Odd Lot Amount, (h) the out-of-pocket cost and expenses, if any, of the Initial Lender and the Bank Lenders under Section 8.2(b) of the Participation Agreement and (i) the amount payable by Lessor under the Loan Agreement as the Interest Component of Commercial Paper on each day that Commercial Paper matures, to the extent such interest has accrued since the preceding Scheduled Payment Date on any Commercial Paper which was outstanding at any time since the preceding Scheduled Payment Date.

3.4 MANNER OF PAYMENTS.

Until such time as the Loan Agreement has been discharged pursuant to its terms, all Rent (excluding Segregated Excepted Property but including all other Excepted Property) shall be paid by Lessee to the Agent on behalf of Lessor to an account or location in the United States specified by the Agent from time to time hereafter. Segregated Excepted Property shall be paid by Lessee directly to the Person entitled to receive the same. All Rent and other amounts payable hereunder from time to time (including without limitation amounts payable by Third Party Purchasers and insurers) shall be paid by Lessee or such other Person in funds consisting of lawful currency of the United States of America, which (subject to the second paragraph of this Section 3.4) shall be immediately available to the recipient not later than 11:00 A.M. (Eastern time) on the date of such payment. Subsequent to the discharge of the Loan Agreement pursuant to its terms, all Rent payable to the Agent pursuant to the first sentence of this Section 3.4 shall be paid to Lessor (or its designee) to an account or location in the United States specified by such Person from time to time hereafter.

Whenever the date scheduled for any payment to be made hereunder shall not be a Business Day, then such payment need not be made on such scheduled date but may be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date (subject to accrual and payment of interest or yield, as the case may be, for the period of such extension) on such next succeeding Business Day); provided, notwithstanding the foregoing, (i) where the next succeeding Business Day falls in the next succeeding calendar month such payment shall be made on the next preceding Business Day, (ii) no payment date shall extend beyond the Maturity Date or the Expiration Date and (iii) where a payment period

begins on the day for which there is no numerically corresponding day in the calendar month in which such payment period is to end, such payment period shall end on the last Business Day of such calendar month.

3.5 MINIMUM RENT.

Notwithstanding any language to the contrary contained herein or in any other Operative Agreement, Rent payable hereunder shall at all times be sufficient to satisfy the provisions of Section 6.8 of the Participation Agreement.

SECTION 4. OWNERSHIP AND EQUIPMENT IDENTIFICATION.

4.1 RETENTION OF TITLE; ACCOUNTING CHARACTERIZATION; FINANCE LEASE.

(a) Lessor shall and hereby does retain full legal title to each and every Unit of the Equipment notwithstanding the delivery to and possession and use of the Equipment by Lessee hereunder or any sublessee under any sublease permitted hereby.

(b) Lessor and Lessee intend that (i) for financial accounting purposes with respect to Lessee (A) this Lease will be treated as an "operating lease", (B) Lessor will be treated as the owner and lessor of the Equipment and (C) Lessee will be treated as the lessee of the Equipment, but (ii) for all federal, state and local income tax purposes, bankruptcy purposes, regulatory purposes, commercial Law and all other purposes (A) this Lease will be treated as a financing arrangement with Lessor, pursuant to the terms of this Lease, being granted a purchase money security interest in the Equipment and (B) Lessee will be treated as the owner of the Equipment and will be entitled to all tax benefits ordinarily available to owners of property similar to the Equipment for such tax purposes. Notwithstanding the foregoing, neither party hereto has made, or shall be deemed to have made, any representation or warranty as to the availability of any of the foregoing treatments under applicable accounting rules, tax, bankruptcy, regulatory or commercial Law or under any other set of rules. Lessee shall claim the cost recovery deductions associated with the Equipment, and Lessor shall not, to the extent not prohibited by Law, take on its tax return a position inconsistent with Lessee's claim of such deductions. To the extent reasonably requested by Lessee, Lessor shall cooperate with Lessee to allow Lessee to obtain the contemplated tax benefits of this Lease referenced above, including without limitation the filing of any statements with respect to tax abatements or requirements; provided, any such statements and/or other documentation so required of Lessor (1) shall be produced by Lessee for signature by Lessor and (2) shall be reasonably acceptable to Lessor and any professionals selected by Lessor for such review. Lessee shall pay all reasonable out-of-pocket amounts arising with respect to the matters described in the preceding sentence, including without limitation the reasonable fees and reasonable out-of-pocket expenses of any and all professionals working on behalf of Lessor with regard to any such matter.

(c) For all purposes other than as set forth in clause (i) of Section 4.1(b), Lessor and Lessee intend this Lease to constitute a finance lease and not a true lease. Lessor and Lessee further intend and agree that, for the purpose of securing Lessee's obligations hereunder, (i) this

Lease shall be deemed to be a security agreement and financing statement within the meaning of Article 9 of the Uniform Commercial Code with respect to the Equipment and all proceeds (including without limitation insurance proceeds thereof), (ii) Lessee hereby grants to Lessor, a Lien on all of Lessee's right, title and interest in and to the Equipment and all proceeds (including without limitation insurance proceeds thereof) of the conversion, voluntary or involuntary, of the foregoing into cash, investments, securities or other property, whether in the form of cash, investments, securities or other property, and an assignment of all rents, profits and income produced by the Equipment, such Lien to secure all obligations of Lessee under this Lease and the other Operative Agreements and (iii) notifications to Persons holding such property, and acknowledgments, receipts or confirmations from financial intermediaries, bankers or agents (as applicable) of Lessee shall be deemed to have been given for the purpose of perfecting such Lien under applicable Law. Lessor and Lessee shall promptly take such actions as may be necessary or advisable in either party's reasonable opinion (including without limitation the filing of Uniform Commercial Code financing statements and notices of this Lease and the various Lease Supplements) to ensure that the Lien on the Equipment and the other items referenced above will be deemed to be a perfected Lien of first priority under applicable Law and will be maintained as such throughout the Term.

4.2 (INTENTIONALLY OMITTED)

4.3 CERTAIN DESIGNATIONS.

Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by Lessee or any permitted sublessees for convenience of identification of the right of any such Person to use the Equipment.

4.4 TITLED EQUIPMENT.

To the extent no Lease Default or Lease Event of Default shall have occurred and be continuing and subject in all cases to the Collateral Agency Agreement, Lessor hereby agrees to permit registration and titling of all Units constituting motor vehicles subject to state titling statutes to be registered and titled in the name of "Coca-Cola Bottling Co. Consolidated" or such similar name as required by the applicable government entity issuing such registration and/or certificate of title and to permit all such registrations to be retained by Lessee and all such certificates of title to be retained by the Agent; provided, Lessee shall cause all such registrations and certificates of title to specify the Agent as the sole lienholder with respect to each Unit, as applicable. Lessee shall cause all such certificates of title to be delivered to the Agent at 101 North Tryon Street, 15th Floor, Charlotte, North Carolina 28255, Attention: Ms. Jesse London, or such other address as the Agent may specify from time to time. Notwithstanding the foregoing, Lessor and Lessee agree that the registration and titling of all Units referenced above in the name of "Coca-Cola Bottling Co. Consolidated" is merely for purposes of facilitating efficient record-keeping and administration with regard to such Units and is not intended to (and shall not) impair or otherwise negatively affect Lessor's full legal title to each and every such Unit. Lessee hereby irrevocably appoints Lessor, or any Person or agent Lessor may designate, as Lessee's agent and Lessee's attorney-in-fact, at Lessee's cost and expense, for the sole and

limited purpose of executing in the name of Lessor on behalf of Lessee or in the name of Lessee (as Lessor shall deem to be necessary or appropriate) any and all documents regarding the registration and/or titling (including without limitation any transfer of any such registration and/or titling) of all Units referenced above. The foregoing appointment of Lessor as agent and attorney-in-fact for Lessee (a) is a power coupled with an interest and is irrevocable and (b) shall automatically be extinguished without further action upon the date 90 days after the expiration or earlier termination of this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

Without waiving any claim Lessee may have against any Seller, LESSEE ACKNOWLEDGES AND AGREES, AS BETWEEN LESSEE AND LESSOR, THAT EXECUTION OF THE APPLICABLE LEASE SUPPLEMENT BY LESSEE SHALL WITHOUT FURTHER ACTION CONSTITUTE THE AGREEMENT OF LESSEE AS TO ALL UNITS REFERENCED IN SUCH LEASE SUPPLEMENT THAT LESSEE WAIVES ALL CLAIMS AGAINST LESSOR AND RELEASES LESSOR FROM ALL LIABILITY AS TO THE FOLLOWING MATTERS: (A) EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO LESSEE, (B) LESSEE IS SATISFIED THAT EACH UNIT IS SUITABLE FOR ITS PURPOSES, (C) NEITHER LESSOR, ANY LENDER, ANY BANK LENDER, THE AGENT NOR ANY HOLDER IS A MANUFACTURER OR A DEALER IN PROPERTY SIMILAR TO ANY UNIT, (D) EACH UNIT IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS NOW IN EFFECT OR HEREAFTER ADOPTED AND (E) LESSOR LEASES AND LESSEE TAKES EACH UNIT "AS-IS", "WHERE-IS" AND "WITH ALL FAULTS", IN WHATEVER CONDITION IT MAY BE, AND LESSEE ACKNOWLEDGES THAT NEITHER LESSOR, AS LESSOR OR IN ITS INDIVIDUAL CAPACITY, ANY LENDER, ANY BANK LENDER, THE AGENT NOR ANY HOLDER MAKES NOR SHALL BE DEEMED TO HAVE MADE, AND EACH EXPRESSLY DISCLAIMS, ANY AND ALL WARRANTIES OR REPRESENTATIONS EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, DESIGN, OPERATION, MERCHANTABILITY THEREOF OR AS TO THE TITLE OF ANY UNIT, THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREOF OR CONFORMITY THEREOF TO SPECIFICATIONS, FREEDOM FROM PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, THE ABSENCE OF ANY LATENT OR OTHER DEFECT, WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER WITH RESPECT THERETO, except that Lessor, in its individual capacity, represents and warrants that as of each Acceptance Date, Lessor shall have received whatever title to the applicable Units as was conveyed to Lessor by the applicable Seller and the applicable Units will be free of Lessor's Liens attributable to Lessor in its individual capacity and; provided, that the foregoing disclaimer in clause (E) shall not extend to any representations and warranties of any such Person contained in the Participation Agreement. Lessor hereby appoints and constitutes Lessee its agent and attorney-in-fact during the Term to assert and enforce, from time to time, in the name and for the account of Lessor and Lessee, as their interests may appear, but in all cases at the sole cost and expense of Lessee,

whatever claims and rights Lessor may have as owner of the Equipment against the manufacturers and all prior owners thereof and Lessee hereby accepts such appointment; provided, however, that if at any time a Lease Default or Lease Event of Default shall have occurred and be continuing, at Lessor's option, such power of attorney shall terminate, and Lessor may assert and enforce, at Lessee's sole cost and expense, such claims and rights. Lessee's execution and delivery of a Lease Supplement shall be conclusive evidence as between Lessee and Lessor that all Units described therein are in all the foregoing respects satisfactory to Lessee.

SECTION 6. DELIVERY OF EQUIPMENT; CONDITION OF EQUIPMENT; STORAGE.

6.1 DELIVERY OF EQUIPMENT.

On the Basic Term Expiration Date or the date of expiration of any applicable Renewal Term elected in accordance with Section 22 and assuming Lessee has not purchased the Equipment for the account of Lessee in accordance with the terms of this Lease, Lessee shall, at its sole cost and expense, deliver possession of all the Equipment in the condition required by Section 6.2 to the applicable Third Party Purchaser at any location selected by the applicable Third Party Purchaser. In a timely manner prior to the expiration of the applicable Term, Lessee shall obtain from the applicable Third Party Purchaser the designated return location with respect to the Equipment selected by such Third Party Purchaser. The Equipment when delivered to the applicable Third Party Purchaser shall be in the condition required pursuant to Section 6.2. Third Party Purchasers may act on behalf of themselves or through designated parties for purposes of Sections 6.1 through 6.3.

6.2 CONDITION OF EQUIPMENT.

Each Unit when delivered to the applicable Third Party Purchaser pursuant to Section 6.1 shall be (a) in the condition specified in Sections 8.1 and 9.1, (b) capable of being immediately operated by any Person experienced in the operation of equipment similar to the Equipment without further inspection, repair, replacement, alteration or improvement and (c) free and clear of all Liens except Lessor's Liens. All logs, records, books and other materials relating to the maintenance of each Unit shall be made available to the applicable Third Party Purchaser upon the delivery of such Unit. Prior to the end of the Term, each potential Third Party Purchaser shall have the right to inspect (at the sole cost and expense of such Third Party Purchaser) any Unit that is to be delivered pursuant to Section 6.1 to ensure that such Unit is in compliance with the conditions set forth in this Section 6.2. Such inspections shall be during Lessee's normal business hours and upon reasonable prior notice to Lessee; provided, upon the occurrence of any Lease Default or Lease Event of Default, such right of inspection shall be unconditionally available to Lessor or any Third Party Purchaser at any time and at the sole cost and expense of Lessee. A Unit shall not be deemed to have been delivered to Lessor or any applicable Third Party Purchaser for purposes of this Lease unless and until it is in compliance with the conditions set forth in this Section 6.2.

6.3 STORAGE.

In the event of a sale of Units to a Third Party Purchaser, Lessee shall permit each Third Party Purchaser to store its respective Units, free of charge, at a facility of Lessee for a period (the "Initial Storage Period") beginning on the expiration date of the applicable Term and ending not more than 60 days thereafter. During the Initial Storage Period, Lessee shall be responsible for any storage in respect of the stored Units, and at Lessee's sole cost and expense, Lessee shall maintain insurance in respect thereof in accordance with Section 12. Following the expiration of the Initial Storage Period, Lessee shall permit the applicable Third Party Purchaser, at the sole cost and expense of such Third Party Purchaser, to store the Equipment for up to an additional 60 days (the "Additional Storage Period", collectively with the Initial Storage Period, the "Storage Period") at such location. During the Storage Period, Lessee will permit the applicable Third Party Purchaser and any representative or representatives of any prospective purchaser or user of any Unit to inspect the same during Lessee's normal business hours; provided, that such inspection shall be arranged at a mutually convenient time (not unduly delayed from the time so requested) so as not to materially interfere with the normal conduct of Lessee's business. Lessee shall not be required to store the Equipment after the Storage Period.

6.4 DELIVERY TO LESSOR.

Notwithstanding the other provisions of this Lease, Sections 6.1 through 6.3 shall also apply to any delivery of any Unit to Lessor (as if Lessor were named as a Third Party Purchaser) in connection with the exercise by Lessor of remedies pursuant to the occurrence of any Lease Event of Default and/or the exercise by Lessor of its rights pursuant to Section 22.2(b). Lessor may act on behalf of itself or through designated parties for purposes of Sections 6.1 through 6.3.

SECTION 7. LIENS.

Lessee shall not directly or indirectly create, incur, assume, permit or suffer to exist any Lien on or with respect to any Unit or Lessee's leasehold interest therein under this Lease, except Permitted Liens and Lessor's Liens, and Lessee shall promptly, at its sole cost and expense, take such action or cause such action to be taken as may be necessary to duly discharge to the satisfaction of Lessor (by bonding or otherwise) any such Lien not excepted above whether now existing or arising at any time after the date of this Lease.

SECTION 8. MAINTENANCE AND OPERATION; POSSESSION AND USE.

8.1 MAINTENANCE AND OPERATION.

Lessee, at its sole cost and expense, shall maintain, repair and keep each Unit, and shall operate each Unit in (a) good working order, repair and operating condition and in the repair and condition as when originally delivered to Lessee (assuming such Unit was fully equipped to operate in commercial service at the time of such delivery), ordinary wear and tear from proper use thereof excepted, and refurbished where necessary, (b) a manner consistent with maintenance practices used by Lessee in respect of equipment owned or leased by Lessee similar in type to

such Unit, (c) a manner consistent with prudent industry standards in respect of equipment similar in type to such Unit, (d) accordance with all insurance policies required to be maintained pursuant to Section 12, (e) compliance with applicable maintenance and repair standards and procedures set forth in the manufacturer's manuals pertaining to such Unit and as otherwise may be required to enforce any warranty claims respecting such Unit and (f) compliance with all Laws applicable to such Unit and the use and operation thereof. In no event shall Lessee discriminate as to the use or maintenance of any Unit (including without limitation the periodicity of maintenance or recordkeeping in respect of such Unit) as compared to equipment of a similar nature which Lessee owns or leases. Lessee will maintain all records, logs and other materials regarding the Equipment required by relevant industry standard or any applicable Law, all as if Lessee were the owner of the Equipment, regardless of whether any such requirements, by their terms, are nominally imposed on Lessee, Lessor or any Holder.

8.2 POSSESSION AND USE.

Lessee shall be entitled to use of the Equipment only in the manner for which the Equipment was designed and intended and so as to subject the Equipment only to ordinary wear and tear. In no event shall Lessee make use of any Equipment (a) in any jurisdiction not included in the insurance coverage required by Section 12, (b) in any manner which invalidates any warranty coverage respecting any Equipment, (c) in any manner which violates any Law, (d) for the storage or transport of any Hazardous Material, other than (i) in the ordinary course of business for Lessee and (ii) in a manner which does not give rise to any Material Adverse Effect or (e) in any manner which results at any time in an Environmental Violation, other than (i) in the ordinary course of business for Lessee and (ii) in a manner which does not give rise to any Material Adverse Effect.

SECTION 9. MODIFICATIONS.

9.1 REQUIRED MODIFICATIONS.

In the event any Governmental Authority having jurisdiction over any Unit requires that such Unit be altered, replaced or modified (a "Required Modification"), Lessee agrees within 45 days of Lessee gaining knowledge of such requirement to give Lessor and the Agent notice of such requirement and of an election by Lessee either (a) to promptly (but in any event within the time period by which the Required Modification is required to be made) make such Required Modification at its sole cost and expense or (b) to deem an Event of Loss to have occurred with respect to such Unit. Title to any Required Modification shall immediately vest in Lessor upon completion thereof.

9.2 OPTIONAL MODIFICATIONS.

In addition to making Required Modifications, Lessee at any time may otherwise modify, alter or improve any Unit (an "Optional Modification"); provided, that no Optional Modification shall diminish the value, utility, capacity or remaining economic useful life of such Unit below the value, utility, capacity or remaining economic useful life of such Unit immediately prior to

such Optional Modification, assuming such Unit was then in the condition required to be maintained by the terms of this Lease. Title to any Optional Modification which is not readily removable without causing material damage to a Unit shall immediately vest in Lessor, and title to any other Optional Modification (a "Severable Modification") shall remain with Lessee. Lessee may remove (and, at Lessor's direction, will remove) any Severable Modification at Lessee's sole cost and expense. Lessee, at its sole cost and expense, shall repair any damage to any Unit caused by the installation and/or removal of any Severable Modification. If Lessee does not elect to remove such Severable Modification, then Lessee shall return the Unit with such Severable Modification intact, in which case such Severable Modification shall be deemed to be a part of such Unit and title thereto shall immediately vest in Lessor without further act or payment.

9.3 REPLACEMENT OF PARTS.

Lessee shall replace or cause to be replaced as promptly as practicable, and at its sole cost and expense, all Parts of any Unit which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever except as otherwise provided herein. All replacement parts shall be free and clear of all Liens (except Permitted Liens), shall be in good order and operating condition and otherwise satisfy the requirements of Section 8.1. All such replacement parts shall become the property of Lessor without further act or payment, shall constitute Parts hereunder, shall immediately become subject to this Lease and shall be deemed part of the Unit to which such Parts are attached for all purposes hereof to the same extent as the Parts originally comprising, or installed on, such Unit. Without further act or payment, the Parts replaced thereby shall become Lessee's or its designee's property.

SECTION 10. VOLUNTARY EARLY TERMINATION.

10.1 RIGHT OF TERMINATION.

To the extent no Lease Default or Lease Event of Default shall have occurred and be continuing and, unless Lessee is terminating this Lease or purchasing the Equipment pursuant to Section 22 on the expiration date of the Basic Term or any Renewal Term (but only to the extent such expiration date shall occur on an annual anniversary of the Basic Term Commencement Date), Lessee may terminate this Lease respecting all, but not less than all, of the Equipment in a particular Class on any Scheduled Payment Date occurring after the first annual anniversary of the Basic Term Commencement Date (any such Scheduled Payment Date may be referred to herein as the "Termination Date") upon irrevocable written notice to Lessor and the Agent given at least 120 days (but not more than 180 days) prior to the Scheduled Payment Date designated for such early termination. Lessee may not exercise such early termination option respecting any Unit in a particular Class unless Lessee exercises such option respecting all Units in such Class at the same time. Lessee may exercise such early termination option to the extent the following conditions are met: (a) Lessee arranges for the sale of all Equipment in a particular Class to one or more Third Party Purchasers, (b) on the Termination Date each Third Party Purchaser pays Lessor the previously agreed purchase amount for such Equipment in good, immediately

available funds, (c) in the event that the aggregate Proceeds of Sale are less than the aggregate Stipulated Loss Value for such Equipment for such date, Lessee shall pay Lessor the difference between such aggregate Proceeds of Sale and the aggregate Stipulated Loss Value for such date, (d) on the Termination Date, Lessee shall pay all Basic Rent then due and owing (including without limitation any interest or discount on outstanding Commercial Paper maturing after the Termination Date) and all Supplemental Rent then due and owing or accrued, (e) Lessee shall pay, or cause to be paid, all Sales Expenses associated with the sale of such Equipment and (f) Lessee shall deliver such Equipment to the applicable Third Party Purchaser in the condition required by Section 6.2. Upon receipt of all funds then due and owing to Lessor hereunder, (x) Lessor shall sell such Equipment to the applicable Third Party Purchaser on an "as-is", "where-is" and "with all faults" basis without recourse to or representation or warranty by Lessor (except as to the absence of Lessor's Liens) and deliver a bill of sale reasonably necessary to transfer to the applicable Third Party Purchaser all of Lessor's right, title and interest in and to such Equipment and (y) to the extent the aggregate Proceeds of Sale exceed the aggregate Stipulated Loss Value for such Equipment for the Termination Date and Lessee has made all other payments required at such time under the Operative Agreements, Lessor shall promptly remit such excess to Lessee. Except as expressly provided in this Section 10.1, Lessee may not early terminate this Lease; provided, to the extent (for whatever reason) this Lease is early terminated on any date other than a Scheduled Payment Date, Lessee shall on such date be obligated to pay, in addition to all other amounts then due and owing, the Break-Amount, if any, on the Notes and the Certificates.

10.2 BID SOLICITATION PROCESS.

During the period from the date of notice given pursuant to Section 10.1 to the Termination Date (or with regard to the application of this Section 10.2 to a sale of the Equipment pursuant to Section 22.2(b), the period from the date notice is given pursuant to Section 22.1 to the expiration date of the Basic Term or any Renewal Term as specified in such notice), Lessee, as agent for Lessor and at Lessee's sole cost and expense, shall use reasonable best efforts to obtain bids from prospective Third Party Purchasers for the cash purchase of all of the Equipment in a particular Class, and Lessee shall promptly, and in any event at least five Business Days prior to the proposed date of sale, certify to Lessor in writing the amount and terms of each such bid and the name and address of the party submitting such bid. Lessor shall have the right (but not the obligation) to obtain bids for the purchase of all such Equipment, either directly or through agents other than Lessee, but shall be under no duty to solicit bids, inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with arranging such sale.

SECTION 11. LOSS, DESTRUCTION, REQUISITION, ETC.

11.1 EVENT OF LOSS.

In the event that any Unit (a) shall suffer damage, contamination, destruction or rendition of such Unit permanently unfit for normal use for any reason whatsoever, (b) shall suffer an actual or constructive total loss, (c) shall be permanently returned to the manufacturer or the

Seller, (d) shall be prohibited from being used in the normal course of interstate commerce by any Governmental Authority, (e) shall suffer theft or disappearance, (f) shall suffer any damage which results in an insurance settlement respecting such Unit on the basis of a total loss, (g) shall have title thereto taken or appropriated by any Governmental Authority under the power of eminent domain or otherwise, (h) shall be subject to a Required Modification with respect to which Lessee has made an election pursuant to Section 9.1(b) or (i) shall be taken, requisitioned, condemned, confiscated or seized for use by any Governmental Authority under the power of eminent domain or otherwise (any such occurrence being hereinafter called an "Event of Loss"), Lessee, in accordance with the terms of Section 11.2, shall inform Lessor and the Agent of such Event of Loss.

11.2 REPLACEMENT OR PAYMENT UPON EVENT OF LOSS.

Upon the occurrence of an Event of Loss with respect to any Unit, Lessee shall within 45 days of such occurrence give Lessor and the Agent notice of such occurrence and of its election to perform one of the following options and the contemplated date of performance of such option (it being agreed that if Lessee shall not have given notice of such election within 45 days after such occurrence or if a Lease Default or Lease Event of Default shall have occurred and be continuing at any time from and including the date of occurrence of such Event of Loss to and including the last occurring Scheduled Payment Date for such Unit within 120 days of such occurrence, Lessee shall be deemed to have elected to perform the option set forth in the following paragraph (b)):

(a) within 120 days of such occurrence, Lessee shall comply with Section 11.4(b) and shall convey or cause to be conveyed to Lessor a Replacement Unit to be leased to Lessee hereunder, such Replacement Unit to be free and clear of all Liens (other than Permitted Liens) and to have a value, utility, capacity and remaining economic useful life at least equal to the Unit so replaced (assuming such Unit was in the condition required to be maintained by the terms of this Lease); provided, that if Lessee shall not perform its obligation to effect such replacement under this paragraph (a) during the period of time provided herein, then Lessee shall pay on the next succeeding Scheduled Payment Date for such Unit that is at least 30 days after the end of such period to Lessor the amounts specified in paragraph (b) below; or

(b) on a Scheduled Payment Date for such Unit within 120 days of such occurrence, Lessee shall pay or cause to be paid (i) to Lessor (A) an amount equal to the Stipulated Loss Value of each such Unit suffering such occurrence determined as of such Scheduled Payment Date and (B) all Basic Rent payable on such date and (ii) to the Persons (including without limitation Lessor) entitled thereto all other unpaid Supplemental Rent due on or before such Scheduled Payment Date (including without limitation any Sales Expenses arising in connection with such termination and any interest or discount on outstanding Commercial Paper maturing after such Scheduled Payment Date); it being understood that until all such amounts referenced in this Section 11.2(b) are paid in full, there shall be no abatement or reduction of Basic Rent.

11.3 BASIC RENT TERMINATION.

Upon the replacement of any Unit in compliance with Section 11.2 (a) or upon the payment of all sums required to be paid pursuant to Section 11.2 (b) in respect of any Unit for which Lessee has elected to pay (or is deemed to have elected to pay pursuant to the proviso to Section 11.2(a)) the amounts specified in Section 11.2(b), the Term with respect to such replaced or terminated Unit and the obligation to pay Basic Rent for such replaced or terminated Unit accruing subsequent to the date of conveyance of such Replacement Unit pursuant to Section 11.2(a) or the date of payment of all amounts due pursuant to Section 11.2(b), as the case may be, shall terminate; provided, that Lessee shall be obligated to pay all Rent (including without limitation any interest or discount on outstanding Commercial Paper maturing after the date such Unit was replaced or terminated) in respect of such replaced or terminated Unit which has accrued up to and including the date of conveyance of such Replacement Unit pursuant to Section 11.2 (a) or the date of payment of all amounts due pursuant to Section 11.2 (b), as the case may be; provided, further, Lessee shall be obligated to pay Basic Rent regarding all Units remaining under the Lease (including without limitation each Replacement Unit) and such termination of the obligation to pay Basic Rent in respect of such replaced or terminated Unit shall not invalidate Lessee's continuing indemnity obligation with respect thereto.

11.4 DISPOSITION OF EQUIPMENT; REPLACEMENT OF EQUIPMENT.

(a) Upon the payment of all sums required to be paid pursuant to Section 11.2 in respect of any Unit, Lessor shall convey to Lessee or its designee all right, title and interest of Lessor in and to such Unit, "as-is", "where-is" and "with all faults", without recourse to or representation or warranty by Lessor, except for a warranty against Lessor's Liens, and shall execute and deliver to Lessee or its designee bills of sale to evidence such conveyance. As to each separate Unit so disposed of, Lessee or its designee shall be entitled to any amounts arising from such disposition, plus any awards, insurance or other proceeds and damages received by Lessee, Lessor or the Agent by reason of such Event of Loss after having paid the Stipulated Loss Value attributable thereto and all other amounts of Rent then due and payable in respect thereof, provided, that if a Lease Default or Lease Event of Default shall have occurred and be continuing, the amounts referred to in this sentence which are payable to Lessee shall be paid to Lessor, and Lessor shall hold such amounts received as security for Lessee's obligations hereunder subject to the provisions of Section 11.6.

(b) At the time of or prior to any replacement of any Unit, Lessee, at its sole cost and expense, shall (i) cause good and marketable legal title with respect to the Replacement Unit to be conveyed to Lessor, free and clear of all Liens, (ii) cause a Lease Supplement substantially in the form of Exhibit A hereto, subjecting such Replacement Unit to this Lease, and duly executed by Lessee, to be delivered to Lessor for execution and (iii) cause all filings, recordings and other actions (reasonably requested by Lessor) to be taken or made, to the extent such filings, recordings or other actions are necessary or appropriate to perfect and protect Lessor's interest in the Replacement Unit and (iv) furnish such other documents and evidence as Lessor or the Agent, or their respective counsel, may reasonably request in order to establish the consummation of the transactions contemplated by this Section 11.4. For all purposes hereof,

upon passage of title thereto to Lessor the Replacement Unit shall be deemed part of the property leased hereunder and the Replacement Unit shall be deemed a "Unit" as defined herein with the same Equipment Cost as the Unit replaced thereby. Upon such passage of title, Lessor shall transfer to Lessee on an "as-is", "where-is" and "with all faults" basis, without recourse to or representation or warranty by Lessor (except as to the absence of Lessor's Liens), all Lessor's right, title and interest in and to the replaced Unit.

11.5 (INTENTIONALLY OMITTED)

11.6 RESERVATION OF AMOUNTS REGARDING LEASE DEFAULT OR LEASE EVENT OF DEFAULT.

Any amount referred to in Sections 11.4(a) or 12 which is to be held by Lessor subject to the provisions of this Section 11.6 shall be held by Lessor as security for the obligations of Lessee under this Lease and at such time as there shall not be continuing any such Lease Default or Lease Event of Default, such amount (unless theretofore otherwise applied to the obligations of Lessee hereunder) shall be paid over to Lessee.

SECTION 12. INSURANCE.

Lessee, at its own cost and expense, shall insure the Equipment against all risks for the value of the Equipment and in no event for less than the Stipulated Loss Value of the Equipment. Notwithstanding the foregoing, if no Lease Event of Default shall have occurred and be continuing, Lessee may self-insure with respect to the insurance required in the preceding sentence. Lessee shall maintain comprehensive general public liability insurance and automobile liability insurance, each against such risks in amounts not less than $5,000,000 combined single limit. All such insurance shall be in such form as the Additionally Insured Parties shall approve, shall be with financially sound and reputable independent insurers, shall specify Lessor and the Agent, as their respective interests may appear, as loss payees with respect to property damage insurance and the Additionally Insured Parties, as their respective interests may appear, as additional insureds with respect to liability insurance. Any insurance policy maintained by Lessee pursuant to this Section 12 shall provide that such insurance may not be cancelled as to the Additionally Insured Parties or altered in any way that would affect the interests of the Additionally Insured Parties without at least 30 days prior written notice to the Additionally Insured Parties. All insurance shall be primary, without right of contribution from any other insurance carried by the Additionally Insured Parties, shall contain a "breach of warranty" provision satisfactory to the Additionally Insured Parties and shall waive any right of subrogation of the insurers against the Additionally Insured Parties. Lessee shall provide the Additionally Insured Parties (as reasonably requested by the Additionally Insured Parties) with evidence satisfactory to them of the required insurance at all times during the Term and, if applicable, during the Initial Storage Period.

SECTION 13. LESSOR'S INSPECTION RIGHTS.

Lessor shall have the right, but not the obligation, at its sole cost and expense, by its authorized representatives, to inspect the Equipment and Lessee's records with respect thereto

during Lessee's normal business hours and upon reasonable prior notice to Lessee; provided, upon the occurrence of any Lease Default or Lease Event of Default such right of inspection shall be unconditionally available to Lessor and/or any potential Third Party Purchaser at any time and at the sole cost and expense of Lessee.

SECTION 14. EVENTS OF DEFAULT.

Each of the following events shall constitute a "Lease Event of Default" hereunder (whether any such event shall be voluntary or involuntary or come about or be effected by operation of Law or pursuant to or in compliance with any judgment, decree, action or order of any court or any order, rule or regulation of any Governmental Authority):

(a) Lessee shall fail to make any payment of Basic Rent or Stipulated Loss Value within five Business Days after the date due, whether at stated maturity, by acceleration or otherwise; or

(b) Lessee shall fail to make any payment of Supplemental Rent, including without limitation indemnity payments (but excluding payments of Stipulated Loss Value, which shall be subject to clause (a) above) after the same shall have become due and such failure shall continue unremedied for five Business Days after receipt by Lessee of written notice of such failure; or

(c) (Intentionally Omitted)

(d) Any representation or warranty made by Lessee in any Operative Agreement or in any certificate or financial statement furnished pursuant to the provisions thereof shall prove to have been false or misleading in any material respect as of the time made or furnished; or

(e) To the extent the Credit Agreement is terminated or expires, Lessee shall default in the performance or observance of any covenant referenced in Section 5.2 of the Participation Agreement and such default shall not be remedied for a period of five Business Days after notice thereof to Lessee from Lessor or any other Person; or

(f) (Intentionally Omitted)

(g) (Intentionally Omitted)

(h) The Coca-Cola Company and any of its wholly-owned Subsidiaries shall fail for a period of 90 days to own at least 20% of the capital stock of Lessee, or such lesser percentage as shall result solely from the issuance after the date hereof by Lessee for fair consideration of capital stock to any other Person;

(i) A proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of Lessee or any Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee,

sequestrator (or other similar official) of Lessee or any Subsidiary or for any substantial part of its property, or for the winding-up or liquidation of its affairs and such proceeding shall remain undismissed or unstayed and in effect for a period of 60 days or such court shall enter a decree or order granting the relief sought in such proceeding;

(j) Lessee or any Subsidiary shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such Law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Lessee or any Subsidiary or for any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing;

(k) Lessee shall fail to observe and perform any of the covenants or agreements of Lessee set forth in Sections 10, 12, 19 or 22 (including without limitation the payment of all amounts under Section 22 on the due date therefor); or

(l) Lessee shall fail to observe or perform any covenants or agreements (other than as referenced in Section 14(k) and also other than with respect to the Incorporated Covenants) to be observed or performed by Lessee under any Operative Agreement and such failure shall continue unremedied for 30 days after notice to Lessee from Lessor, any Holder, any Lender, any Bank Lender and/or the Agent specifying the failure and demanding the same to be remedied; or

(m) a Credit Agreement Event of Default shall have occurred and be continuing and the lenders under the Credit Agreement or the agent for such lenders shall have commenced the exercise of remedies with respect to such Credit Agreement Event of Default; or

(n) the Agent shall fail at any time to have a perfected, first priority Lien on the Collateral.

SECTION 15. REMEDIES.

15.1 REMEDIES.

Upon and after the occurrence of any Lease Event of Default, Lessor may exercise one or more of the following remedies as Lessor in its sole discretion shall elect (provided, once the exercise of remedies is commenced, Lessee may not cure any Lease Event of Default unless such cure is acceptable to Lessor in its sole discretion):

(a) proceed by appropriate court action or actions, either at Law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(b) Lessor may demand that Lessee, and Lessee shall, upon demand of Lessor and at Lessee's sole cost and expense, forthwith return any or all of the Equipment to Lessor or its order in the manner and condition required by, and otherwise in accordance with all of the provisions of, Sections 6.1, 6.2 and 15.4; or Lessor may, at its option, enter upon the premises of Lessee or other premises where any of the Equipment may be located and take possession of and remove any or all of the Equipment and thenceforth hold, use, operate, sublease, possess and enjoy the same free from any right of Lessee or its sublessees and successors or assigns, to use such Equipment for any purpose whatever and without any duty to account to Lessee with respect to the proceeds thereof all without liability to Lessor for such entry or taking possession;

(c) with or without taking possession, sell any or all of the Equipment at public or private sale, as Lessor may determine, with not less than five days prior notice to Lessee but free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such sale or for the proceeds thereof (except to the extent required by Section 15.1(e)), in which event Lessee's obligation to pay Basic Rent with respect to such Equipment hereunder due for any periods subsequent to the date of such sale shall terminate (except to the extent that Basic Rent is to be included in computations under Sections 15.1(d) or (e) if Lessor elects to exercise its rights under either of said Sections);

(d) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under Sections 15.1(a), (b) or (c) with respect to any or all of the Equipment, Lessor, by written notice to Lessee specifying a payment date not earlier than 30 days after such notice, may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent for such Equipment due after the payment date specified in such notice), all Rent due and payable or accrued for such Equipment as of the payment date specified in such notice plus an amount equal to the excess, if any, of the Stipulated Loss Value for such Equipment computed as of the Scheduled Payment Date next preceding the payment date specified in such notice (or if such payment date occurs on a Scheduled Payment Date, then computed as of such Scheduled Payment Date) over the Fair Market Sales Value (as determined pursuant to Section 15.5) of such Equipment as of the payment date specified in such notice;

(e) if Lessor shall have sold any or all of the Equipment pursuant to Section 15.1(c), Lessor, by written notice to Lessee specifying a payment date not earlier than 30 days after such notice, may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent for such Equipment due after the payment date specified in such notice) all Rent and all Sales Expenses due and payable or accrued for such Equipment as of the payment date specified in such notice plus the amount, if any, by which the Stipulated Loss Value of such Equipment computed as of the Scheduled Payment Date next preceding the date of such sale (or if such sale occurs on a Scheduled Payment Date, then computed as of such Scheduled Payment Date) exceeds the proceeds of such sale;

(f) in lieu of exercising its rights pursuant to Sections 15.1(d) or (e) with respect to any or all of the Equipment and provided such Lease Event of Default has not been cured within

the time period expressly set forth therefor in this Lease or waived, Lessor by written notice to Lessee specifying a payment date not earlier than five Business Days after such notice, may accelerate (provided such acceleration shall be deemed to occur automatically without further notice upon the occurrence of a Lease Event of Default as specified in Sections 14(i) or (j) and in such event the payment date referenced herein shall be deemed to be the date such Lease Event of Default occurs) the obligations of Lessee owed under the Lease and may demand that Lessee pay to Lessor (whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Lessee), and Lessee shall pay Lessor, on the payment date specified in such notice (in lieu of the Basic Rent for such Equipment due after the payment date specified in such notice) the sum of (i) all Rent due and payable or accrued for such Equipment as of the payment date specified in such notice plus (ii) an amount equal to the Stipulated Loss Value for such Equipment computed as of the Scheduled Payment Date next preceding the payment date specified in such notice (or if such payment date occurs on a Scheduled Payment Date, then computed as of such Scheduled Payment Date); and upon payment by Lessee of all such damage amounts referenced in this Section 15.1(f) and all Sales Expenses and other costs and expenses of transfer otherwise payable by Lessor, Lessor will transfer to Lessee, without recourse to or representation or warranty by Lessor (except as to the absence of Lessor's Liens), all Lessor's right, title and interest in and to such Equipment; and/or

(g) Lessor may rescind or terminate this Lease or may exercise any other right or remedy that may be available to it under applicable Law.

In addition, Lessee shall be liable, except as otherwise provided above, for any and all unpaid Supplemental Rent due hereunder before or during the exercise of any of the foregoing remedies, and for reasonable legal fees and other costs and expenses incurred by reason of the occurrence of any Lease Event of Default or the exercise of Lessor's remedies with respect thereto, including without limitation the repayment in full of any costs and expenses necessary to be expended in repairing any Unit in order to cause it to be in compliance with all maintenance standards imposed by this Lease and all Laws and all other costs and expenses, including without limitation reasonable legal fees, involved in any appearance by Lessor, any Holder, any Lender, any Bank Lender or the Agent in any bankruptcy or insolvency proceeding with respect to Lessee.

LESSEE HEREBY ACKNOWLEDGES AND AGREES THAT FROM TIME TO TIME AND AT DIFFERENT TIMES LESSOR (ON BEHALF OF THE HOLDERS AND ACTING PURSUANT TO THE DIRECTION OF THE MAJORITY HOLDERS) AND THE AGENT (ON BEHALF OF THE LENDERS, AND THE BANK LENDERS AND ACTING PURSUANT TO THE DIRECTION OF THE MAJORITY IN INTEREST) MAY EACH ON A SEVERAL BASIS (X) DECLARE THE OCCURRENCE OF A LEASE EVENT OF DEFAULT AND (Y) EXERCISE REMEDIES UNDER THIS LEASE WITH REGARD TO THEIR RESPECTIVE RIGHT, TITLE AND INTEREST RESPECTING THE EQUIPMENT AND/OR IN THIS LEASE ARISING PURSUANT TO THE OPERATIVE AGREEMENTS OR OTHERWISE, WHICH IN THE CASE OF LESSOR SHALL INCLUDE ALL EXCEPTED PROPERTY AND THE EQUIPMENT AND IN THE CASE OF THE AGENT SHALL

INCLUDE ALL COLLATERAL. THE DECLARATION OF A LEASE EVENT OF DEFAULT AND THE COMMENCEMENT OF THE EXERCISE OF REMEDIES WITH RESPECT THERETO BY ANY PERSON ENTITLED TO DO THE SAME SHALL AUTOMATICALLY AND WITHOUT FURTHER ACTION CONSTITUTE AN ACCELERATION OF ALL OBLIGATIONS OF LESSEE UNDER THIS LEASE AND THE OTHER OPERATIVE AGREEMENTS. LESSEE WAIVES ANY AND ALL DEFENSES TO PAYMENT.

15.2 CUMULATIVE REMEDIES.

The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive but shall be cumulative and shall be in addition to all other remedies in its favor existing at Law or in equity. Lessee hereby waives any mandatory requirements of Law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by Law.

15.3 NO WAIVER.

No delay or omission to exercise any right, power or remedy accruing to Lessor upon any breach or default by Lessee under this Lease shall impair any such right, power or remedy of Lessor, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default hereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default.

15.4 LESSEE'S DUTY TO RETURN EQUIPMENT UPON A LEASE EVENT OF DEFAULT.

If Lessor or any assignee of Lessor shall terminate this Lease pursuant to this Section 15, unless Lessee shall purchase the Equipment pursuant to this Section 15, Lessee shall forthwith deliver possession of the Equipment to Lessor or its designees pursuant to Sections 6.1 through 6.3 as if Lessor were a "Third Party Purchaser" under such Sections.

15.5 FAIR MARKET SALES VALUE.

For purposes of this Lease, the "Fair Market Sales Value" of a Unit shall be the sales value that would be obtained in an arm's length transaction between an informed and willing buyer under no compulsion to buy and an informed and willing seller under no compulsion to sell, based upon the actual condition and location of the Unit in question, which value shall be determined by an appraiser selected by Lessor and reasonably acceptable to Lessee.

SECTION 16. FURTHER ASSURANCES; EXPENSES.

16.1 FURTHER ASSURANCES.

Lessee will duly execute and deliver to Lessor, the Holders, the Lenders, the Bank Lenders and the Agent such further documents and assurances and take such further action as

may be required by applicable Law in order to effectively establish and protect the rights and remedies created in favor of Lessor, the Holders, the Lenders, the Bank Lenders and the Agent hereunder and under the Operative Agreements, including without limitation the execution and delivery of supplements or amendments hereto and to the Operative Agreements, in recordable form, subjecting to this Lease any Replacement Unit and the recording or filing of counterparts hereof or thereof in accordance with the Laws of such jurisdictions and such Uniform Commercial Code financing statements and other filings as are required to maintain the right, title and interest of Lessor in and to the Equipment and the remainder of the Trust Estate and to maintain the validity and perfection of the Lien of the Loan Agreement on the Collateral or as Lessor or the Agent may from time to time deem reasonably advisable; provided, that in connection with the foregoing Lessee shall also take such further action as is reasonably requested by Lessor or the Agent. The documents required by this Section 16.1 shall be in form and substance reasonably acceptable to Lessee.

16.2 EXPENSES.

Lessee will pay all reasonable costs, charges and expenses (including without limitation reasonable attorneys fees and expenses) incident to any filing, refiling, recording and rerecording or depositing and redepositing of any instruments, Uniform Commercial Code filings or incident to the taking of action in accordance with Section 16.1.

SECTION 17. LESSOR'S RIGHT TO PERFORM.

If Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any of its other agreements contained herein which requires the payment of money, Lessor may itself make such payment or perform or comply with such agreement which requires the payment of money, after giving prior written notice thereof to Lessee, but Lessor shall not be obligated hereunder to do so, and the amount of such payment, together with interest thereon at the Late Rate, to the extent permitted by applicable Law, shall be deemed to be Supplemental Rent, payable by Lessee to Lessor on demand. Notwithstanding the foregoing, Lessor may not make more than two such consecutive payments of Basic Rent and no more than six such payments of Basic Rent in the aggregate during the Term.

SECTION 18. ASSIGNMENT.

18.1 ASSIGNMENT BY LESSOR.

Lessee and Lessor hereby confirm that concurrently with the execution and delivery of this Lease, Lessor has executed and delivered to the Agent the Loan Agreement, which is intended to assign as collateral security and grant a Lien in favor of the Agent in, to and under (among other things) the Equipment, this Lease and the Rent payable hereunder (excluding Excepted Property), all as more explicitly set forth in the Loan Agreement. Lessor agrees that it shall not otherwise assign or convey its right, title and interest in and to the Equipment, this Lease and the Rent payable hereunder (excluding the Excepted Property) or any other part of the Collateral, except (a) as expressly permitted by and subject to the provisions of the Participation

Agreement, the Trust Agreement and the Loan Agreement or (b) following the discharge of the Lien of the Loan Agreement in accordance with its terms.

Lessee hereby consents to such assignment and to the creation of such Lien and consents to the terms and provisions thereof. Lessee (x) acknowledges that the Loan Agreement provides for the exercise by the Agent of all rights of Lessor hereunder to give any consents, approvals, waivers, notices or the like, to make any elections, demands or the like (excluding with regard to the Excepted Property, the Equipment and as otherwise provided in the Loan Agreement), (y) acknowledges receipt of an executed counterpart of the Loan Agreement as in effect on the date hereof and consents to all of the provisions thereof and (z) agrees that, to the extent provided in the Loan Agreement, the Agent shall have all the rights of Lessor hereunder (excluding such rights relating to any Excepted Property, the Equipment and as otherwise provided in the Loan Agreement) as if the Agent had originally been named as Lessor herein, to the extent provided in the Loan Agreement. Notwithstanding any provision of this Lease or any other Operative Agreement but without prejudice to Lessor's and the Holders' rights expressly provided for in the Loan Agreement, so long as Lessor's interest in the Equipment, this Lease and the Rent payable hereunder (excluding the Excepted Property) is subject to the Lien of the Loan Agreement, Lessee shall make all payments of Rent (excluding Segregated Excepted Property but including all other Excepted Property) to the Agent to such account as the Agent may specify to Lessee from time to time for distribution in accordance with the terms of the Operative Agreements, and the obligation of Lessee to make all such payments shall not be subject to any defense, counterclaim, setoff or other right or claim of any kind which Lessee may be able to assert against Lessor, any Holder, the Lenders, the Bank Lenders or the Agent in any action regarding this Lease or otherwise.

18.2 ASSIGNMENT BY LESSEE.

LESSEE WILL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR AND THE AGENT, ASSIGN ANY OF ITS RIGHT, TITLE OR INTEREST HEREUNDER; PROVIDED, ANY SUBLEASE WHICH SATISFIES SECTION 21 SHALL NOT BE CONSTRUED AS AN ASSIGNMENT OF LESSEE'S RIGHT, TITLE AND INTEREST HEREUNDER.

SECTION 19. NET LEASE, ETC.

This Lease is a net lease and Lessee's obligation to pay all Rent payable hereunder shall be absolute, unconditional and irrevocable and shall not be affected by any circumstance of any character including without limitation (a) any set-off, abatement, counterclaim, suspension, recoupment, reduction, rescission, defense or other right that Lessee may have against Lessor, any Holder, any Lender, any Bank Lender, the Agent, any Seller, any manufacturer of any Unit, or any other Person for any reason whatsoever, (b) any defect in or failure of title, merchantability, condition, design, compliance with specifications, operation or fitness for use of all or any part of any Unit, or any interruption or cessation in or prohibition of the use or possession of any Unit for any reason whatsoever, (c) any damage to, or removal, abandonment, requisition, taking, condemnation, loss, theft or destruction of all or any part of any Unit or any

interference, interruption, restriction, curtailment or cessation in the use or possession of any Unit by Lessee or any other Person for any reason whatsoever or of whatever duration, (d) any insolvency, bankruptcy, reorganization or similar proceeding by or against Lessee, Lessor or any other Person, (e) the invalidity, illegality or unenforceability of this Lease, any other Operative Agreement, or any other instrument referred to herein or therein or any other infirmity herein or therein or any lack of right, power or authority of Lessee to enter into this Lease or any other Operative Agreement to which it is a party or to perform the obligations hereunder or thereunder or consummate the transactions contemplated hereby or thereby or any doctrine of force majeure, impossibility, frustration or failure of consideration, or (f) any other circumstance or happening whatsoever, foreseeable or unforeseeable, whether or not similar to any of the foregoing. To the extent permitted by applicable Law, Lessee hereby waives any and all rights which it may now have or which at any time thereafter may be conferred upon it, by Law or otherwise, to terminate, cancel, quit or surrender this Lease with respect to any Unit, except in accordance with the express terms hereof. Each payment of Rent made by Lessee hereunder shall be final and Lessee shall not seek or have any right to recover all or any part of such payment from Lessor or any other Person for any reason whatsoever. If for any reason whatsoever this Lease shall be terminated by operation of Law or otherwise except as expressly provided herein, (x) Lessee shall nonetheless pay an amount equal to each Rent payment at the time and in the manner that such payment would become due and payable hereunder if this Lease had not been terminated or (y) at the option of Lessor, Lessee shall pay upon the next occurring Scheduled Payment Date, all Basic Rent, Supplemental Rent (including without limitation all Break-Amount, if any, on the Notes and the Certificates) and any and all other amounts then due and owing or accrued under any Operative Agreement. In the event Lessor elects the option set forth in subsection (y) of the preceding sentence, Lessor shall convey the Equipment to Lessee (or its designee) on an "as-is", "where-is" and "with all faults" basis, without recourse to or representation or warranty by Lessor except as to the absence of Lessor's Liens and Lessee shall pay all Sales Expenses.

SECTION 20. NOTICES.

Unless otherwise specifically provided herein, all notices required or permitted by the terms hereof shall be given in the manner provided in Section 10.3 of the Participation Agreement. All notices delivered to Lessor shall also be delivered to the Agent.

SECTION 21. SUBLEASE.

Without the prior written consent of Lessor, Lessee may sublease any Unit to any wholly-owned Subsidiary of Lessee (including without limitation downstream Subsidiaries) or to Piedmont Coca-Cola Bottling Partnership; provided, (a) no Lease Default or Lease Event of Default has occurred and be continuing at such time and (b) such sublease is a Permitted Sublease. Except as otherwise expressly set forth in the immediately preceding sentence, Lessee will not, without the prior written consent of Lessor (which shall be given or withheld in Lessor's reasonable discretion), assign, sublease (provided, unless expressly stated otherwise by Lessor at such time, each such sublease must be a Permitted Sublease) or otherwise transfer its rights or obligations with respect to this Lease, any other Operative Agreement or any of the Equipment

and any attempted assignment, sublease or other transfer by Lessee without such Lessor consent shall be null and void.

Any sublease referenced in this Lease shall only be deemed a "Permitted Sublease" if at the time Lessee enters into such sublease, all of the following conditions shall have been satisfied: (a) no such sublease by Lessee will (i) adversely affect the insurance coverage provided under Section 12, (ii) reduce any of the obligations of Lessee hereunder or under any Operative Agreement or (iii) adversely affect the rights of Lessor hereunder, (b) all obligations of Lessee hereunder shall be and remain primary and shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety, (c) each such sublease, and the rights and interests of any sublessee thereunder shall in all events be expressly subject and subordinate to this Lease, the rights and interests of Lessor, the Holders, the Lenders, the Bank Lenders and the Agent (in each case under the Operative Agreements), (d) such sublease shall not include any term or provision which would require or permit the sublessee thereunder to take any actions inconsistent with this Lease or the other Operative Agreements, (e) the term of any such sublease shall in no event exceed the then remaining portion of the Term and (f) no Lease Default or Lease Event of Default shall have occurred and be continuing. Lessee hereby grants a Lien to Lessor respecting all right, title and interest of Lessee, now or hereafter arising, in the above-referenced subleases and in connection therewith if Lessor hereafter requests, Lessee will take all actions necessary to perfect and maintain a first priority Lien in favor of Lessor respecting such subleases.

Lessee shall make, or cause to be made, in a timely fashion all reasonable filings with respect to any such Permitted Sublease necessary to protect the rights of Lessor in the Unit subject to such Permitted Sublease.

SECTION 22. END OF TERM PURCHASE, SALE AND RENEWAL OPTIONS.

22.1 ELECTION OF END OF TERM OPTIONS.

To the extent no Lease Default or Lease Event of Default shall have occurred and be continuing and if this Lease shall not have been earlier terminated, Lessee shall give an irrevocable written notice to the Agent (and promptly thereafter, the Agent shall provide such notice to Lessor, the Holders, the Lenders and the Bank Lenders), respecting all, but not less than all, the Equipment in a particular Class at least 120 days (but not more than 180 days) prior to the expiration date of the Basic Term or any Renewal Term, as applicable (but only to the extent such expiration date shall occur on an annual anniversary of the Basic Term Commencement Date), and pursuant to such notice, Lessee shall elect one of the options described in Sections 22.2(a) or (b) or 22.3; provided, the option described in Section 22.3 shall not be available to Lessee unless the conditions for renewal set forth in Section 22.3 have been satisfied; provided, further, to the extent Lessee does not give any such notice at least 120 days (but not more than 180 days) prior to the expiration of the Basic Term (in the case of Class A Equipment) and the Basic Term or the first Renewal Term, as applicable, (in the case of Class B Equipment and Class C Equipment) Lessee without further action shall be deemed to have exercised its renewal option

pursuant to Section 22.3; provided, further, Lessee may not elect the renewal option pursuant to Section 22.3 at the Final Renewal Term Expiration Date and to the extent Lessee does not give any such notice at least 120 days (but not more than 180 days) prior to the Final Renewal Term Expiration Date, Lessee without further action shall be deemed to have exercised its purchase option pursuant to Section 22.2(a). Lessee may not exercise any such end of term purchase or sale option respecting any Unit in a particular Class unless Lessee exercises such option respecting all Units in such Class at the same time.

22.2 PURCHASE BY LESSEE; PURCHASE BY THIRD PARTY PURCHASERS.

(a) To the extent Lessee elects this option, then on the expiration date of the Basic Term or any Renewal Term, as applicable (but only to the extent such expiration date shall occur on an annual anniversary of the Basic Term Commencement Date), as elected (or deemed elected) by Lessee pursuant to Section 22.1, Lessee shall purchase all, but not less than all, of the Equipment in a particular Class for an amount equal to the aggregate Stipulated Loss Value of such Equipment. At such time, Lessee shall also pay all Basic Rent, all Supplemental Rent (including without limitation all Break-Amount and any interest or discount on outstanding Commercial Paper maturing after such date, if any, on the Notes and the Certificates) then due and owing or accrued and all Sales Expenses. Upon receipt of all funds then due and owing to Lessor hereunder, Lessor shall sell to Lessee all of Lessor's right, title and interest in and to such Equipment on an "as-is", "where-is" and "with all faults" basis without recourse to or representation or warranty by Lessor, except as to the absence of Lessor's Liens, and deliver a bill of sale to Lessee to transfer the same. If Lessee has exercised its purchase option, but has not on or prior to the expiration date of the Basic Term or any Renewal Term, as applicable, paid all amounts for which it is obligated under this Section 22.2(a), then Lessor in its sole discretion may elect to refuse to sell such Equipment to Lessee.

(b) To the extent Lessee elects this option, then Lessee shall solicit bona fide bids for the Equipment in a particular Class from prospective Third Party Purchasers in accordance with the provisions of Section 10.2, and one or more Third Party Purchasers shall purchase all, but not less than all, of the Equipment in a particular Class. If purchase amounts are received from one or more Third Party Purchasers in an aggregate amount in excess of the aggregate Maximum Lessor Risk Amount for such Equipment, or if Lessor agrees in its sole discretion to accept such purchase amounts which are less than the Maximum Lessor Risk Amount for such Equipment, then on the expiration date of the Basic Term or any Renewal Term, as applicable, (i) Lessor shall sell to the highest bidding Third Party Purchasers all of Lessor's right, title and interest in and to such Equipment on an "as-is", "where-is" and "with all faults" basis, without recourse to or representation or warranty by Lessor except as to the absence of Lessor's Liens, (ii) such bidders shall pay Lessor the bid amount solely for the account of Lessor, (iii) Lessee shall pay, or cause to be paid, all Basic Rent and Supplemental Rent (including without limitation all Break-Amount and any interest or discount on outstanding Commercial Paper maturing after such expiration date, if any, on the Notes and the Certificates) then due and owing and all Sales Expenses and (iv) Lessor shall promptly deliver a bill of sale to the applicable Third Party Purchaser transferring all of Lessor's right, title and interest in and to such Equipment consistent with Section 22.2(b)(i). If Lessor (x) does not receive any bid or bids in excess of the aggregate Maximum Lessor Risk Amount for such Equipment from bona fide prospective Third Party

Purchasers and does not accept bids received for less than the aggregate Maximum Lessor Risk Amount for such Equipment, or (y) does not receive all bid amounts from the Third Party Purchasers on or prior to the expiration date of the Basic Term or any Renewal Term, as the case may be, then on such applicable expiration date, Lessee shall pay Lessor the aggregate Maximum Lessee Risk Amount for such Equipment and all amounts referenced in Section 22.2(b)(iii), Lessee shall transfer all its rights in such Equipment to Lessor, Lessee shall deliver such Equipment to Lessor pursuant to Section 6.1 through 6.4 and Lessor shall retain title to such Equipment.

(c) If the aggregate Proceeds of Sale are more than the aggregate Stipulated Loss Value for the Equipment in a particular Class, Lessor shall on the expiration date of the Basic Term or any Renewal Term, as the case may be, pay to Lessee an amount equal to such excess as an adjustment to the Rent payable under this Lease, provided, that Lessor shall have the right to offset against such adjustment payable by Lessor any amounts then due and payable from Lessee to Lessor hereunder. If the aggregate Proceeds of Sale regarding any sale of the Equipment in a particular Class under Section 22.2(b) are less than the aggregate Stipulated Loss Value for the Equipment in such Class, Lessee shall on the expiration date of the Basic Term or Renewal Term, as the case may be, pay to Lessor an amount equal to such deficiency as an adjustment to the Rent payable under this Lease, but in no event shall the amount Lessee is required to pay Lessor with respect to such deficiency exceed the aggregate Maximum Lessee Risk Amount for the Equipment in such Class.

22.3 RENEWAL OPTION.

So long as (a) renewal for such Renewal Term shall not be prohibited by any Law and (b) no Lease Default or Lease Event of Default shall have occurred and be continuing on the day preceding the first day of any such Renewal Term, Lessee may at its option renew this Lease for all, but not less than all, the Equipment in a particular Class for not more than one Renewal Term for the Class A Equipment, not more than three Renewal Terms for the Class B Equipment and not more than five Renewal Terms for the Class C Equipment, each Renewal Term shall be of one year's duration. Notwithstanding the foregoing, the C Class Equipment may not be renewed for more than three Renewal Terms unless the Bank Lenders have extended the Bank Commitment Expiration Date for an additional period at least as long as such additional Renewal Term or Renewal Terms, as the case may be. Such option to renew may be exercised by Lessee in accordance with the provision of Section 22.1. All terms and provisions of this Lease shall be applicable during each Renewal Term.

SECTION 23. LIMITATION OF LESSOR'S LIABILITY.

It is expressly agreed and understood that all representations, warranties and undertakings of Lessor hereunder (except as expressly provided herein) shall be binding upon Lessor only in its capacity as Owner Trustee under the Trust Agreement and in no case shall First Security be personally liable for or on account of, any statements, representations, warranties, covenants or obligations stated to be those of Lessor hereunder, except that Lessor (or any successor Owner Trustee) shall be personally liable for its gross negligence or willful misconduct and for its

breach of its covenants, representations and warranties contained herein or in any other Operative Agreement to the extent covenanted or made in its individual capacity.

SECTION 24. MISCELLANEOUS.

24.1 GOVERNING LAW; WAIVER OF JURY TRIAL; SEVERABILITY.

THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS OF THE STATE OF NORTH CAROLINA; PROVIDED, THAT THE PARTIES SHALL BE ENTITLED TO ALL RIGHTS CONFERRED BY ANY APPLICABLE FEDERAL LAW.

LESSEE AND LESSOR HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT THAT THEY MAY EFFECTIVELY DO SO THE RIGHT TO A TRIAL BY JURY.

Whenever possible, each provision of this Lease shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Lease shall be prohibited by or invalid under the Laws of any jurisdiction, such provision, as to such jurisdiction, shall be, to the extent permitted by Law, ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Lease in any other jurisdiction.

24.2 EXECUTION IN COUNTERPARTS.

This Lease may be executed in any number of counterparts, each executed counterpart constituting an original and in each case such counterparts shall constitute but one and the same instrument; provided, that to the extent this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code) no Lien on this Lease may be created through the transfer or possession of any counterpart hereof other than the counterpart bearing the receipt therefor executed by the Agent on the signature page hereof, which counterpart shall constitute the only "original" hereof for purposes of the Uniform Commercial Code.

24.3 PERSONAL PROPERTY TAXES.

Lessor and Lessee hereby agree that to the extent permitted by Law during the Term (a) Lessee will prepare and file all returns and other appropriate documentation in regard to personal property taxes on the Equipment, (b) pay all such personal property taxes and (c) reimburse Lessor for any and all such personal property taxes and out-of-pocket costs and expenses in connection therewith previously paid by Lessor with regard to the Term.

24.4 AMENDMENTS AND WAIVERS.

No term, covenant, agreement or condition of this Lease may be terminated, amended or compliance therewith waived (either generally or in a particular instance, retroactively or

prospectively) except by an instrument or instruments in writing executed by each party hereto and except as may be permitted by the terms of the other Operative Agreements.

24.5 BUSINESS DAYS.

If any payment is to be made hereunder or any action is to be taken hereunder on any date that is not a Business Day, such payment or action otherwise required to be made or taken on such date shall be made or taken on the immediately succeeding Business Day with the same force and effect as if made or taken on such scheduled date and as to any payment (subject to accrual and payment of interest for the period of such extension on such next succeeding Business Day); provided, notwithstanding the foregoing, (a) where the next succeeding Business Day falls in the next succeeding calendar month such payment shall be made on the next preceding Business Day, (b) no Scheduled Payment Date shall extend beyond the Maturity Date and (c) where a quarterly rent period (for purposes of calculation of installments of Basic Rent) begins on a day for which there is no numerically corresponding day in the calendar month in which such quarterly rent period is to end, such quarterly rent period shall end on the last Business Day of such calendar month.

24.6 DIRECTLY OR INDIRECTLY.

Where any provision in this Lease refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

24.7 INCORPORATION BY REFERENCE.

(a) The obligations of Lessee set forth in Sections 7.1 and 7.2 of the Participation Agreement are hereby incorporated by reference.

(b) Any provision of any other Operative Agreement stated herein to be incorporated by reference shall be construed as having been incorporated herein with the same effect as if such provision had been set forth in this Lease in full and shall survive any termination of the Operative Agreement from which such provision is incorporated.

24.8 UNIFORM COMMERCIAL CODE.

The parties hereto intend that this Lease be construed as a "finance lease" under Article 2-A of the North Carolina Uniform Commercial Code.

24.9 BREAK-AMOUNT.

In the case of any prepayment of all or any portion of the unpaid Rent, Lessee shall pay Lessor, on the date specified by Lessor, an amount equal to the Break-Amount provided such payment is permitted by Law.

24.10 TITLE REPRESENTATION BY LESSEE.

Upon any sale or transfer of any Equipment to any Third Party Purchaser (pursuant to the exercise of remedies upon the occurrence of a Lease Event of Default, pursuant to Sections 10 or 22.2(b) of this Lease or at such other times as requested by Lessor in connection with a sale or transfer or any Equipment to any Third Party Purchaser) or a retention of the Equipment by Lessor pursuant to Section 22.2(b) of this Lease, Lessee shall represent and warrant (pursuant to a document satisfactory to such Third Party Purchaser or Lessor, as the case may be) that good and marketable legal title in the applicable Equipment (other than with regard to Lessor's Liens) has been conveyed to such Third Party Purchaser or retained by Lessor, as the case may be. Lessee shall defend and indemnify such Third Party Purchaser or Lessor in connection with any challenge made to the above-referenced title, representation and warranty.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be duly executed and delivered by their respective officers as of the day and year first above written.

LESSOR:

FIRST SECURITY BANK, NATIONAL
ASSOCIATION, not in its individual capacity
except as expressly provided herein, but solely as
Owner Trustee under Coca-Cola Trust No. 97-1

By:_____
Name:_____
Title:_____

LESSEE:

COCA-COLA BOTTLING CO. CONSOLIDATE

By:_____
Name:_____
Title:_____

*Receipt of the original counterpart of the foregoing Lease is hereby acknowledged on this day of _____, 1998.

NATIONSBANK, N.A.,
as Agent

By:_____
Name:_____
Title:_____

- ----------
*This acknowledgment is executed in the original counterpart only.

Class __ Equipment

EXHIBIT A

LEASE SUPPLEMENT NO. __
(1998 Transaction)
(Coca-Cola Trust No. 97-1)

LEASE SUPPLEMENT NO. __ (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of _____, 1998 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Lease Supplement") between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity except as expressly provided herein, but solely as Owner Trustee under Coca-Cola Trust No. 97-1 (together with its successors and assigns permitted hereunder, the "Lessor"), and COCA-COLA BOTTLING CO. CONSOLIDATED, a Delaware corporation (together with its successors and assigns permitted under the Lease referred to below, the "Lessee");

W I T N E S S E T H:

Lessor and Lessee have heretofore entered into that certain Master Equipment Lease Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of January 14, 1998 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Lease"). The Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for the purpose of confirming the acceptance and lease of the Units under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof. Unless otherwise defined herein, capitalized terms used herein shall have the meanings specified in Appendix A to the Lease.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessee hereby acknowledges and confirms that as between Lessee and Lessor, Lessee has approved the Units identified on Schedule 1 hereto at the time and on the date set forth in the Certificate of Acceptance.

2. Lessor hereby confirms delivery and lease to Lessee, and Lessee hereby confirms acceptance and lease from Lessor, under the Lease as hereby supplemented, the Units listed on Schedule 1 hereto.

3. Lessee hereby represents and warrants that to the best of its knowledge no Event of Loss has occurred with respect to the Units set forth on Schedule 1 hereto as of the date hereof.

4. The Maximum Lessee Risk Amount for the Equipment is an amount computed in accordance with Schedule 2 hereto.

5. The Maximum Lessor Risk Amount for the Equipment is an amount computed in accordance with Schedule 3 hereto.

6. Stipulated Loss Value for the Equipment is an amount computed in accordance with Schedule 4 hereto.

7. The aggregate Equipment Cost for the Units leased under this Lease Supplement is $_____.

8. The Interim Term Commencement Date for the Equipment is _____.

9. The Interim Term Expiration Date for the Equipment is January 15, 1999.

10. The Basic Term Commencement Date for the Equipment is January 15, 1999.

11. The Basic Term Expiration Date for the Equipment is January 15, 2001.

12. Lessee may renew the Lease for no more than _____ consecutive Renewal Terms, each of one year's duration. [for Class A Equipment, one Renewal Term; for Class B Equipment, three Renewal Terms; and for Class C Equipment, three Renewal Terms (subject to extension for an additional two Renewal Terms in accordance with Section 22.3 of the Lease).]

13. The Final Renewal Term Expiration Date is [January 15, 2002 for Class A Equipment] [Janaury 15, 2004 for Class B Equipment] [January 15, 2004 for Class C Equipment (subject, regarding Class C Equipment, to extension for an additional two years in accordance with the provisions of Section 22.3 of the Lease)].

14. Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease Supplement, to pay Rent to Lessor or such other Person, as appropriate, as provided for in the Lease.

15. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Master Equipment Lease Agreement, dated as of January 14, 1998", the "Lease Agreement, dated as of January 14, 1998," or the "Lease, dated as of January 14, 1998," or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

16. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease (a) are hereby incorporated

herein by reference as though restated in their entirety and (b) shall be and remain in full force and effect.

17. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original and in each case such counterparts shall constitute but one and the same instrument; provided, that to the extent this Lease Supplement constitutes chattel paper (as such term is defined in the Uniform Commercial Code) no Lien on this Lease Supplement may be created through the transfer or possession of any counterpart hereof other than the counterpart bearing the receipt therefor executed by the Agent on the signature page hereof, which counterpart shall constitute the only "original" hereof for purposes of the Uniform Commercial Code.

18. This Lease Supplement shall in all respects, including without limitation all matters of construction, validity and performance, be governed by and construed in accordance with the internal Laws of the State of North Carolina.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed and delivered by their respective officers as of the day and year first above written.

LESSOR:

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity except as expressly provided herein, but solely as Owner Trustee under Coca-Cola Trust No. 97-1

By:_____
Name:_____
Title:_____

LESSEE:

COCA-COLA BOTTLING CO. CONSOLIDATED

By:_____
Name:_____
Title:_____

*Receipt of the original counterpart of the foregoing Lease Supplement is hereby acknowledged on this ___ day of _____, 1998.

NATIONSBANK, N.A.,
as Agent

By:_____
Name:_____
Title:_____

- ----------

*This acknowledgment is executed in the original counterpart only.

SCHEDULE 1

DESCRIPTION OF THE EQUIPMENT/EQUIPMENT COST

Make	Model	Serial Number	[VIN]	[REGISTRATION NUMBER]	Class	Equipment Cost

SCHEDULE 2

MAXIMUM LESSEE RISK AMOUNT

Scheduled Payment Date	Maximum Lessee Risk Percentage*

- ---
*Expressed as a percentage of Equipment Cost.

SCHEDULE 3

MAXIMUM LESSOR RISK AMOUNT

Scheduled Payment Date	Maximum Lessor Risk Percentage*

- ---

*Expressed as a percentage of Equipment Cost.

SCHEDULE 4

STIPULATED LOSS VALUE

During the Interim Term, the Stipulated Loss Value for each Unit under this Lease Supplement shall be an amount equal to the product of _____ multiplied by the Equipment Cost of such Unit. During the Basic Term and each Renewal Term, if any, the Stipulated Loss Value for each Unit under this Lease Supplement shall be computed as set forth below:

Scheduled Payment Date	Stipulated Loss Value Percentage*

- ----------

*Expressed as a percentage of Equipment Cost.

APPENDIX A

[ATTACH DEFINITIONS FROM PARTICIPATION AGREEMENT HERE]

- ---

PARTICIPATION AGREEMENT
(1998 Transaction)
(Coca-Cola Trust No. 97-1)

Dated as of January 14, 1998

among

COCA-COLA BOTTLING CO. CONSOLIDATED,
as the Lessee,

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
not in its individual capacity except as expressly provided herein,
but solely as Owner Trustee under Coca-Cola Trust No. 97-1,

NATIONSBANC LEASING CORPORATION
and
SUNTRUST BANK, ATLANTA,
as Holders,

ENTERPRISE FUNDING CORPORATION,
as Initial Lender,

NATIONSBANK, N.A.,
as Agent,

and

NATIONSBANK, N.A.,
ABN AMRO BANK N.V.,
THE BANK OF TOKYO-MITSUBISHI, LTD.,
CORESTATES BANK, N.A.
and
THE INDUSTRIAL BANK OF JAPAN, LIMITED, ATLANTA AGENCY,
as Bank Lenders

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EXHIBITS

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PARTICIPATION AGREEMENT
1998 Transaction
Coca-Cola Trust No. 97-1

THIS PARTICIPATION AGREEMENT (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of January 14, 1998 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Agreement"), is among (i) COCA-COLA BOTTLING CO. CONSOLIDATED, a corporation organized and existing under the Laws of Delaware (herein, together with its successors and assigns permitted hereunder, called the "Lessee"), (ii) FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association ("First Security"), not in its individual capacity except as expressly provided herein, but solely as Owner Trustee under Coca-Cola Trust No. 97-1 (herein in such capacity, together with its successors and assigns permitted hereunder, called the "Owner Trustee"), (iii) NATIONSBANC LEASING CORPORATION, a corporation organized and existing under the Laws of North Carolina, and SUNTRUST BANK, ATLANTA, a banking corporation organized and existing under the Laws of Georgia (each herein in such capacity, together with its successors and assigns permitted hereunder, called a "Holder" and collectively, the "Holders"), (iv) ENTERPRISE FUNDING CORPORATION, a corporation organized and existing under the Laws of Delaware (herein in such capacity, called the "Initial Lender" and together with its successors and assigns permitted hereunder, called the "Lenders"), (v) NATIONSBANK, N.A., a national banking association ("NationsBank"), as collateral agent and administrative agent for the Lenders and the Holders, and administrative agent for the Bank Lenders (herein in such capacities, together with its successors and assigns permitted hereunder, the "Agent") and (vi) the banks and other lending institutions which are parties hereto from time to time as bank lenders (each herein in such capacity, together with its successors and assigns permitted hereunder, called a "Bank Lender" and collectively, the "Bank Lenders").

W I T N E S S E T H :

WHEREAS, concurrently with the execution and delivery of this Agreement, the Holders have entered into that certain Amended and Restated Trust Agreement (Coca-Cola Trust No. 97-1) dated as of the date hereof (as amended, modified, supplemented, restated and/or replaced from time to time, the "Trust Agreement") with the Owner Trustee pursuant to which the Owner Trustee agrees, among other things, (a) to hold the Trust Estate for the benefit of the Holders thereunder on the terms specified in the Trust Agreement and (b) subject to the terms and conditions hereof, to purchase the Equipment from each applicable Seller and concurrently therewith lease such Equipment to the Lessee;

WHEREAS, pursuant to the terms of the Trust Agreement, the Owner Trustee is authorized and directed by the Holders (a) to execute and deliver from time to time Purchase Agreement Assignments (substantially in the form of Exhibit A hereto) with the Lessee, whereby the Lessee assigns to the Owner Trustee all the Lessee's rights and interests (excluding its obligations thereunder other than its obligation to purchase the Equipment pursuant to this Agreement) under each applicable Purchase Agreement to the extent that the same relate to the Equipment, including without limitation the right to receive title to the Equipment from the

applicable Seller, (b) to accept delivery from time to time of any and all title transfer documents evidencing the purchase of each Unit by the Owner Trustee and (c) to execute and deliver the Lease relating to the Equipment pursuant to which the Owner Trustee agrees to lease to the Lessee, and the Lessee agrees to lease from the Owner Trustee, each Unit to be delivered on the applicable Acceptance Date, such lease of Equipment to be evidenced by the execution and delivery of a Lease Supplement to the Lease;

WHEREAS, concurrently with the execution and delivery of this Agreement, the Owner Trustee has entered into the Loan Agreement with the Initial Lender pursuant to which the Owner Trustee agrees, among other things, to issue the Notes to the Lenders as evidence of the Owner Trustee's indebtedness, which Notes are to be secured by, among other things, the Equipment and certain of the Lessee's obligations under the Lease;

WHEREAS, pursuant to the terms of this Agreement, the Bank Lenders have agreed to accept an assignment of the Notes from the Initial Lender upon the occurrence of certain events and thereafter the Bank Lenders shall be deemed Lenders; and

WHEREAS, the proceeds from the Loans will be applied, together with the equity contributions made by the Holders pursuant to this Agreement and the Trust Agreement, to effect the purchase of the Equipment by the Owner Trustee contemplated hereby.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, receipt of which is acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION OF THIS AGREEMENT/INITIAL LENDER/LENDERS

1.1 DEFINITIONS.

The capitalized terms used in this Agreement (including the foregoing recitals) and not otherwise defined herein shall have the respective meanings specified in Appendix A hereto, unless the context hereof shall otherwise require. The "General Provisions" of Appendix A hereto are hereby incorporated by reference herein.

1.2 DIRECTLY OR INDIRECTLY.

Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

1.3 INITIAL LENDER/LENDERS.

Until such time as the Bank Lenders become holders of the Notes, the Initial Lender shall fund Loans to the Owner Trustee. From and after the time the Bank Lenders become holders of

the Notes, the Bank Lenders shall be deemed to be the Lenders and shall fund Loans to the Owner Trustee.

SECTION 2. SALE AND PURCHASE; PARTICIPATION IN THE EQUIPMENT COST; CLOSING; TRANSACTION COSTS

2.1 SALE AND PURCHASE.

The Lessee shall designate the date for Loans and Holder Advances hereunder in accordance with the terms hereof; provided, it is understood and agreed that (a) no more than two Loans per Class of Equipment and two Holder Advances per Class of Equipment may be requested during any calendar month, (b) in the event the LIBOR Rate shall apply to the Loans, not more than four such Loans per Class of Equipment may be based on the LIBOR Rate, (c) not more than four such Holder Advances per Class of Equipment may be based on the LIBOR Rate, (d) no such Loan and/or Holder Advance shall be made subsequent to the Interim Term Expiration Date and (e) the aggregate amount of Loans and Holder Advances requested by the Lessee on each applicable Acceptance Date shall in each case be in an amount of not less than $289,300 (for Class A Equipment), $305,500 (for Class B Equipment) and $301,100 (for Class C Equipment). Subject to the terms and conditions hereof and on the basis of the representations and warranties set forth herein, the Owner Trustee agrees to purchase from the applicable Seller on the applicable Acceptance Date the Units of such Seller referred to in the notice given pursuant to Section 2.3(b) and more particularly described in the applicable Notice of Delivery, and in connection therewith, the Owner Trustee agrees to pay to such Seller the cost for each such Unit as specified in the Notice of Delivery therefor; provided, however, that the Owner Trustee shall not be obligated to purchase on any Acceptance Date any Unit that is destroyed, damaged, defective, in unsuitable condition or otherwise unacceptable to the Lessee for lease pursuant to the Lease. Each Seller shall deliver its respective Units to the Owner Trustee (or its designee) and the Owner Trustee (or its designee) shall accept such delivery of all the Equipment on a delivery date not later than January 14, 1999.

2.2 PARTICIPATION IN EQUIPMENT COST.

(a) Subject to the terms and conditions hereof and on the basis of the representations and warranties set forth herein, on each applicable Acceptance Date, each Holder agrees to participate in the payment of the Equipment Cost for the Units delivered on such Acceptance Date by making a Holder Advance to the Owner Trustee (payable to the Agent for the benefit of the Owner Trustee) in an amount equal to the product of the Equity Percentage of the aggregate Equipment Cost for the Units delivered on such Acceptance Date and the percentage set forth opposite such Holder's name for the particular Class of Equipment in Schedule 1 (the aggregate amount of such Holder Advances from all Holders for all Classes of Equipment being referred to herein as the "Aggregate Holder Funded Amount"). The portion of the Aggregate Holder Funded Amount for each Class of Equipment shall not exceed the aggregate Holder Class Commitment for such Class of Equipment. The Lessee shall not request a Holder Advance pursuant to a Notice of Delivery or otherwise (and no Holder shall have an obligation to make) any Holder Advance regarding any Class of Equipment in excess of the Holder Class Commitment for such Holder. Each Holder shall pay its respective portion of the

Aggregate Holder Funded Amount required on each applicable Acceptance Date to the Agent to be held and applied by the Agent toward the payment of the Equipment Cost for the Units accepted on such Acceptance Date as provided in Section 2.3.

(b) Subject to the terms and conditions hereof and on the basis of the representations and warranties set forth herein, on each applicable Acceptance Date, the Initial Lender may participate (or in the event the Initial Lender elects not to so participate, the Bank Lenders hereby agree that each of them shall so participate) in the payment of the Equipment Cost for the Units delivered on such Acceptance Date by making a Loan to the Owner Trustee (payable to the Agent for the benefit of the Owner Trustee) in an amount equal to the product of the Debt Percentage of the aggregate Equipment Cost for the Units delivered on such Acceptance Date and the percentage set forth opposite such Lender's name for such Class of Equipment in Schedule 1 (the "Aggregate Lender Funded Amount"). The portion of the Aggregate Lender Funded Amount for each Class of Equipment shall not exceed the aggregate Lender Class Commitment for such Class of Equipment. The Lessee shall not request a Loan pursuant to a Notice of Delivery or otherwise (and no Lender shall have an obligation to make) any Loan regarding any Class of Equipment in excess of the Lender Class Commitment for such Lender. Each Lender shall pay its respective portion of the Aggregate Lender Funded Amount required on each applicable Acceptance Date to the Agent to be held and applied by the Agent toward the payment of the Equipment Cost for the Units accepted on such Acceptance Date as provided in Section 2.3.

2.3 CLOSING DATE; ACCEPTANCE DATES; PROCEDURE FOR PARTICIPATION.

(a) All documents and instruments required to be delivered on the Closing Date shall be delivered on or prior to such date at the office of Moore & Van Allen, PLLC, 100 North Tryon Street, Floor 47, Charlotte, North Carolina 28202-4003 or at such other location as may be determined by the Owner Trustee, the Agent and the Lessee.

(b) Not later than 11:00 A.M., Eastern time, on the third Business Day preceding each applicable Acceptance Date, the Lessee shall give the Agent notice on behalf of the Owner Trustee, the Holders, the Lenders and the Bank Lenders (a "Notice of Delivery") by facsimile or other form of telecommunication or telephone (to be promptly confirmed in writing) of such Acceptance Date, which Notice of Delivery shall be in the form attached as Exhibit B. Election of the interest rate for Loans and the basis for yield calculation for Holder Advances shall be subject to Section 2.3(d). Not later than 3:00 P.M. Eastern time, on each Business Day the Agent receives a Notice of Delivery from the Lessee, the Agent shall deliver to the Holders, the Owner Trustee and the Lenders a copy thereof by facsimile or other form of telecommunication or telephone (to be promptly confirmed in writing). Prior to 11:00 A.M., Eastern time, on each applicable Acceptance Date, each Holder shall make its respective portion of the Aggregate Holder Funded Amount required to be paid on such Acceptance Date available to the Agent, and each Lender shall make its respective portion of the Aggregate Lender Funded Amount for the Equipment Cost required to be paid on such Acceptance Date available to the Agent, in each case, by transferring or delivering such amounts, in funds immediately available on such Acceptance Date, to the Agent. The making available by a Holder or a Lender of its respective portion of the Aggregate Holder Funded Amount or Aggregate Lender Funded

Amount for the Equipment Cost, as the case may be, shall be deemed a waiver of the Notice of Delivery by such Holder or Lender. To the extent the Agent receives all such amounts of the Aggregate Holder Funded Amount and the Aggregate Lender Funded Amount by the appointed time, the Owner Trustee and the Agent shall be deemed to have waived the requirement for a Notice of Delivery.

(c) Upon receipt by the Agent on each applicable Acceptance Date of the full amount of the Aggregate Holder Funded Amount and the Aggregate Lender Funded Amount in respect of the Units delivered on such Acceptance Date, the Agent on behalf of the Owner Trustee shall, subject to the conditions set forth in Section 4 having been fulfilled to the satisfaction of the Owner Trustee, the Holders, the Lenders and the Agent or waived by such parties as appropriate, pay to the applicable Seller from the funds then held by the Agent, in immediately available funds, an amount equal to the Equipment Cost for the Units delivered by the applicable Seller on such Acceptance Date, and simultaneously therewith, (i) the Lessee, individually and as authorized representative of the Owner Trustee (the making available by each Holder of its respective portion of the Aggregate Holder Funded Amount to be paid on such Acceptance Date shall constitute an agreement to permit the Lessee to act as the authorized representative of the Owner Trustee), shall confirm acceptance of such Units from the applicable Seller for all purposes as among the Owner Trustee and the Lessee (except that there shall not be any waiver of claims by any Person as against the applicable Seller as a result thereof), such confirmation to be conclusively evidenced by the execution and delivery by the Lessee or its authorized representative of a Certificate of Acceptance in the form attached hereto as Exhibit C (a "Certificate of Acceptance"), (ii) the Lessee shall cause to be delivered the Purchase Agreement Assignment, if any (provided, the failure to deliver a Purchase Agreement Assignment shall without further action be deemed a representation and warranty by the Lessee that no Purchase Agreement exists and that the Lessee is not a party to or a beneficiary of any agreement or document providing representations, warranties or indemnities from the applicable Seller regarding such Units), and title transfer documents which are legally sufficient to evidence the purchase and the transfer of good and marketable legal title in the Units to the Owner Trustee and (iii) the Owner Trustee shall, pursuant to the Lease, lease the Units delivered on such Acceptance Date to the Lessee, and the Lessee, pursuant to the Lease, shall accept delivery of the Units under the Lease (such lease, delivery and acceptance of the Units under the Lease being conclusively evidenced by the execution and delivery by the Lessee and the Owner Trustee of a Lease Supplement to the Lease concerning such Units so delivered). Each of the Lessee, the Holders, the Owner Trustee, the Lenders and the Agent hereby agree to take all actions required to be taken by such party in connection therewith and pursuant to this Section 2.3(c).

(d)(i) While the Initial Lender is the Lender, the interest rate applicable to each Loan shall be the CP Rate; provided, the Lessee (on behalf of the Owner Trustee) shall have the option to select the Interest Period applicable to each Loan bearing interest at the CP Rate by specifying the duration of the Interest Period in the related Notice of Delivery. Subsequent to any time at which the Initial Lender is no longer the Lender (with respect to the Loans) and at any time (with respect to the Holder Advances), the Lessee (on behalf of the Owner Trustee) shall have the option to select the interest rate and Interest Period applicable to each Loan and the basis for yield calculation and Payment Period applicable to each Holder Advance, in each case by specifying the foregoing in the related Notice of Delivery. Collectively, the foregoing options

for election by the Lessee in each Notice of Delivery may be referred to as the "Notice of Delivery Elections". If the Lessee does not elect any Notice of Delivery Elections in the applicable Notice of Delivery, then the parties hereto agree that the Agent shall have the right to select such Notice of Delivery Elections; provided, that the Agent shall notify the Lessee by facsimile or by telephone (to be promptly confirmed by facsimile) by not later than 2:30 P.M. Eastern Time on the Business Day following the Agent's receipt of such Notice of Delivery, of each Notice of Delivery Election selected by the Agent for such Loan or Holder Advance, as the case may be.

(ii) Notwithstanding the foregoing, for so long as the underlying interest rate used to establish the discount on Commercial Paper (the "Underlying CP Rate") equals or exceeds 7.5% per annum, the Agent shall have the sole right to select the Interest Period applicable to any Loan bearing interest at the CP Rate. In the event that on any date on which the Underlying CP Rate equals or exceeds 7.5% per annum, the Agent receives a Notice of Delivery related to a Loan bearing interest at the CP Rate and the Interest Period specified by the Lessee therein is of a longer duration than the Interest Period which the Agent would otherwise have selected for such Loan, then the Agent shall select the Interest Period for such Loan and shall notify the Lessee in writing by facsimile or by telephone (to be promptly confirmed in writing) not later than 2:30 P.M. Eastern Time on the Business Day following the Agent's receipt of the Notice of Delivery, of the Agent's intention to select an alternative Interest Period and shall inform the Lessee of its reasons for selecting such Interest Period. On the related Acceptance Date, the Agent shall inform the Lessee of the duration of the Interest Period selected by the Agent for such Loan. The Agent shall deliver a copy of any notice delivered to the Lessee pursuant to this Section 2.3(d) to the Holders, the Owner Trustee and the Lenders simultaneously with the delivery of such notice to the Lessee.

2.4 HOLDERS' INSTRUCTIONS TO THE OWNER TRUSTEE; SATISFACTION OF CONDITIONS.

(a) Each Holder agrees that the making available to the Agent of its respective portion of the Aggregate Holder Funded Amount for the Units delivered on each applicable Acceptance Date in accordance with the terms of this Section 2 shall constitute the direction of such Holder to the Owner Trustee, without further act, authorization and direction by such Holder to the Owner Trustee, subject, on such Acceptance Date, to the conditions set forth in Section 4 having been fulfilled to the satisfaction of such Holder or waived by such Holder, to take the actions specified in this Agreement and the Trust Agreement with respect to the Units on such Acceptance Date. Each Holder further agrees that the authorization by such Holder to the Agent to release to each applicable Seller its respective portion of the Aggregate Holder Funded Amount with respect to the Units delivered on each applicable Acceptance Date shall constitute the agreement of such Holder, without further act, notice or confirmation, that all conditions set forth in Section 4 were either met to the satisfaction of such Holder or, if not so met, were waived by it with respect to the Units; provided, notwithstanding the foregoing, such Holder shall not be deemed (pursuant to the foregoing provisions) to have waived its right after such Acceptance Date to require the satisfaction of any such condition for which the Lessee was responsible unless such Holder shall have given the Lessee an express written waiver with respect to any such condition.

(b) Each Lender agrees that the making available to the Agent of its respective portion of the Aggregate Lender Funded Amount for the Units delivered on each applicable Acceptance Date in accordance with the terms of this Section 2 shall constitute the direction of such Lender to the Agent, without further act, authorization and direction by such Lender to the Agent, subject, on such Acceptance Date, to the conditions set forth in Section 4 having been fulfilled to the satisfaction of such Lender or waived by such Lender, to take the actions specified in this Agreement and the Loan Agreement with respect to the Units on such Acceptance Date. Each Lender further agrees that its authorization to the Agent to release to each applicable Seller its respective portion of the Aggregate Lender Funded Amount with respect to the Units delivered on each applicable Acceptance Date shall constitute the agreement of such Lender, without further act, notice or confirmation that all conditions set forth in Section 4 were either met to the satisfaction of such Lender or, if not so met, were waived by it with respect to the Units; provided, notwithstanding the foregoing, such Lender shall not be deemed (pursuant to the foregoing provisions) to have waived its right after such Acceptance Date to require the satisfaction of any such condition for which the Lessee was responsible unless such Lender shall have given the Lessee an express written waiver with respect to any such condition.

2.5 EXPENSES; FEES.

(a) Subject to the provisions of Section 2.5(b), the Lessee agrees to pay when due the reasonable fees, costs and expenses (including without limitation reasonable legal fees and expenses) of the Owner Trustee, the Holders, the Lenders and the Agent incurred in connection with the negotiation, documentation and closing of the Overall Transaction and/or the recording, registration and filing of documents from time to time in connection with the Overall Transaction ("Transaction Costs"). In addition, the Lessee agrees to pay as Supplemental Rent all fees, costs and expenses (including without limitation reasonable legal fees and expenses) of the Owner Trustee, the Holders, the Lenders, the Bank Lenders, the Liquidity Facility Participants, the Liquidity Provider and the Agent from time to time in connection with (i) any supplements, amendments, modifications or alterations of any of the Operative Agreements (other than with respect to such supplements, amendments, modifications, waivers or alterations requested solely by parties to this Agreement other than Lessee regarding matters solely for the benefit of such parties, in which case each other party requesting such supplement, amendment, modification or alteration shall bear its own fees, costs and expenses associated with such matter), (ii) any enforcement action, preservation of rights, or exercise of remedies with regard to the Operative Agreements and/or the Overall Transaction (other than the fees, costs and expenses of the losing party to any such enforcement action, preservation of rights or exercise of remedies, unless the actions or inactions of such party giving rise to the particular enforcement action, preservation of rights or exercise of remedies arises from an action or inaction of the Lessee), (iii) any disposition of any Unit, (iv) the initial fee and annual fee of the Owner Trustee attributable to the Trust Estate, (v) the ongoing out-of-pocket fees and expenses of the Owner Trustee (including without limitation reasonable legal fees and expenses of the Owner Trustee) under the Operative Agreements, (vi) the reasonable fees, costs and expenses of any separate Owner Trustee or co-trustee appointed pursuant to the Trust Agreement as a result of any requirement of Law or if otherwise required by any Operative Agreement or if requested or consented to by the Lessee and (vii) the Arrangement Fee payable in accordance with the Fee Letter. The Lessee also agrees to pay as Supplemental Rent on the respective due date therefor

from time to time the Program Fee, the Dealer Fee, the Facility Fee and the Administrative Fee. Notwithstanding the foregoing, with respect to Sections 2.5(a)(i) and (ii) and the parenthetical phrases with respect to such Sections, it is expressly understood and agreed that the Lessee shall pay any such fees, costs and expenses incurred by the Initial Lender regardless of whether the Lessee (pursuant to such Sections 2.5(a)(i) and (ii) and such parenthetical phrases) otherwise would have no obligation for such fees, costs and expenses incurred by the Initial Lender.

(b) Subject to the next sentence, if the transactions contemplated hereby are not consummated for any reason, the Lessee shall pay all Transaction Costs. Notwithstanding anything contained herein to the contrary, if the transactions contemplated hereby are not consummated as a result of (i) a Holder's or a Lender's default in its obligations to consummate the transactions hereunder or (ii) a Holder's failure to make its equity investment as required by Section 2.2(a) or a Lender's failure to make the Loan as required by Section 2.2(b), after the conditions specified in Section 4 have been satisfied (other than conditions the satisfaction of which are solely in the control of such Holder or such Lender), such Holder or Lender shall pay its own fees, costs and expenses (including without limitation its legal fees and expenses).

(c) Notwithstanding the foregoing provisions of this Section 2.5, except as specifically provided in the Operative Agreements, the Lessee shall have no liability for any costs or expenses relating to any voluntary transfer by a Holder of a Certificate or by a Lender of a Note (other than during the occurrence and continuation of a Lease Event of Default) and no such costs or expenses shall constitute Transaction Costs and the Lessee will not have any obligation with respect to the costs and expenses resulting from any such transfer, whenever occurring.

2.6 POSTPONEMENT OF ACCEPTANCE DATE.

(a) Each scheduled Acceptance Date specified in a Notice of Delivery (or subsequently specified in a notice of postponement pursuant to this Section 2.6) may be postponed for any reason (but to no later than the Interim Term Expiration Date) if the Lessee gives the Holders, the Owner Trustee, the Lenders, the Bank Lenders and the Agent facsimile or telephonic (confirmed in writing) notice of the postponement and notice of the date to which such Acceptance Date has been postponed, the notice of postponement to be received by each party no later than 5:00 P.M., Eastern time, on the Business Day prior to the scheduled Acceptance Date specified in the applicable Notice of Delivery (or subsequently specified in a notice of postponement pursuant to this Section 2.6), and the term "Acceptance Date" as used in this Agreement shall mean the postponed "Acceptance Date".

(b) In the event of any postponement of a scheduled Acceptance Date pursuant to this Section 2.6 (any such scheduled Acceptance Date being referred to as a "Scheduled Acceptance Date" for the purposes of this Section 2.6), (i) the Lessee will reimburse the Holders and the Lenders for the loss of the use of their funds deposited with the Agent pursuant to Section 2.3(b) with respect to each such Unit occasioned by such postponement or failure to accept by paying to the Holders and the Lenders on demand interest at the Prime Rate, for the period from and including such Scheduled Acceptance Date to but excluding the earlier of the date upon which such funds are returned (unless such funds are returned after 11:00 A.M.,

Eastern time, in which case such date of return shall be included) or the actual date of delivery, and (ii) the Agent will return not later than 1:00 P.M. Eastern time, on the first Business Day following such Scheduled Acceptance Date, any funds which it shall have received from the Holders and the Lenders as their respective Aggregate Funded Amounts for such Units, absent instruction from the Lessee, the Holders and the Lenders to retain such funds until the specified date of postponement established under Section 2.6(a).

(c) The Agent agrees that, in the event it has received telephonic notice (to be confirmed promptly in writing) from the Lessee on a Scheduled Acceptance Date that such Scheduled Acceptance Date is to be postponed, it will if instructed in the aforementioned notice from the Lessee (which notice shall specify the securities to be purchased) use reasonable best efforts to invest, at the risk of the Lessee (except as provided below with respect to the Agent's gross negligence or willful misconduct), the funds received by it from the Participants with respect to their respective Aggregate Funded Amounts in Permitted Investments in accordance with the Lessee's instructions. Any such Permitted Investments purchased by the Agent upon instructions from the Lessee shall be held in trust by the Agent for the benefit of the Participants, respectively, whose funds are invested in Permitted Investments upon instructions from the Lessee and any net profits on the investment of such funds (including without limitation interest), if any, shall be for the account of and shall on the Acceptance Date, or on the date such funds are returned to the Participants, be paid over to, the Lessee. The Lessee shall pay to the Agent on the Acceptance Date (if such Unit or Units are delivered and accepted pursuant hereto) the amount of any net loss on the investment of such funds invested at the instruction of the Lessee. If the funds furnished by the Participants with respect to such Unit or Units are required to be returned to the Participants, the Lessee shall, on the date on which such funds are so required to be returned, reimburse the Agent, for the benefit of the Participants, for any net losses incurred on such investments regardless of the cause of, or responsibility for, such loss. The Agent shall not be liable for failure to invest such funds or for any losses incurred on such investments except for its own willful misconduct or gross negligence. In order to obtain funds for the payment of the Equipment Cost for such Unit or Units or to return funds furnished by the Participants to the Agent for the benefit of the Participants with respect to such Unit or Units, the Agent is authorized to sell any Permitted Investments purchased as aforesaid with the funds received by it from the Participants in connection with such Unit or Units.

2.7 CONCLUSION OF INTEREST PERIODS AND PAYMENT PERIODS ON INTERIM TERM EXPIRATION DATE.

With respect to each Loan in effect immediately prior to the Interim Term Expiration Date, the Lessee shall cause the Interest Period for each such Loan to end on the Interim Term Expiration Date. With respect to each Holder Advance in effect immediately prior to the Interim Term Expiration Date, the Lessee shall cause the Payment Period for each such Holder Advance to end on the Interim Term Expiration Date.

2.8 CONVERSION AND CONTINUATION OPTIONS.

(a) The Lessee (on behalf of the Owner Trustee) may elect from time to time to convert LIBOR Loans to ABR Loans and LIBOR Holder Advances to ABR Holder Advances

by giving the Agent (on behalf of the Owner Trustee, the Lenders and the Holders) at least three Business Days' prior irrevocable notice of such election, provided, that any such conversion of LIBOR Loans or LIBOR Holder Advances may only be made on the last day of the Interest Period or Payment Period with respect thereto. The Lessee (on behalf of the Owner Trustee) may elect from time to time to convert ABR Loans to LIBOR Loans and ABR Holder Advances to LIBOR Holder Advances by giving the Agent at least three Business Days' prior irrevocable notice of such election. Upon receipt of any such notice, the Agent shall promptly notify each Lender respecting the conversion of any Loans and each Holder respecting the conversion of any Holder Advances. All or any part of outstanding LIBOR Loans, ABR Loans, LIBOR Holder Advances or ABR Holder Advances may be converted as provided herein, provided, that (i) no ABR Loan or ABR Holder Advance may be converted into a LIBOR Loan or LIBOR Holder Advance after the date that is one month prior to the Maturity Date or the Expiration Date, as the case may be, (ii) such notice of conversion regarding any LIBOR Loan or LIBOR Holder Advance shall contain an election by the Lessee (on behalf of the Owner Trustee) of an Interest Period for such LIBOR Loan or a Payment Period for such LIBOR Holder Advance to be created by such conversion and such Interest Period or Payment Period shall be in accordance with the terms of the definition of the terms "Interest Period" or "Payment Period," as the case may be.

(b) Subject to the restrictions set forth in Section 2.1, any LIBOR Loan or LIBOR Holder Advance may be continued as such upon the expiration of the then current Interest Period or Payment Period with respect thereto by the Lessee (on behalf of the Owner Trustee) giving irrevocable notice to the Agent (which notice the Agent shall promptly provide to the Lenders and the Holders), in accordance with the applicable notice provision for the conversion of ABR Loans to LIBOR Loans or ABR Holder Advances to LIBOR Holder Advances set forth herein, of the length of the next Interest Period or Payment Period to be applicable to such Loans or Holder Advances, provided, that no LIBOR Loan or LIBOR Holder Advance may be continued as such after the date that is one month prior to the Maturity Date or the Expiration Date and provided, further, that if the Lessee (on behalf of the Owner Trustee) shall fail to give any required notice as described above or otherwise herein, or if such continuation is not permitted pursuant to the preceding proviso, such Loan or Holder Advance shall automatically be converted to a Reference Rate Loan or Reference Rate Holder Advance on the last day of such then expiring Interest Period or Payment Period.

SECTION 3. REPRESENTATIONS AND WARRANTIES

3.1 REPRESENTATIONS AND WARRANTIES OF THE OWNER TRUSTEE.

The Owner Trustee, both in its individual capacity and as the Owner Trustee, represents and warrants to the other parties to this Agreement, notwithstanding the provisions of Section 10.9 or any similar provision in any other Operative Agreement, that, as of the date hereof:

(a) The Owner Trustee, in its individual capacity, is a national banking association duly organized and validly existing in good standing under the Laws of the United States of America, has full power and authority to carry on its business as now conducted and to enter into and perform its obligations hereunder and under the Trust Agreement and (assuming

due authorization, execution and delivery of the Trust Agreement by the Holders) has full power and authority, as the Owner Trustee and/or, to the extent expressly provided herein or therein, in its individual capacity, to enter into and perform its obligations under each of the Owner Trustee Agreements.

(b) The Owner Trustee, in its individual capacity, has duly authorized, executed and delivered the Trust Agreement and (assuming the due authorization, execution and delivery of the Trust Agreement by the Holders) the Owner Trustee in its trust capacity and, to the extent expressly provided therein, in its individual capacity, has duly authorized, executed and delivered each of the other Owner Trustee Agreements to be delivered as of the Closing Date; and the Owner Trustee Agreements each constitute or when entered into will constitute a legal, valid and binding obligation of the Owner Trustee, in its individual capacity to the extent such Owner Trustee Agreements relate to the Owner Trustee in its individual capacity, enforceable against it in its individual capacity in accordance with its terms except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the rights of creditors generally and by general principles of equity.

(c) Assuming the due authorization, execution and delivery of the Trust Agreement by the Holders and each of the Owner Trustee Agreements to be delivered as of the Closing Date by each of the other parties thereto, each of the Owner Trustee Agreements to which it is a party constitutes, or when entered into will constitute, a legal, valid and binding obligation of the Owner Trustee, enforceable against the Owner Trustee, in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the rights of creditors generally and by general principles of equity.

(d) Neither the execution and delivery by the Owner Trustee, in its individual capacity or as the Owner Trustee, as the case may be, of the Owner Trustee Agreements, nor the consummation by the Owner Trustee, in its individual capacity or as the Owner Trustee, as the case may be, of any of the transactions contemplated hereby or thereby, nor the compliance by the Owner Trustee, in its individual capacity, or as the Owner Trustee, as the case may be, with any of the terms and provisions hereof and thereof, (i) requires or will require any approval of its stockholders, or approval or consent of any trustees or holders of any indebtedness or obligations of it in its individual capacity, or (ii) violates or will violate its organizational documents or by-laws, or contravenes or will contravene any provision of, or constitutes or will constitute a default under, or results or will result in any breach of, any indenture, mortgage, chattel mortgage, deed of trust, conditional sale contract, bank loan or credit agreement, license or other agreement or instrument to which the Owner Trustee in its individual capacity is a party or by which it is bound, or contravenes or will contravene any Law, governmental rule or regulation of the State of Utah or of the United States of America governing the banking or trust powers of the Owner Trustee, or any judgment or order applicable to or binding on it.

(e) There are no Taxes payable by the Owner Trustee, either in its individual capacity or as the Owner Trustee, imposed by the State of Utah or any political subdivision thereof in connection with the execution and delivery by the Owner Trustee in its individual capacity of the Trust Agreement, and, in its individual capacity or as the Owner Trustee, as the

case may be, of this Agreement or the other Owner Trustee Agreements solely because the Owner Trustee in its individual capacity is a national banking association with its principal place of business in Salt Lake City, Utah and performs certain of its duties as the Owner Trustee in the State of Utah; and there are no Taxes payable by the Owner Trustee, in its individual capacity or as the Owner Trustee, as the case may be, imposed by the State of Utah or any political subdivision thereof in connection with the acquisition of its interest in the Equipment (other than franchise or other Taxes based on or measured by any fees or compensation received by the Owner Trustee for services rendered in connection with the transactions contemplated hereby) solely because the Owner Trustee in its individual capacity is a national banking association with its principal place of business in Salt Lake City, Utah and performs certain of its duties as the Owner Trustee in the State of Utah.

(f) There are no pending or, to its knowledge, threatened actions or proceedings against the Owner Trustee, either in its individual capacity or as the Owner Trustee, before any court or administrative agency which individually or in the aggregate, if determined adversely to it, would materially adversely affect the ability of the Owner Trustee, in its individual capacity or as the Owner Trustee, as the case may be, to perform its obligations under the Trust Agreement or the other Owner Trustee Agreements.

(g) Its chief executive office, principal place of business and the place where its records concerning the Equipment and all its interest in, to and under all documents relating to the Trust Estate are located at 79 South Main Street, Third Floor, Salt Lake City, Utah 84111.

(h) No consent, approval, order or authorization of, giving of notice to, or registration with, or taking of any other action in respect of, any Utah state or local governmental authority or agency or any United States federal governmental authority or agency regulating the banking or trust powers of the Owner Trustee, in its individual capacity, is required for the execution and delivery of, or the carrying out by, the Owner Trustee in its individual capacity or as the Owner Trustee, as the case may be, of any of the transactions contemplated hereby or by the Trust Agreement or of any of the transactions contemplated by any of the other Owner Trustee Agreements, other than any such consent, approval, order, authorization, registration, notice or action as has been duly obtained, given or taken.

3.2 REPRESENTATIONS AND WARRANTIES OF THE LESSEE AS OF THE CLOSING DATE.

The Lessee represents and warrants to the other parties to this Agreement that, as of the Closing Date:

(a) The Lessee is a corporation duly organized, validly existing and in good standing under the Laws of Delaware, has all requisite corporate power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into this Agreement and the other Operative Agreements to which it is a party and to carry out the transactions contemplated hereby and thereby.

(b) The Lessee is duly qualified to do business wherever necessary to carry out its business and operations, except in jurisdictions in which the failure to be so qualified would not have a Material Adverse Effect.

(c) This Agreement and the other Operative Agreements to which the Lessee is a party have been duly authorized and, except for such Operative Agreements which are to be delivered at subsequent Acceptance Dates, accepted and delivered. The execution, delivery and performance of this Agreement and the other Operative Agreements to which the Lessee is a party, the payment and performance of all obligations, and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Lessee.

(d) The execution, delivery and performance of this Agreement and the other Operative Agreements to which the Lessee is a party, the payment and performance of the obligations, and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate the certificate of incorporation or bylaws of the Lessee, (ii) violate any order, judgment or decree of any court or other agency of government binding on the Lessee or any of its property or assets, (iii) violate any provision of Law applicable to the Lessee, (iv) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any provision of any (x) indenture, mortgage, deed of trust, credit agreement or note purchase agreement or other agreement or instrument, in each case with respect to the Lessee's indebtedness for borrowed money or (y) contract, undertaking, agreement or other instrument not described in clause (x) above to which the Lessee or their respective properties or assets is bound (collectively, any "Contractual Obligation"), (v) result in or require the creation or imposition of any Lien upon any material properties or assets of the Lessee, or (vi) require any approval or consent of stockholders or any governmental authority, or require any approval or consent of any Person under any Contractual Obligation, except with respect to this clause (vi) for such approvals or consents as have been obtained on or before the Closing Date, copies of which have been provided to the Agent on or before the Closing Date.

(e) The consolidated balance sheet of the Lessee at December 29, 1996 and the related consolidated statements of income and cash flows for the Lessee's fiscal year ended as of said date, which have been examined by Price Waterhouse & Co., who delivered an unqualified opinion with respect thereto, were prepared in conformity with GAAP. All such financial statements fairly present the consolidated financial position of the Lessee and its Subsidiaries as at the date thereof and the consolidated results of operations and cash flows of the Lessee and its Subsidiaries for the period covered thereby. All information heretofore furnished by the Lessee to the Agent, the Lenders, the Bank Lenders, the Owner Trustee and the Holders for purposes of or in connection with the Operative Agreements or any transaction contemplated thereby is, and all such information hereafter furnished by the Lessee to the other parties to this Agreement will be true and accurate in every material respect, on the date such information is stated or certified.

(f) Since December 29, 1996 there has been no material adverse change in the financial condition, operations or business of the Lessee and its Subsidiaries, taken as a whole.

(g) There is no action, suit, proceeding, arbitration (whether or not purportedly on behalf of the Lessee or any of its Subsidiaries) with respect to which the Lessee or such Subsidiary has been notified or otherwise has knowledge, or, to the knowledge of the Lessee, governmental investigation, at Law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, pending or, to the knowledge of the Lessee, threatened with respect to any domestic action, suit, proceeding, governmental investigation or arbitration, or pending for more than 30 days or, to the knowledge of the Lessee, threatened with respect to any foreign action, suit, proceeding, governmental investigation or arbitration against or affecting the Lessee or any of its Subsidiaries or any property of the Lessee or any of its Subsidiaries that would reasonably be expected to result in a Material Adverse Effect.

(h) All Tax returns and reports of the Lessee and its Subsidiaries required to be filed by any of them have been timely filed in compliance with all applicable Laws, except where the failure to so timely file or comply with applicable Laws, has not had and would not reasonably be expected to have a Material Adverse Effect. All Taxes, assessments, fees and other governmental charges upon the Lessee and its Subsidiaries and upon their respective properties, assets, income, businesses and franchises which are due and payable have been paid when due and payable except for those that are being contested in good faith and for which adequate reserves have been provided by the Lessee or the applicable Subsidiary with respect to which the failure to pay would not reasonably be expected to have a Material Adverse Effect.

(i) (Intentionally Omitted)

(j) The Lessee is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock.

(k) The Lessee has not used nor will it use any portion of the proceeds from the issuance of the Certificates or the Notes in any manner that might cause the application of such proceeds, whether directly or indirectly, to (i) violate Regulations G, U, T or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board, as in effect on the date or dates of the use of such proceeds, or (ii) be used to acquire any security in any transaction which is subject to Section 13 or 14 of the Securities and Exchange Act of 1934, or any regulations issued pursuant thereto.

(l) A copy of the most recent Annual Report (5500 Series Form), including all attachments thereto, filed with the Internal Revenue Service has been provided to the Agent (on behalf of the other parties to this Agreement, excluding the Lessee) for each Plan and fairly presents the funding status of each Plan. There has been no material deterioration in any Plan's funding status since the date of such Annual Report. The Lessee has provided the Agent on behalf of the Owner Trustee, the Holders, the Lenders and the Bank Lenders with a list of all Plans and Multiemployer Plans and all available information with respect to its or any Controlled Group Member's direct, indirect or potential withdrawal liability to any Multiemployer Plan.

(m) Each of the Lessee and its Subsidiaries is and has been in compliance with all Environmental Laws, whether in connection with the ownership, use, maintenance or

operation of any owned or leased property or the conduct of any business thereon, therewith or otherwise, except for any non-compliance which would not reasonably be expected to have a Material Adverse Effect. Except as set forth in Schedule 3, neither the Lessee, any of its Subsidiaries nor, to the knowledge of the Lessee, any third Person at any time occupying or using any property owned or leased by the Lessee or any of its Subsidiaries, has at any time used, generated, disposed of, stored or transported to or from, any Hazardous Materials on, under, at, with or otherwise with respect to such property, except in compliance with all applicable Environmental Laws other than any non-compliance which would not reasonably be expected to have a Material Adverse Effect. Except as set forth in Schedule 3, to the knowledge of the Lessee, no Person has at any time within the five-year period immediately preceding the Closing Date released or threatened the release of any Hazardous Materials in any form, quantity or concentration on, under, at, with or otherwise with respect to any property owned or leased by the Lessee or its Subsidiaries in a manner which would reasonably be expected to have a Material Adverse Effect.

(n) No Lease Default or Lease Event of Default has occurred and is continuing and to the knowledge of the Lessee, no Event of Loss has occurred.

(o) The principal place of business and chief executive office of the Lessee and the place where the Lessee shall retain its records concerning the Equipment and all its interest in, to and under all documents relating to the Trust Estate (i) are located in Mecklenburg County, North Carolina and (ii) have been located at such address for no less than the six month period immediately preceding the Closing Date.

(p) The legal name of the Lessee is (and for no less than the six months period immediately preceding the Closing Date has been) "Coca-Cola Bottling Co. Consolidated".

(q) The principal place of business (as such term is defined under the Kentucky Uniform Commercial Code) of the Lessee in Kentucky is located in Pike County, Kentucky.

3.3 REPRESENTATIONS AND WARRANTIES OF THE LESSEE AS OF EACH ACCEPTANCE DATE.

The Lessee represents and warrants to the other parties to this Agreement that, as of each Acceptance Date (except to the extent any such representations and warranties are waived in writing by the other parties to this Agreement as of such Acceptance Date):

(a) All the Incorporated Representations and the representations and warranties given by the Lessee under Section 3.2 (except with respect to Sections 3.2(f) and (h)) shall be true and accurate as of each such Acceptance Date, as applicable, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties were true and correct on and as of such earlier date).

(b) Upon (i) the filing (on the initial Acceptance Date) of the Uniform Commercial Code financing statements (which have been prepared by the Agent and reviewed by the Lessee) in the filing offices referenced on such Uniform Commercial Code financing

statements, (ii) the execution and delivery of the applicable Lease Supplement (on each Acceptance Date) regarding the Equipment accepted under the Lease on such Acceptance Date, and (iii) the filing (on each Acceptance Date) by the Lessee in filing offices of its determination in the Approved States of applications for the certificates of title (which applications the Lessee has prepared or caused to be prepared) regarding the Equipment accepted under the Lease on such Acceptance Date subject to certificate of title statutes, all filings and other actions necessary or reasonably required to establish and perfect the right, title and interest of the Owner Trustee (and to establish good and marketable legal title in favor of the Owner Trustee, free and clear of all Liens, except Permitted Liens) in and to the Equipment funded on the applicable Acceptance Date and the remainder of the Trust Estate and to perfect the Lien of the Agent on the Collateral will have been made on or prior to such Acceptance Date and the Loan Agreement will on such Acceptance Date create a valid and perfected first priority Lien on the Collateral, subject to any Lessor's Liens and Permitted Liens.

(c) On the applicable Acceptance Date all sales, use or transfer Taxes due and payable upon the purchase of the Equipment by the Owner Trustee on each applicable Acceptance Date and on the lease thereof to the Lessee will have been paid or the Lessee shall be liable for the payment thereof.

(d) The Units accepted under the Lease on such Acceptance Date are adequate to operate in commercial service and comply with all Laws governing the service in which such Units are being placed by the Lessee; each Unit specified in Schedule 1 to the applicable Lease Supplement has been delivered directly by the applicable Seller to the Lessee and the Lessee is unaware of any structural defects in or damage to such Units.

(e) The conveyance of the Units effected on such Acceptance Date are not void or voidable under any applicable Law.

(f) The Lessee is in compliance with all applicable Environmental Laws relating to the Equipment accepted under the Lease on such Acceptance Date including without limitation the ownership, use, transport, storage, condition, maintenance and operation of the Equipment unless the failure to comply with such Environmental Laws would not (i) reasonably be expected to result in a Material Adverse Effect, (ii) materially adversely affect the rights or interests of the Owner Trustee in the Equipment or (iii) otherwise expose the Owner Trustee, the Holders, the Lenders, the Bank Lenders, the Liquidity Provider, the Liquidity Facility Participants or the Agent to criminal sanctions or civil liabilities.

(g) The Lessee has received no service of any writs, injunctions, decrees, orders or judgments outstanding against the Lessee relating to the Equipment accepted under the Lease on such Acceptance Date including without limitation the ownership, use, transport, storage, condition, maintenance or operation of the Equipment resulting from a violation of any applicable Environmental Law, and there are no lawsuits, proceedings or investigations under any applicable Environmental Law pending or, to the Lessee's knowledge, threatened against the Lessee relating to the ownership, use, maintenance or operation of the Equipment.

(h) The Units accepted under the Lease on such Acceptance Date are personal property, not fixtures.

(i) The Units accepted under the Lease on such Acceptance Date are all located in one of the Approved States.

(j) The failure of the Lessee to deliver a Purchase Agreement Assignment respecting each Unit accepted under the Lease on such Acceptance Date constitutes a representation and warranty by the Lessee (other than in the Lessee's agency capacity for the benefit of the Owner Trustee pursuant to the Collateral Agency Agreement) that neither the Lessee nor any Affiliate of the Lessee is a party to, or a beneficiary of, any agreement or other document pursuant to which the Lessee or such Affiliate has received any representation, warranty or indemnity from the Seller or any other manufacturer or vendor respecting such Unit.

(k) Since the date of the financial statements referenced in Section 5.1 most recently provided by the Lessee to the Agent, there has been no change in the financial condition, operations or business of the Lessee and its Subsidiaries, taken as a whole, which would give rise to a Material Adverse Effect.

(l) The Equipment accepted on such Acceptance Date in each of the Approved States, as applicable, has an Equipment Cost as set forth in the Certificate of Acceptance.

(m) As of such Acceptance Date, the Lessee has two or more "places of business" (as such term, or any similar term, is defined under the Uniform Commercial Code of each Approved State) in each Approved State (other than Ohio and Pennsylvania in which states the Lessee has no such "place of business"); provided, notwithstanding the foregoing, the Lessee shall not be deemed to have given the representation and warranty set forth in this Section 3.3(m) on such Acceptance Date if (i) the Lessee has fewer than two such "places of business" in any Approved State as of such Acceptance Date and (ii) the Lessee has given written notice to the Agent of the same no less than 15 days prior to such Acceptance Date.

(n) As of such Acceptance Date, the Lessee has delivered (i) invoices respecting the Equipment to be accepted on such Acceptance Date which invoices reference the make, model, serial number, vehicle identification number (if any), registration number (if any) and Equipment Cost of all such Equipment and (ii) a list of all Equipment subject to the Lease on the day immediately preceding such Acceptance Date, which list constitutes a true, complete and correct listing in all material respects of the make, model, serial number and Class of all Equipment subject to the Lease on the day immediately preceding such Acceptance Date (collectively, such invoices and lists to be delivered by the Lessee from time to time may be referred to as the "Filing Materials").

SECTION 4. CLOSING CONDITIONS

4.1 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PARTIES OTHER THAN THE LESSEE ON THE CLOSING DATE.

The obligation of each of the parties hereto (other than the Lessee) to participate in the transactions contemplated hereby on the Closing Date shall be subject to the following conditions on or prior to the Closing Date (except that (i) the obligation of any such party shall not be subject to such party's own performance or compliance and (ii) the conditions specified below as being only for the benefit of a specified party or parties need be fulfilled only to the satisfaction of, or waived by, such party or parties). (To the extent such conditions precedent require the delivery of any agreement, document, instrument, opinion or any other item, such shall be in form and substance reasonably satisfactory to the Owner Trustee, the Holders, the Lenders and the Agent.):

(a) On the Closing Date, each of the Operative Agreements to be delivered as of such date shall have been duly authorized, executed and delivered by the parties thereto, shall be in full force and effect and executed counterparts of each shall have been delivered to the Agent or its designee (on behalf of the Owner Trustee, the Holders, the Lenders and the Bank Lenders) on or before the Closing Date and promptly thereafter, the Agent shall cause executed counterparts of each to be delivered to the Owner Trustee, the Holders, the Lenders and the Bank Lenders, except that executed Certificates shall be delivered only to the Holders and executed Notes shall be delivered only to the Lenders and no event shall have occurred and be continuing that constitutes a Lease Default or a Lease Event of Default.

(b) On the Closing Date (i) the Lessee shall have caused the Lease or appropriate other evidence, to be duly filed, recorded and deposited in such place or places as the Owner Trustee, the Holders or the Agent may reasonably request for the protection of the Owner Trustee's interest in the Lease and the protection of the Agent's Lien under the Loan Agreement and (ii) Uniform Commercial Code financing statements and other documents pertaining to Lien perfection shall have been filed in such places as the Owner Trustee, any Participant or the Agent may reasonably request for (A) the protection of the Owner Trustee's interest in the Lease, or the Lien of the Agent in the Collateral and (B) the termination of any existing Liens against the Collateral.

(c) On the Closing Date, the Owner Trustee, the Holders, the Lenders and the Agent shall have received Lien searches regarding the Lessee (including without limitation Uniform Commercial Code searches and similar searches in foreign jurisdictions), Tax Lien searches and judgment Lien searches in such jurisdictions as such parties shall determine in their reasonable discretion and all such Liens which would materially impair the rights of such parties (as reasonably determined by such parties) shall have been removed at such time or otherwise handled in a manner reasonably satisfactory to all such parties.

(d) On the Closing Date, the representations and warranties of the parties hereto contained in Section 3 shall be true and correct with the same effect as though made on and as of said date, except to the extent that such representations and warranties relate solely to

an earlier date (in which case such representations and warranties were true and correct on and as of such earlier date), and the execution and delivery of this Agreement shall constitute a certification by each party giving such representations and warranties as to the accuracy of the representations and warranties in Section 3 as of the Closing Date.

(e) On the Closing Date, the Owner Trustee, the Holders, the Lenders, the Bank Lenders and the Agent shall have received the favorable written opinion of each of (i) Witt, Gaither & Whitaker, P.C., counsel for the Lessee and (ii) Ray, Quinney & Nebeker, counsel for the Owner Trustee.

(f) On the Closing Date, the Lessee shall deliver or cause to be delivered to the Owner Trustee, the Holders, the Lenders, the Bank Lenders and the Agent the following, each unless otherwise noted dated the Closing Date, (i) good standing certificates from its jurisdiction of incorporation, the jurisdiction of its principal place of business and each other jurisdiction in which the failure to qualify may have a Material Adverse Effect, each dated a recent date prior to the Closing Date, (ii) a certified copy of its articles of incorporation, by-laws and the resolutions of its Board of Directors approving and authorizing the execution, delivery and performance of the Lessee Agreements, certified as of the Closing Date by its corporate secretary or assistant secretary as being in full force and effect without modification or amendment, and (iii) signature and incumbency certificates of its officers executing the Operative Agreements to which it is a party.

(g) On the Closing Date, the Owner Trustee shall deliver or cause to be delivered to the Holders, the Lenders, the Bank Lenders and the Agent the following, each unless otherwise noted dated the Closing Date, (i) a good standing certificate from the Office of the Comptroller of the Currency dated a recent date prior to the Closing Date, (ii) a certified copy of its articles of association, by-laws and the resolution of its Board of Directors approving and authorizing the execution, delivery and performance of the Operative Agreements to which it is a party, certified as of the Closing Date by an authorized officer as being in full force and effect without modification or amendment, and (iii) signature and incumbency certificates of its officers executing the Operative Agreements to which it is a party.

(h) On the Closing Date, no action or proceeding shall have been instituted nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the time of the Closing Date, to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the transactions contemplated hereby.

(i) On the Closing Date, all approvals and consents of any trustees or holders of any indebtedness or obligations of the Lessee which are required to be obtained on or prior to the Closing Date in connection with the transactions contemplated by the Operative Agreements, shall have been duly obtained and be in full force and effect.

(j) On the Closing Date, all actions, if any, required to have been taken by any Governmental Authority of the United States on or prior to the Closing Date in connection with the transactions contemplated by the Operative Agreements shall have been taken by such

Governmental Authority of the United States and all orders, permits, waivers, exemptions, authorizations and approvals of such entities required to be in effect on or prior to the Closing Date in connection with the transactions contemplated by this Agreement shall have been issued, and all such orders, permits, waivers, exemptions, authorizations and approvals shall be in full force and effect, on the Closing Date.

(k) On the Closing Date, the Agent shall have received evidence satisfactory to it that the aggregate amount of the Arrangement Fee and any other Fees due and payable on the Closing Date have been paid.

[(l).....ON THE CLOSING DATE, THE OWNER TRUSTEE, THE HOLDERS, THE LENDERS, THE BANK LENDERS AND THE AGENT SHALL HAVE RECEIVED THE SATISFACTORY OPINION OF ARC INTERNATIONAL, INC. (ON A DESK-TOP APPRAISAL BASIS) IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE AGENT.]

(m) On the Closing Date, the Owner Trustee, the Holders, the Lenders, the Bank Lenders and the Agent shall have received such other documents, appraisals, certificates, financing statements and other items, as any such parties may reasonably require and to which any such party shall have provided reasonable notice to the Lessee of such requirement.

4.2 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PARTIES OTHER THAN THE LESSEE ON EACH ACCEPTANCE DATE.

The obligation of each of the parties hereto (other than the Lessee) to participate in the transactions contemplated hereby on each Acceptance Date shall be subject to the following conditions on or prior to such Acceptance Date (except that (i) the obligation of any such party shall not be subject to such party's own performance or compliance and (ii) the conditions specified below as being only for the benefit of a specified party or parties need be fulfilled only to the satisfaction of, or waived by, such party or parties). (To the extent such conditions precedent require the delivery of any agreement, document, instrument, opinion or any other item, such shall be in form and substance reasonably satisfactory to the Owner Trustee, the Holders, the Lenders and the Agent.):

(a) On each applicable Acceptance Date, each of the Operative Agreements to be delivered as of such Acceptance Date shall have been duly authorized, executed and delivered by the parties thereto, shall be in full force and effect and executed counterparts of each shall have been delivered to the Owner Trustee, the Holders, the Lenders and the Agent or their counsel on or before such Acceptance Date and no event shall have occurred and be continuing that constitutes a Lease Default or a Lease Event of Default.

(b) On each applicable Acceptance Date (i) the Lessee shall have caused the Lease and the Lease Supplement covering the Units delivered on such Acceptance Date or appropriate other evidence, to be duly filed, recorded and deposited in such place or places as the Owner Trustee, the Holders or the Agent may reasonably request for the protection of the Owner Trustee's title to the Equipment and interest in the Lease and the protection of the Agent's Lien on the Collateral and (ii) Uniform Commercial Code financing statements and other documents

pertaining to Lien perfection shall have been filed in such places as the Owner Trustee, any Participant or the Agent may reasonably request for (A) the protection of the Owner Trustee's title to the Equipment and interest in the Lease, or the Lien of the Agent in the Collateral and (B) the termination of any existing Liens against the Collateral.

(c) On each applicable Acceptance Date, the Lessee shall have delivered the Filing Materials for such Acceptance Date to the Agent (on behalf of the Owner Trustee, the Holders, the Lenders and the Bank Lenders).

(d) On each applicable Acceptance Date, the representations and warranties of the parties hereto contained in Section 3 and the Incorporated Representations (other than those representations and warranties contained in Sections 3.2(f) and (h)) shall be true and correct with the same effect as though made on and as of said date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties were true and correct on and as of such earlier date), and the execution and delivery of the applicable Lease Supplement shall constitute a certification by each party giving such representations and warranties of the accuracy of the representations and the warranties in Section 3 and the Incorporated Representations (other than those representations and warranties contained in Sections 3.2(f) and (h)) as of such Acceptance Date.

(e) On each applicable Acceptance Date, after giving effect to the transactions contemplated hereby, the Owner Trustee shall have good and marketable legal title to each Unit of Equipment to be delivered on such Acceptance Date, free and clear of all Liens, and the execution and delivery of the Lease Supplement by the Lessee to which such Unit is applicable shall be deemed a certification by the Lessee of the same.

(f) On each applicable Acceptance Date the Additionally Insured Parties shall have received (or shall have previously received) certificates of insurance signed by the insurer or by an independent insurance broker evidencing insurance coverages required pursuant to Section 12 of the Lease.

(g) On each applicable Acceptance Date, no action or proceeding shall have been instituted nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the time of the applicable Acceptance Date, to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the transactions contemplated hereby.

(h) On each applicable Acceptance Date, the Agent (on behalf of the other parties to this Agreement) shall have received (or shall have waived receipt of) the Notice of Delivery applicable to such Acceptance Date required pursuant to Section 2.3.

(i) On each applicable Acceptance Date, the Owner Trustee shall have received invoices of each Seller addressed to the Owner Trustee, setting forth the portion of the Equipment Cost constituting the purchase price payable to such Seller for the Units conveyed by such Seller on such Acceptance Date.

(j) On each applicable Acceptance Date, no change shall have occurred after the date of the execution and delivery of this Agreement in applicable Law or interpretations thereof by regulatory authorities that, in the opinion of either the Owner Trustee, the Holders, the Lenders, the Bank Lenders, the Agent or their counsel, would make it illegal for such party to enter into any transaction contemplated by the Operative Agreements.

(k) On each applicable Acceptance Date, each Holder shall have made available its respective portion of the Aggregate Holder Funded Amount in the amount specified in, and otherwise in accordance with, Sections 2.2(a) and 2.3 and each Lender shall have made available its respective portion of the Aggregate Lender Funded Amount in the amount specified in, and otherwise in accordance with, Sections 2.2(b) and 2.3.

(l) On each applicable Acceptance Date, all approvals and consents of any trustees or holders of any indebtedness or obligations of the Lessee which are required to be obtained prior to such Acceptance Date in connection with the transactions contemplated by the Operative Agreements, shall have been duly obtained and be in full force and effect.

(m) On each applicable Acceptance Date, all actions, if any, required to have been taken by any Governmental Authority on or prior to such Acceptance Date in connection with the transactions contemplated by the Operative Agreements on such Acceptance Date shall have been taken by such Governmental Authority and all orders, permits, waivers, exemptions, authorizations and approvals of such entities required to be in effect on such Acceptance Date in connection with the transactions contemplated by this Agreement on such Acceptance Date shall have been issued, and all such orders, permits, waivers, exemptions, authorizations and approvals shall be in full force and effect, on such Acceptance Date.

(n) On each applicable Acceptance Date, a Certificate of Acceptance with respect to the applicable Units delivered to the Owner Trustee (or to the Lessee, on behalf of the Owner Trustee) on such Acceptance Date shall have been duly executed and delivered by the Lessee, as the authorized representative of the Owner Trustee.

(o) The Owner Trustee, the Holders, the Lenders, the Bank Lenders and the Agent shall have received such other documents, appraisals, certificates, financing statements, opinions and other items as any such parties may reasonably require, to the extent such parties shall have provided reasonable notice to the Lessee taking into account the date the applicable Notice of Delivery is delivered by the Lessee to the Agent.

4.3 CONDITIONS PRECEDENT TO THE OBLIGATION OF THE LESSEE ON THE CLOSING DATE.

The obligations of the Lessee to enter into this Agreement and the other Operative Agreements to which the Lessee is a party is subject to the following conditions as of the Closing Date:

(a) On the Closing Date, each of the Operative Agreements to be delivered as of such date shall be reasonably satisfactory in form and substance to the Lessee and shall have

been duly authorized, executed and delivered by the respective party or parties thereto (other than the Lessee), and an executed counterpart of each thereof shall have been delivered to the Lessee or its counsel (except that executed Certificates shall be delivered only to the Holders and executed Notes shall be delivered only to the Lenders).

(b) On the Closing Date, the representations and warranties of the Owner Trustee contained in Section 3 shall be true and correct in all material respects as of the Closing Date as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties were true and correct on such earlier date) and the execution and delivery of this Agreement shall constitute a certification by the Owner Trustee as to the accuracy of the representations and warranties in Section 3 as of the Closing Date.

(c) On the Closing Date, the Lessee shall have received the opinion of counsel, in form and substance reasonably satisfactory to the Lessee, referred to in Section 4.1(e)(ii) addressed to the Lessee.

(d) (Intentionally Omitted)

(e) On the Closing Date, there shall have been duly issued and delivered by the Owner Trustee to the Lenders, against payment therefor, the Notes and to the Holders, the Certificates, each dated the Closing Date.

(f) On the Closing Date, the Owner Trustee shall deliver or cause to be delivered to the Lessee the following, each unless otherwise noted dated the Closing Date and in form and substance satisfactory to them, (i) a good standing certificate from the Office of the Comptroller of the Currency dated a recent date prior to the Closing Date, (ii) a certified copy of its articles of association, by-laws and the resolution of its Board of Directors approving and authorizing the execution, delivery and performance of the Operative Agreements to which it is a party, certified as of the Closing Date by an authorized officer as being in full force and effect without modification or amendment, and (iii) signature and incumbency certificates of its officers executing the Operative Agreements to which it is a party.

(g) On the Closing Date, no change shall have occurred after the date of the execution and delivery of this Agreement in applicable Law or interpretations thereof by regulatory authorities that, in the opinion of either the Lessee or its counsel, would make it illegal for the Lessee to enter into any transaction contemplated by the Operative Agreements.

(h) On the Closing Date, all actions, if any, required to have been taken by any Governmental Authority on or prior to the Closing Date in connection with the transactions contemplated by the Operative Agreements on the Closing Date shall have been taken by any such Governmental Authority and all orders, permits, waivers, exemptions, authorizations and approvals of such entities required to be in effect on the Closing Date in connection with the transactions contemplated by the Operative Agreements on the Closing Date shall have been issued, and all such orders, permits, waivers, exemptions, authorizations and approvals shall be in full force and effect, on the Closing Date.

4.4 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE LESSEE ON EACH ACCEPTANCE DATE.

The obligation of the Lessee to participate in the transactions contemplated hereby on each Acceptance Date shall be subject to the following conditions on or prior to such Acceptance Date (except that (i) the obligation of the Lessee shall not be subject to the Lessee's own performance or compliance and (ii) the conditions specified below as being only for the benefit of a specified party or parties need be fulfilled only to the satisfaction of, or waived by, such party or parties). (To the extent such conditions precedent require the delivery of any agreement, document, instrument, opinion or any other item, such shall be in form and substance reasonably satisfactory to the Lessee.):

(a) On each applicable Acceptance Date, each of the Operative Agreements to be delivered as of such date shall be reasonably satisfactory in form and substance to the Lessee and shall have been duly authorized, executed and delivered by the respective party or parties thereto (other than the Lessee), and an executed counterpart of each thereof shall have been delivered to the Lessee or its special counsel.

(b) On each applicable Acceptance Date, the representations and warranties of the Owner Trustee contained in Section 3 shall be true and correct with the same effect as though made on and as of said date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties were true and correct on such earlier date) and the execution and delivery of the applicable Lease Supplement shall constitute a certification by the Owner Trustee as to the accuracy of the representations and warranties in Section 3 as of such Acceptance Date.

(c) On each applicable Acceptance Date, no action or proceeding shall have been instituted nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the time of such Acceptance Date, to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the transactions contemplated hereby.

(d) On each applicable Acceptance Date, each Holder shall have made available its respective portion of the Aggregate Holder Funded Amount in the amount specified in, and otherwise in accordance with, Sections 2.2(a) and 2.3.

(e) On each applicable Acceptance Date, each Lender shall have made available its respective portion of the Aggregate Lender Funded Amount in the amount specified in, and otherwise in accordance with, Sections 2.2(b) and 2.3.

(f) (Intentionally Omitted)

(g) On each applicable Acceptance Date, after giving effect to the transactions contemplated hereby, the Owner Trustee shall have good and marketable legal title to each Unit

of Equipment to be delivered on such Acceptance Date, free and clear of all Liens, except Permitted Liens.

(h) On each applicable Acceptance Date, no change shall have occurred after the date of the execution and delivery of this Agreement in applicable Law or interpretations thereof by regulatory authorities that, in the opinion of either the Lessee or its counsel, would make it illegal for the Lessee to enter into any transaction contemplated by the Operative Agreements.

(i) On each applicable Acceptance Date, all actions, if any, required to have been taken by any Governmental Authority on or prior to such Acceptance Date in connection with the transactions contemplated by the Operative Agreements on such Acceptance Date shall have been taken by any such Governmental Authority and all orders, permits, waivers, exemptions, authorizations and approvals of such entities required to be in effect on such Acceptance Date in connection with the transactions contemplated by the Operative Agreements on such Acceptance Date shall have been issued, and all such orders, permits, waivers, exemptions, authorizations and approvals shall be in full force and effect, on such Acceptance Date.

SECTION 5. COVENANTS OF THE LESSEE

5.1 FINANCIAL AND OTHER REPORTS OF THE LESSEE.

The Lessee will prepare consolidated financial statements in conformity with GAAP. The Lessee agrees that it will furnish directly to the Agent the following (and immediately thereafter the Agent shall provide copies of the same to the Owner Trustee, the Holders, the Lenders and the Bank Lenders):

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Lessee, copies of the consolidated balance sheet of the Lessee and its Consolidated Subsidiaries as at the end of such year and of the related consolidated statements of income and retained earnings and changes in financial position for such year, setting forth in each case in comparative form the figures for the previous year, certified without qualification arising out of the scope of the audit, by independent certified public accountants of nationally recognized standing; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Lessee, copies of the unaudited consolidated balance sheet of the Lessee and its Consolidated Subsidiaries as at the end of such quarter and of the related unaudited consolidated statements of income and retained earnings and changes in financial position of the Lessee and its Consolidated Subsidiaries for such quarterly period and the portion of the fiscal year through such date, setting forth in each case in comparative form figures for the previous year, certified by a Responsible Officer (subject to normal year-end audit adjustments).

(c) concurrently with the delivery of the financial statements referred to in Section 5.1(a) above, a certificate of the independent certified public accountants certifying such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate, and certifying the Company's compliance with the terms of the financial maintenance covenants set forth in Section 6.01 of the Credit Agreement, as such covenants have been incorporated by reference herein pursuant to Section 5.2.

(d) concurrently with the delivery of the financial statements referred to in Section 5.1(a) and (b) above, a Compliance Certificate (in the form of Exhibit D).

(e) promptly, such additional financial and other information as any other party to this Agreement may from time to time reasonably request.

All financial statements referenced in Section 5.1(a) and (b) shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as approved by such accountants or officer, as the case may be, and disclosed therein).

5.2 INCORPORATION OF PROVISIONS FROM CREDIT AGREEMENT.

Reference is made to the Credit Agreement and the covenants contained in Sections 6.01, 6.03, 6.04, 6.06, 6.07, 6.08 and 6.10 of the Credit Agreement (hereinafter referred to as the "Incorporated Covenants") and the representations and warranties referenced in Section 4.02(a) of the Credit Agreement (hereinafter referred to as the "Incorporated Representations"). The Lessee hereby agrees with and for the benefit of the other parties hereto that the Incorporated Covenants and the Incorporated Representations (and all other relevant provisions of the Credit Agreement related thereto, including without limitation the defined terms contained in the Credit Agreement which are used in the Incorporated Covenants or the Incorporated Representations, as the case may be) are hereby incorporated by reference into this Agreement to the same extent and with the same effect as if set forth fully herein and shall inure to the benefit of the parties thereto. In the event a waiver is granted under the Credit Agreement or an amendment or modification is executed with respect to the Credit Agreement, and such waiver, amendment and/or modification affects the Incorporated Covenants or the Incorporated Representations, as the case may be, then such waiver, amendment and/or modification shall automatically be effective with respect to the Incorporated Covenants or the Incorporated Representations, as the case may be, as if incorporated by reference into this Agreement. Any cure or waiver of a Credit Agreement Event of Default with regard to the Incorporated Covenants or the Incorporated Representations, as the case may be, shall constitute a cure or waiver of the related Lease Event of Default. Notwithstanding any language to the contrary contained in this Agreement or any other Operative Agreement, if the Credit Agreement is terminated or expires, then the Incorporated Covenants and the Incorporated Representations, as the case may be, shall remain in effect in the respective forms thereof as of such date of termination or expiration of the Credit Agreement.

5.3 CHANGE OF CHIEF EXECUTIVE OFFICE.

No less than 15 days prior to the date upon which the Lessee (a) has fewer than two "places of business" (as such term, or any similar term, is defined under the Uniform Commercial Code of each Approved State) in any Approved State and such fact requires an additional Uniform Commercial Code filing, (b) shall change its principal place of business in Kentucky (as such term is defined under the Kentucky Uniform Commercial Code) from Pike County, Kentucky, or (c) shall change its chief executive office (as such term is defined in Article 9 of the Uniform Commercial Code as in effect in the State of North Carolina), principal place of business or the place where the Lessee shall retain its records concerning the Equipment and all its interests in, to and under all documents relating to the Trust Estate from 1900 Rexford Road, Charlotte, North Carolina 28211, then in any such case the Lessee shall notify the Agent (on behalf of the Owner Trustee, the Holders, the Bank Lenders and the Lenders) of the same and of the need to make additional Uniform Commercial Code filing with respect thereto.

5.4 LIEN SEARCHES.

Within 30 days after the Closing Date and within 30 days after the last Acceptance Date, the Agent (on behalf of the Owner Trustee, the Holders, the Lenders and the Bank Lenders) shall have received Lien searches regarding the Lessee and the Equipment (including without limitation Uniform Commercial Code searches and similar searches in foreign jurisdictions), Tax Lien searches and judgment Lien searches in such jurisdictions as such parties shall determine in their reasonable discretion, and Lessee shall cause all such Liens which would materially impair the rights of such parties (as reasonably determined by such parties) to be removed at such time or otherwise handled in a manner satisfactory to all such parties.

5.5 CLASSIFICATION OF EQUIPMENT.

At all times during the Term, the Lessee shall cause all Equipment to be personal property, not fixtures.

5.6 NOTICE REGARDING PLACES OF BUSINESS AND RE-LOCATION OF EQUIPMENT.

No less than 15 days prior to the date upon which the Lessee shall have only one place of business (as such term, or any similar term, is defined under the Uniform Commercial Code of each Approved State) in a particular Approved State, the Lessee shall notify the Agent (on behalf of the Owner Trustee, the Holders, the Bank Lenders and the Lenders) of the same and of the need to make additional Uniform Commercial Code filings with respect thereto. Promptly upon receipt of such notice, the Agent shall notify the Owner Trustee, the Holders, the Bank Lenders and the Lenders of the same. No less than 15 days prior to the date upon which any Unit shall be relocated to any jurisdiction (other than an Approved State), the Lessee shall notify the Agent (on behalf of the Owner Trustee, the Holders, the Bank Lenders and the Lenders) of the same and of the need to make additional Uniform Commercial Code filings with respect thereto. Promptly upon receipt of such notice, the Agent shall notify the Owner Trustee, the Holders, the Bank Lenders and the Lenders of the same.

5.7 LIEN PERFECTION FILINGS - INITIAL ACCEPTANCE DATE.

Regarding the Uniform Commercial Code financing statements, certificates of title and other filings referenced in Section 3.3 of this Agreement relating to the initial Acceptance Date, the Lessee shall cause all such filings to occur on or prior to a date five Business Days after the initial Acceptance Date.

5.8 ALLOCATION OF EQUIPMENT COST AMONG THE APPROVED STATES.

On the Basic Term Commencement Date and each annual anniversary thereof during the Term, the Lessee shall provide a certificate to the Agent on behalf of the Owner Trustee, the Lenders, the Holders and the Bank Lenders certifying (a) any changes in the allocation of Equipment Cost among the Approved States referenced in each Certificate of Acceptance and (b) the Lessee shall have made all necessary and appropriate payment of additional filing taxes and other like charges in connection with the foregoing. The Lessee shall provide evidence of the same to the Agent on each such date.

5.9 UCC FILING AT BASIC TERM COMMENCEMENT DATE OR THEREAFTER.

On the Basic Term Commencement Date or at any time thereafter, the Agent (at the direction of the Majority Holders or the Majority In Interest but at the cost and expense of the Lessee) shall have the option of electing to amend the Uniform Commercial Code financing statements filed with respect to the Equipment on or prior to such date in a manner determined by the Agent in its reasonable discretion (such amendments to be in form and substance satisfactory to the Majority Holders and the Majority In Interest) in order to include a listing of the make, model and serial numbers of the Equipment, then subject to the Lease. The Lessee hereby agrees to execute any and all such amendments (as provided by the Agent to the Lessee) and to promptly return the same to the Agent.

SECTION 6. OTHER COVENANTS AND AGREEMENTS

6.1 RESTRICTIONS ON TRANSFER.

(a) Subject to the provisos to this sentence, each Holder, each Lender and each Bank Lender agrees that no such entity shall sell, transfer or assign (in whole or in part) its right, title and interest in and to the Operative Agreements (or any of them) without selling, transferring or assigning (in whole or in part and on the same pro rata basis) its right, title and interest in and to the Other CCB Transaction Documents and without the prior written consent of the Lessee (which consent may not be unreasonably withheld or delayed); provided, no such consent from Lessee shall be required subsequent to the occurrence of a Lease Default or Lease Event of Default; provided, further, that without the prior written consent of the Lessee (i) a Holder may sell, transfer or assign its interest to an Affiliate of such Holder or to another Holder, (ii) the Initial Lender may sell, transfer or assign its interest to the Bank Lenders as contemplated by Section 8, (iii) the Initial Lender may sell, transfer or assign its interest to the Liquidity Provider as contemplated by the Liquidity Documents, (iv) the Initial Lender may sell, transfer or assign its interest to any multi-seller commercial paper funding vehicle administered by

NationsBank or any Affiliate thereof, (v) a Lender may sell, transfer or assign its interest to an Affiliate of such Lender or to another Lender and (vi) a Bank Lender may sell, transfer or assign its interest to an Affiliate of such Bank Lender or to another Bank Lender. In addition, (x) no Holder may sell, transfer or assign any such interest unless such sale, transfer or assignment is ratable as to all such Holder's interests in the Operative Agreements (including without limitation with respect to all Certificates), (y) no Lender may sell, transfer or assign any such interest unless such sale, transfer or assignment is ratable as to all such Lender's interests in the Operative Agreements (including without limitation with respect to all Notes) and (z) no Bank Lender may sell, transfer or assign any such interest unless such sale, transfer or assignment is ratable as to all such Bank Lender's interests (including without limitation with respect to all Notes). In addition, there shall be no such sale, transfer or assignment of the Certificates or the Notes in violation of applicable securities Laws, and Lessee shall have no obligation to pay any cost or expense for the registration under applicable securities Laws of any Certificate or Note. In addition, except with regard to any sale, transfer or assignment by a Holder of its right, title and interest in and to the Operative Agreements (or any of them) to an Affiliate of such Holder or to another Holder, each such sale, transfer or assignment by a Holder shall be to a Person which (in the case of any banking institution or insurance company) has capital, surplus and undivided profits (or the equivalent) of at least $50,000,000 or (in the case of any finance or leasing company or other Person) has a net worth of at least $50,000,000 or in any such case in which the potential transferee does not satisfy the foregoing standards for capital, surplus and undivided profits or net worth, the obligations of such potential transferee are guaranteed by another Person which does satisfy the foregoing standards for capital, surplus and undivided profits or net worth.

(b) Upon any such transfer, (i) except as the context otherwise requires, the Person to whom such sale, transfer or assignment is made (a "Transferee") shall be deemed a "Holder", "Lender" or "Bank Lender", as the case may be, and shall enjoy the rights and privileges and perform the obligations of the transferring party (the "Transferor") to the extent of the interest transferred hereunder and under each other Operative Agreement to which the Transferor is a party, and, except as the context otherwise requires, each reference in this Agreement and each other Operative Agreement to the "Holders", the "Lenders" or the "Bank Lenders", as the case may be, shall thereafter be deemed to include such Transferee for all purposes to the extent of the interest transferred, (ii) the Transferor shall continue to be entitled to all the benefits and rights, including without limitation the right to indemnification hereunder and under each other Operative Agreement to which the Transferor was a party or by which it was bound except to the extent otherwise agreed in writing; provided, subsequent to any such sale, transfer or assignment from a Transferor to a Transferee, with respect to any judgment award for which the Lessee has an indemnity obligation under the Operative Agreements, the Lessee shall not have an obligation to pay such judgment award more than once for the benefit of such Transferor and Transferee; provided, further, the foregoing proviso shall not diminish the obligations of the Lessee to indemnify each Transferor and Transferee in all matters regarding fees, costs and expenses associated with litigation and (iii) the Transferor shall be released from all obligations hereunder and under each other Operative Agreement to which the Transferor is a party or by which the Transferor is bound to the extent such obligations are expressly assumed by a Transferee; provided, further, that in no event shall any such sale, transfer or assignment waive or release the Transferor from any liability on account of any breach existing immediately prior to such sale, transfer or assignment of any of its representations, warranties, covenants or

obligations set forth in the Operative Agreements or for any gross negligence or fraudulent or willful misconduct. The restrictions set forth in this Section 6.1 shall not apply with respect to the sale, transfer or assignment of the Equipment which is to be consummated on or after the expiration or termination of the Lease or after the occurrence of a Lease Event of Default. Except with respect to any such sale, transfer or assignment of the interest by the Initial Lender for which there shall be no transfer fee payable to the Agent, in connection with any such sale, transfer or assignment of a Lender's interest or a Bank Lender's interest, the Transferor or the Transferee (as agreed between the parties) shall pay the Agent a transfer fee of $5,000.

(c) Subject to the rights of the Lessee pursuant to Section 21 of the Lease, the Lessee shall not sell, transfer or assign (in whole or in part) its respective right, title and interest in and to the Equipment and/or its obligations hereunder or the other Operative Agreements without the prior written consent of each other party to this Agreement (which consent may be withheld in such party's sole discretion).

6.2 LESSOR'S LIENS ATTRIBUTABLE TO THE HOLDERS.

(a) Each Holder hereby covenants and agrees with and for the benefit of the other parties to this Agreement that such Holder will not directly or indirectly create, incur, assume or suffer to exist any Lessor's Liens on or against any part of the Trust Estate or the Equipment attributable to it and each Holder agrees that it will, at its own cost and expense, take such action as may be necessary to duly discharge and satisfy in full any such Lessor's Lien described above (by bonding or otherwise in a manner reasonably acceptable to the Lessee); provided, that such Holder may contest any such Lessor's Lien in good faith by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Equipment or any interest therein and do not interfere with the use, operation, or possession of the Equipment by the Lessee under the Lease or the rights of the Lenders under the Loan Agreement or the payment of Rent.

(b) Each Holder agrees, severally and not jointly, to indemnify and hold harmless the other parties to this Agreement from time to time from and against any loss, cost, expense or damage which may be suffered by such party as a result of the failure of such Holder to discharge and satisfy in full any Lessor's Lien attributable to it and of the type identified in and when required to be discharged and satisfied by it under Section 6.2(a).

6.3 LESSOR'S LIENS ATTRIBUTABLE TO THE OWNER TRUSTEE.

(a) The Owner Trustee in its individual capacity hereby unconditionally agrees with and for the benefit of the other parties to this Agreement that the Owner Trustee in its individual capacity will not directly or indirectly create, incur, assume or suffer to exist any Lessor's Liens on or against any part of the Trust Estate or the Equipment arising out of any act or omission of or claim against the Owner Trustee in its individual capacity, and the Owner Trustee in its individual capacity agrees that it will, at its own cost and expense, take such action as may be necessary to duly discharge and satisfy in full any such Lessor's Lien attributable to the Owner Trustee in its individual capacity (by bonding or otherwise in a manner reasonably acceptable to the Lessee and Lenders); provided, that the Owner Trustee may contest any such

Lessor's Lien in good faith by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Equipment or any interest therein and do not interfere with the use, operation, or possession of the Equipment by the Lessee under the Lease or the rights of the Lenders under the Loan Agreement or the payment of Rent.

(b) The Owner Trustee in its individual capacity agrees to indemnify and hold harmless the other parties to this Agreement from and against any loss, cost, expense or damage which may be suffered by such party as a result of the failure of the Owner Trustee to discharge and satisfy any Lessor's Liens attributable to it in its individual capacity and of the type identified in and when required to be discharged and satisfied by it under Section 6.3(a).

6.4 LIENS CREATED BY THE LENDERS.

(a) Each Lender (and each Bank Lender) covenants and agrees with and for the benefit of the other parties to this Agreement that such Lender (or such Bank Lender, as the case may be) shall not cause or permit to exist any Lien on or against any part of the Trust Estate or the Equipment attributable to such Lender (or such Bank Lender, as the case may be), except such Liens which are contemplated and permitted by the Operative Agreements and that such Lender (or such Bank Lender, as the case may be) will, at its own cost and expense, promptly take such action as may be necessary duly to discharge any such Lien; provided, that such Lender may contest any such Lien in good faith by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Equipment or any interest therein and do not interfere with the use, operation, or possession of the Equipment by the Lessee under the Lease or the rights of the Lenders under the Loan Agreement or the payment of Rent.

(b) Each Lender (and each Bank Lender) agrees, severally and not jointly, to indemnify and hold harmless the other parties to this Agreement from time to time from and against any loss, cost, expense or damage which may be suffered by such party as a result of the failure of such Lender (or such Bank Lender, as the case may be) to discharge and satisfy in full any Lien attributable to it and of the type identified in and when required to be discharged and satisfied by it under Section 6.4(a).

6.5 LIENS CREATED BY THE AGENT.

(a) The Agent covenants and agrees with and for the benefit of the other parties to this Agreement that the Agent shall not cause or permit to exist any Lien on or against any part of the Trust Estate or the Equipment attributable to the Agent, except such Liens which are contemplated and permitted by the Operative Agreements and that the Agent will, at its own cost and expense, promptly take such action as may be necessary duly to discharge any such Lien.

(b) The Agent agrees to indemnify and hold harmless the other parties to this Agreement from time to time from and against any loss, cost, expense or damage which may be suffered by such party as a result of the failure of the Agent to discharge and satisfy in full any Lien attributable to it and of the type identified in and when required to be discharged and satisfied by it under Section 6.5(a).

6.6 COVENANTS RESTRICTING THE OWNER TRUSTEE.

So long as the Loans, the Notes, the Holder Advances or the Certificates remain outstanding and have not been paid in full or otherwise discharged in accordance with the terms of the Operative Agreements:

(a) The Owner Trustee shall not conduct, transact or otherwise engage in, or commit to transact, conduct or otherwise engage in, any business or operations other than the entry into, and exercise of rights and performance of obligations in respect of, the Operative Agreements, the Other CCB Transaction Documents and other activities incidental or related to the foregoing.

(b) The Owner Trustee shall not own, lease, manage or otherwise operate any properties or assets other than in connection with the activities described in Section 6.6(a), or incur, create, assume or suffer to exist any indebtedness or other consensual liabilities or financial obligations other than as may be incurred, created or assumed or as may exist in connection with the activities described in Section 6.6(a).

(c) The Owner Trustee shall not convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets, including without limitation its interest in the Trust Estate, whether now owned or hereafter acquired, except to the extent expressly contemplated by the Operative Agreements or the Other CCB Transaction Documents.

(d) The Owner Trustee shall at all times (i) observe and perform all of the covenants, conditions and obligations required to be performed by it (whether in its capacity as the Lessor, the Owner Trustee or otherwise) under each Operative Agreement to which it is a party and (ii) observe and perform, or cause to be observed and performed, all of the covenants, conditions and obligations of the Lessor under the Lease, even in the event that the Lease is terminated at stated expiration following a Lease Event of Default or otherwise.

(e) At any time and from time to time, upon the written request of the Agent, any Lender or any Holder, the Owner Trustee will promptly and duly execute and deliver such further instruments and documents and take such further action as the Agent, any Lender or any Holder may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and the other Operative Agreements and of the rights and powers herein or therein granted.

(f) If on any date a Responsible Officer of the Owner Trustee shall obtain actual knowledge of the occurrence of a Default or Event of Default, the Owner Trustee will give written notice thereof to the Agent within five Business Days after such date.

(g) Without prejudice to any right under the Trust Agreement of the Owner Trustee to resign, the Owner Trustee (and in its individual capacity, First Security) agrees not to terminate or revoke the trust created by the Trust Agreement except as permitted by the terms thereof.

(h) On each Acceptance Date, the Owner Trustee's right, title and interest in and to the Equipment delivered on such Acceptance Date and the Collateral shall be free of any Lessor's Liens attributable to the Owner Trustee in its individual capacity.

(i) The Owner Trustee shall receive from each Seller such title to the Equipment as is conveyed to it by such Seller, subject to the rights of the Owner Trustee and the Lessee under the Lease.

(j) The Owner Trustee in its individual capacity agrees to give the Lessee, the Holders, the Lenders, the Bank Lenders and the Agent at least 30 days prior written notice of any relocation of the Owner Trustee's chief executive office, principal place of business or said place where its records concerning the Equipment and all its interest in, to and under all documents relating to the Trust Estate are located from its present location referenced in Section 3.1(g) or any subsequent location, which in all cases shall remain in the United States.

6.7 COVENANTS OF ALL PARTIES REGARDING OPERATIVE AGREEMENTS.

The Owner Trustee (in its individual and trust capacity), the Holders, the Agent, the Lenders, the Bank Lenders and the Lessee hereby agree to comply with the provisions of all Operative Agreements to which they are a party and not to terminate, amend, modify, supplement, restate and/or replace any Operative Agreement in such a manner that increases the obligations or liabilities, or decreases the rights of, or is adverse to, any other party hereto or the Liquidity Provider or any Liquidity Facility Participant, without the prior written consent of such Person (it being understood that the consent of each Lender and each Holder is unnecessary to the extent permitted by the provisions of Section 9.1 of the Loan Agreement and Section 11.01 of the Trust Agreement, respectively).

6.8 RENT SUFFICIENCY.

Anything contained herein, in the Lease or in any other Operative Agreement to the contrary notwithstanding, the aggregate amount of Basic Rent payable on any Payment Date under the Lease shall be, under any circumstances and in any event, at least equal to the sum of (a) the amount of the scheduled installments of the Holder Advances to be repaid and yield on the Certificates, plus (b) the amount of scheduled installments of principal and interest on the Notes, in each case, due on such Payment Date. Anything contained herein, in the Lease or in any other Operative Agreement or other agreement to the contrary notwithstanding, the amount of the Stipulated Loss Value payable on any date on account of any Unit of Equipment, together with any other amounts payable pursuant to Sections 10, 11 or 22 of the Lease, as the case may be, shall be, under any circumstance and in any event, at least equal to the sum of (w) the amount of any payments then required to be made respecting such Unit on account of the outstanding principal of and interest on the Notes pursuant to the Loan Agreement plus (x) the amount of any payments then required to be made respecting such Unit on account of the outstanding Holder Advances to be repaid and yield on the Certificates pursuant to the Trust Agreement plus (y) Fees which may be due under the Liquidity Documents plus (z) any Break-Amount, in each case to the extent due on such date.

6.9 RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME.

The Lessee has agreed pursuant to the terms of the Operative Agreements to pay to the Agent until such time as the Loan Agreement has been discharged pursuant to its terms, any and all Rent (provided, that such right to receive Rent shall not include a right to receive Segregated Excepted Property but shall include a right to receive all other Excepted Property) and any and all other amounts of any kind or type under any of the Operative Agreements due and owing the Lessor, the Owner Trustee, the Holders, the Agent, the Lenders, the Bank Lenders, the Liquidity Facility Participants and the Liquidity Provider (excluding such amounts referenced in the immediately preceding parenthetical phrase in this sentence). The Lessee has agreed pursuant to the terms of the Operative Agreements to pay to the Holders or such other Persons as are entitled to the receipt thereof, as appropriate, the Segregated Excepted Property payable to such Persons. Subject to the following sentences of this paragraph, the Agent shall segregate amounts received with regard to whether such amounts relate to Class A Equipment, Class B Equipment or Class C Equipment and promptly thereafter, the Agent shall apply and allocate (to the appropriate account of the Person entitled thereto as disclosed to the Agent in writing from time to time, or such other place as such Person may designate), in accordance with the terms of this Section 6.9 and based on the segregation of amounts with respect to Class A Equipment, Class B Equipment and Class C Equipment and the related Notes and Certificates, such amounts received from the Lessee and all other payments, receipts and other consideration of any kind whatsoever received by the Agent pursuant to this Agreement, any other Operative Agreement or otherwise received by the Agent in connection with the Collateral or the Excepted Property, as described in the paragraphs below. Notwithstanding the preceding provisions of this Section 6.9, in connection with any disposition of Equipment, upon the exercise of remedies in connection with any Event of Default and with regard to all other amounts received by the Agent under the Operative Agreements or otherwise with respect to the Equipment, the Agent shall apply all such amounts received respecting each Class of Equipment in accordance with the terms of this Section 6.9 to the obligations owed under the Operative Agreements respecting such Class of Equipment (including without limitation to the Certificates and Notes applicable to such Class of Equipment and to the out-of-pocket costs and expenses of the Agent and/or the Owner Trustee in connection with such disposition or exercise of remedies). After such application, the Agent shall apply any and all remaining amounts in accordance with the terms of this Section 6.9 ratably respecting the obligations owed under the Operative Agreements with regard to the other Classes of Equipment and thereafter in accordance with Section 6.9 of the Other CCB Participation Agreement.

(a) Any such payment or amount identified as or deemed to be Basic Rent shall be applied and allocated by the Agent first, ratably (based on amounts then due and owing under the Notes and the Certificates) to the Lenders and the Holders for application and allocation to the payment of interest on the Notes and to the payment of accrued yield with respect to the Holder Advance, thereafter to the principal of the Notes which is due and payable on such date and to the portion of the Holder Advance which is due on such date; and second, if no Lease Default or Lease Event of Default has occurred and is continuing, any excess (if other than a prepayment) shall be paid to such Person or Persons as the Lessee may designate; provided, that if a Lease Default or a Lease Event of Default has occurred and is continuing, such excess (if any) shall instead be held by the Agent until the earlier of (i) the first date thereafter on

which no Lease Default or Lease Event of Default shall be in effect (in which case such payments or amounts shall then be made to such other Person or Persons as the Lessee may designate) and (ii) the Maturity Date (or, if earlier, the date of any acceleration of the Notes), in which case such amounts shall be applied and allocated in the manner contemplated by Section 6.9(c).

(b) (i) Except as otherwise provided in Sections 6.9(b)(ii), 6.9(c) or 6.9(e), in the event that any prepayment of the Notes or Certificates, in whole or in part, is required in accordance with the provisions of Section 2.10 of the Loan Agreement or Section 4.10 of the Trust Agreement, then any amount received pursuant to Sections 10 or 11 of the Lease or otherwise shall in each case be distributed and paid on a pro rata basis to the Lenders and the Holders in the following order of priority:

first, ratably to the Owner Trustee and the Agent with respect to their respective out-of-pocket costs and expenses regarding any such prepayment or sale of the Equipment;

second, ratably (based on amounts then due and owing under the Notes and Certificates) to the Lenders and the Holders as provided, respectively, in Section 2.10 of the Loan Agreement and Section 4.10 of the Trust Agreement;

third, ratably to the Owner Trustee and the Agent regarding any other amounts owing to either such party under the Operative Agreements; and

fourth, the balance, if any, of such amount remaining thereafter shall be distributed to the Owner Trustee for distribution to the Holders ratably according to their respective Advance Amounts.

(ii) Notwithstanding the foregoing or anything else herein or in any other Operative Agreement to the contrary, any Maximum Lessee Risk Amount (made in whole or in part) shall be applied as set forth in Section 6.9(c)(ii). Any insurance payment, requisition payment or other amount received by the Agent that is not required to be paid over to the Lessee or distributed shall be held by the Agent as security for the obligations of the Lessee under the Lease and applied as set forth therein or herein.

(c) (i) An amount equal to any payment identified as proceeds of the sale (or lease upon the exercise of remedies) of the Equipment or any portion thereof, whether pursuant to the exercise of remedies under the Lease or in connection with the sale of the Equipment pursuant to the end of Term termination option as provided in Section 22.2 of the Lease or otherwise or other such amounts with respect to the Equipment for which an allocation is not otherwise set forth in this Section 6.9, shall be applied and allocated by the Agent first, ratably to the Owner Trustee and the Agent with respect to their respective out-of-pocket costs and expenses regarding such sale or the exercise of remedies, second, to the payment to the Holders of the outstanding balance of the Holder Advances plus all accrued and outstanding yield with respect to the Holder Advances, third, to the payment of the principal of and interest on the Notes then outstanding, fourth, to the payment of any other amounts owing to the Holders hereunder or under any

of the other Operative Agreements, fifth, to the payment of any other amounts owing to the Lenders hereunder or under any of the other Operative Agreements, sixth, ratably to the Owner Trustee and the Agent regarding any other amounts owing to either such party under the Operative Agreements and seventh, to the extent moneys remain after application and allocation pursuant to clauses first through sixth above, to the Lessee.

(ii) An amount equal to (A) any such payment identified as a payment of all or a portion of the Maximum Lessee Risk Amount and (B) any other amount payable upon any exercise of remedies after the occurrence of a Lease Event of Default not covered by Section 6.9(c)(i) above (including without limitation any amount received in connection with an acceleration of the Notes which does not represent proceeds from the sale, liquidation or release of the Equipment or any Unit), shall be applied and allocated by the Agent first, to the Agent with respect to its out-of-pocket costs and expenses regarding the exercise of remedies, second, to the payment of the principal of and interest on the Notes then outstanding, third, to the payment of the outstanding balance of the Holder Advances plus all accrued and outstanding yield with respect to the Holder Advances, fourth, to the payment of any other amounts owing to the Lenders hereunder or under any of the other Operative Agreements, fifth, to the payment of any other amounts owing to the Holders hereunder or under any of the other Operative Agreements and sixth, to the extent of any monies remaining after the application pursuant to clauses first through fifth above, ratably to the Owner Trustee and the Agent regarding any other amounts owing to either such party under the Operative Agreements.

(d) (i) Except as otherwise provided in Section 6.9(c) or 6.9(e),

(A) An amount equal to any such payment identified as Supplemental Rent received by the Agent for which provision as to the application thereof is made in the Operative Agreements shall be applied forthwith to the purpose for which such payment was made in accordance with the terms thereof and otherwise shall be applied and allocated by the Agent to the payment of any amounts then owing to the Owner Trustee, the Holders, the Lenders, the Bank Lenders, the Liquidity Facility Participants, the Liquidity Provider, the Agent and such other Persons (or any of them) (other than any such amounts payable pursuant to the preceding provisions of this Section 6.9), as shall be determined by the Agent in its reasonable discretion.

(B) Subject to Section 6.9(d)(ii), any payments received and amounts realized by the Agent for which no provision as to the application thereof is made in the Lease or this Section 6.9 or otherwise in any Operative Agreement shall be distributed forthwith by the Agent to the Owner Trustee for distribution pursuant to the Trust Agreement.

(ii) Any payments received by the Agent for which provision as to the application thereof is made in the Lease or any other Operative Agreement but not elsewhere in this Agreement shall be applied to the purposes for which such payments

were made in accordance with the provisions of the Lease or such other Operative Agreement, as the case may be.

(iii) The Agent in its reasonable judgment shall identify the nature of each payment or amount received by the Agent and apply and allocate each such amount in the manner specified above.

(e) All amounts constituting Excepted Property received by the Agent shall be paid by the Agent to the Person or Persons entitled thereto.

Ratable allocations under this Section 6.9 between the Agent and the Owner Trustee shall be based upon the relative amount of costs, expenses and other amounts owed to each such party at the particular time under the particular provisions of the Operative Agreements.

6.10 ACCELERATION UPON CERTAIN EVENTS OF DEFAULT.

Each of the parties hereto agrees that the occurrence of a Lease Event of Default and the exercise of any remedies set forth in Section 15 of the Lease with respect thereto shall immediately create a Loan Agreement Event of Default and an acceleration of the Notes under the Loan Agreement and the Certificates under the Trust Agreement.

SECTION 7. LESSEE'S INDEMNITIES

7.1 GENERAL TAX INDEMNITY.

(a) All payments by the Lessee to or on behalf of any Indemnified Person in connection with the transactions contemplated by the Operative Agreements shall be free of withholdings of any nature whatsoever (and at any time that the Lessee is required to make any payment upon which any withholding will be required, the Lessee shall pay an additional amount such that the net amount actually received by the Person entitled to receive such payment will, after any withholding, equal the full amount of the payment due) and shall be free of expense to each Indemnified Person for collection or other charges. The Lessee hereby assumes liability for, and does hereby agree, whether or not any of the transactions contemplated hereby are consummated, to indemnify, protect, save, defend, exonerate, pay and hold harmless each Indemnified Person on an After-Tax Basis from any and all federal, state, local and foreign taxes, fees, withholdings, levies, imposts, duties, assessments and charges of any kind and nature whatsoever, together with any penalties, fines or interest therein (herein called "Taxes") howsoever imposed, whether levied or imposed upon or asserted against an Indemnified Person, the Lessee or the Equipment by any federal, state or local government or taxing authority in the United States, or by any taxing authority or governmental subdivision of a foreign country, upon or with respect to (i) the Equipment, (ii) the manufacture, construction, ordering, purchase, acceptance or rejection, ownership, delivery, leasing, re-leasing, subleasing, possession, use, operation, maintenance, storage, titling or re-titling, licensing or re-licensing, documentation, removal, return, sale (including without limitation sale to the Lessee by an Indemnified Person pursuant to the terms hereof) or other applications or dispositions of the Equipment, (iii) the payments, receipts or earnings arising from the Equipment, (iv) the payment of principal of,

installments of Holder Advances, interest, yield or Break-Amount or other amounts payable with respect to the Notes, the Certificates, the Beneficial Interest or any interest or indebtedness with respect to the Equipment or the Trust Estate, (v) the Overall Transaction and (vi) the Operative Agreements, any document, instrument, agreement or contract entered into in relation thereto or otherwise in relation to the Equipment or any payments payable by the Lessee or to an Indemnified Person pursuant to the Operative Agreements or any document, instrument, agreement or contract entered into in relation thereto or otherwise in relation to the Equipment or the transactions contemplated by the Operative Agreements.

(b) The foregoing indemnity in Section 7.1(a) hereof shall not apply to any Taxes to the extent they result from the gross negligence or willful misconduct of an Indemnified Person, or (subject to the last sentence of Section 7.1(b)) to the extent such Taxes are based upon or measured by an Indemnified Person's net income (other than Taxes that are, or are in the nature of, sales, use, value added, transfer or property Taxes, and other than a Covered Income Tax as hereinafter defined). For purposes of this Agreement, a "Covered Income Tax" shall mean an income Tax (including without limitation a Tax imposed upon gross income or receipts) imposed on an Indemnified Person by any state, local or foreign taxing authority (excluding the United States federal government) in whose jurisdiction an Indemnified Person (including without limitation for this purpose all entities with which it is combined, integrated or consolidated in such taxing authority's jurisdiction) would not engage in business, would not maintain an office or other place of business, would not otherwise be located therein, and would not otherwise be subject to such taxing authority but for an Indemnified Person's role in the Operative Agreements and the transactions contemplated thereby, with respect to the Equipment, its manufacture, construction, ordering, purchase, acceptance or rejection, ownership, delivery, leasing, re-leasing, subleasing, possession, use, operation, maintenance, storage, titling or re-titling, licensing or re-licensing, documentation, removal, return, sale (including without limitation sale to the Lessee by an Indemnified Person pursuant to the terms hereof) or other applications or dispositions thereof, or the presence of the Lessee in such jurisdiction. The foregoing indemnity in Section 7.1(a) shall apply to any Taxes (upon or with respect to any of the enumerated matters of Section 7.1(a)) imposed on the Owner Trustee (including without limitation those based upon or measured by the Owner Trustee's net income (or other such Taxes that are, or are in the nature of, a Tax on net income) other than such Taxes based on or measured by any fees or compensation received by the Owner Trustee for services rendered in connection with the transactions contemplated hereby).

(c) Each Indemnified Person shall furnish the Lessee with copies of any requests for information received by such Indemnified Person from any taxing authority relating to any Taxes with respect to which the Lessee is required to indemnify hereunder, and if a claim is made against such Indemnified Person for any such Taxes, with respect to which the Lessee is liable for a payment or indemnity hereunder, such Indemnified Person shall give the Lessee notice in writing at least 30 days (or if such Indemnified Person receives notice of such claim within 30 days of the date a response is required, promptly upon such receipt) prior to the expiration of the time period for responding to such claim (but any failure to make such notification shall not relieve the Lessee of its obligation to indemnify the Indemnified Person unless such failure materially and adversely impairs the contest of such claim). The Lessee may, at its sole cost and expense, either in its own name or in the name of such Indemnified Person,

contest the validity, applicability or amount of any such Taxes by means of a Permitted Contest; provided, however, such Indemnified Person shall in all cases control all such contests (including without limitation the right to terminate any such contest in its reasonable discretion) except as set forth in the next following proviso; provided, further, that (i) if such contest involves a Tax other than a Tax on net income (or other such Taxes that are, or are in the nature of, a Tax on net income) and can be pursued independently from any other proceeding involving a Tax liability of such Indemnified Person, the Indemnified Person, at the Lessee's request, shall allow the Lessee to conduct and control such contest and (ii) in the case of any contest, the Indemnified Person may request the Lessee to conduct and control such contest (with counsel to be selected by the Lessee and consented to by the Indemnified Person, such consent not to be unreasonably withheld; provided, further, that any Indemnified Person may retain separate counsel, the reasonable fees and expenses of which will be the expense of the Lessee in the event of a material conflict of interest). The party controlling any contest shall consult in good faith with the non-controlling party and shall keep the non-controlling party reasonably informed as to the conduct of such contest; provided, further, that all decisions ultimately shall be made in the discretion of the controlling party. The Lessee shall pay on demand by such Indemnified Person, and save such Indemnified Person harmless against, any and all losses, judgments, decrees and costs (including without limitation all reasonable attorneys' and accountants' fees and expenses) in connection with any Permitted Contest and shall promptly after the final settlement, compromise or determination (including without limitation any appeals) of such Permitted Contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interest, costs and expenses thereof or in connection therewith, and perform all acts, the performance of which shall be ordered or decreed as a result thereof. If an Indemnified Person shall obtain a refund or reimbursement of any amount paid by the Lessee pursuant to this Section 7.1, such Indemnified Person shall promptly pay to the Lessee the amount of such refund or reimbursement, together with the amount of any interest and penalty reimbursements (to the extent that Lessee has previously paid such penalty) actually received by it on account of such refund or reimbursement. Notwithstanding the foregoing, the Indemnified Person shall not be required to contest any claim for Taxes unless (a) the Lessee shall advance any Tax amount or other amount required to be paid in connection with any such Permitted Contest to such Indemnified Person on an After-Tax Basis and an interest-free basis, (b) no Lease Default or Lease Event of Default has occurred and is continuing at such time, (c) in the case of a claim that must be pursued in the name of an Indemnified Person, the amount of the claim exceeds $25,000, (d) the Lessee shall acknowledge in writing its obligation to indemnify the Indemnified Person in the event such Permitted Contest is not successful, and (e) the Indemnified Person shall not be required to contest any adverse judicial decision unless it shall have received an opinion from independent tax counsel (at the expense of the Lessee) to the effect that substantial authority (within the meaning of Internal Revenue Code Section 6662) exists to contest such claim (but the Indemnified Person shall not be required to appeal an adverse determination to the U.S. Supreme Court).

(d) The Lessee will promptly notify the appropriate Indemnified Person of all reports or returns required to be made with respect to any Taxes with respect to which the Lessee is required to indemnify hereunder and will promptly provide such Indemnified Person with all information necessary for the making and timely filing of such reports or returns by such

Indemnified Person. If an Indemnified Person requests that any such reports or returns be prepared and filed by the Lessee, the Lessee will prepare and file the same if permitted by applicable Law to file the same, and if not so permitted, the Lessee shall prepare such reports or returns for signature by such Indemnified Person, and shall forward the same, together with immediately available funds for payment of any Taxes or other amounts due, to such Indemnified Person, at least 10 days in advance of the date such payment is to be made. Upon written request, the Lessee shall furnish an Indemnified Person with copies of all paid receipts or other appropriate evidence of payment for all Taxes paid by the Lessee pursuant to this Section 7.1. To the extent any Indemnified Person receives copies of reports or returns required to be made regarding any Taxes with respect to which the Lessee is required to indemnify hereunder, such Indemnified Person shall provide copies of the same to the Lessee and will use all commercially reasonable efforts to assist the Lessee with the preparation of such reports or returns; provided, the Lessee shall be responsible for all out-of-pocket expenses of such Indemnified Person regarding the preparation of such reports or returns.

(e) The provisions of this Section 7.1 and all of the indemnities and obligations of the Lessee contained in this Section 7.1 shall apply from the date of execution of this Agreement and shall continue in full force and effect notwithstanding the expiration or earlier termination of this Agreement or any other documents, instruments, agreements or contracts entered into in relation hereto or otherwise in relation to the Equipment or any component of the Equipment, and are expressly made for the benefit of, and shall be enforceable by, each Indemnified Person.

7.2 GENERAL INDEMNIFICATION AND WAIVER OF CERTAIN CLAIMS.

The Lessee hereby assumes liability for, and does hereby agree, whether or not any of the transactions contemplated hereby are consummated, to indemnify, protect, save, defend, exonerate, pay and hold harmless each Indemnified Person on an After-Tax basis from and against any and all obligations, fees, liabilities, losses, interest, damages, punitive damages, penalties, fines, claims, demands, actions, suits, judgments, costs and expenses (collectively "Expenses"), including without limitation reasonable legal fees and expenses payable pursuant to Section 2.5(a) (including without limitation such reasonable legal fees and expenses incurred in connection with the enforcement and/or modification of this Agreement or any other Operative Agreement), of every kind and nature whatsoever imposed on, incurred by, or asserted against any Indemnified Person, in any way relating to or arising out of (a) the Equipment, including without limitation the manufacture, construction, ordering, purchase, acceptance or rejection, ownership, delivery, leasing, re-leasing, subleasing, possession, use, operation, maintenance, storage, titling or re-titling, licensing or re-licensing, documentation, removal, return, sale (including without limitation sale by an Indemnified Person to the Lessee pursuant to the terms hereof) or other applications or dispositions of the Equipment, including without limitation any of such as may arise from (i) loss or damage to any property or death or injury to any Person, (ii) patent or latent defects in the Equipment (whether or not discoverable by the Lessee or any Indemnified Person), (iii) any claims based on strict liability in tort or otherwise and (iv) any claims based on patent, trademark or copyright infringement and any claims relating to any Environmental Violation, Hazardous Material or otherwise based on liability arising under any Environmental Law or other pollution control Law, (b) any failure on the part of the Lessee to

perform or comply with any of the terms of the Lease, any other Operative Agreement or any document, instrument, agreement or contract entered into in relation hereto or otherwise in relation to the Equipment, (c) any claims, Liens or legal processes regarding such Indemnified Person's title to or interest in the Equipment (except as such arise in connection with Lessor's Liens), (d) any representation or warranty made by the Lessee under or in connection with this Agreement, any other Operative Agreement or any certificate or report delivered by the Lessee pursuant hereto which shall have been false or incorrect in any material respect when made or deemed made, or (e) the Operative Agreements (including without limitation Section 9 of this Agreement). The Lessee shall not be required to indemnify an Indemnified Person for any claims resulting from acts which would constitute the willful misconduct or gross negligence of such Indemnified Person. The Lessee shall give each Indemnified Person prompt notice of any occurrence, event or condition known to the Lessee as a consequence of which any Indemnified Person is or is reasonably likely to be entitled to indemnification hereunder. The indemnification provided in this Section 7.2 shall specifically apply to and include claims or actions brought by or on behalf of employees of the Lessee notwithstanding any immunity to which the Lessee may otherwise be entitled under any industrial or worker's compensation Laws. The Lessee shall promptly upon request of any such Indemnified Person (but in any event within 30 days of such request) reimburse such Indemnified Person for amounts expended by it in connection with any of the foregoing or pay such amounts directly. The Lessee shall be subrogated to an Indemnified Person's rights in any matter with respect to which the Lessee has actually reimbursed such Indemnified Person for amounts expended by it or has actually paid such amounts directly pursuant to this Section 7.2.

In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, such Indemnified Person will, after receipt of notice of the commencement of such action, suit or proceeding, notify the Lessee thereof, enclosing a copy of all papers served upon such Indemnified Person; provided, failure to deliver such notice will not impair the rights of indemnification of such Indemnified Person unless such failure by the Indemnified Person materially and adversely affects the ability of the Lessee to defend such action, suit or proceeding. The Lessee shall, at its sole cost and expense, assume control of such action, suit or proceeding (with counsel to be selected by the Lessee and consented to by the Indemnified Person, such consent not to be unreasonably withheld). Notwithstanding any of the foregoing to the contrary, the Lessee shall not be entitled to pursue any such action, suit or proceeding if (i) a Lease Event of Default shall have occurred and be continuing, (ii) such action, suit or proceeding will involve a material risk of the sale, forfeiture or loss of, or the creation of any lien on the Equipment unless the Lessee shall have posted a bond or other security reasonably satisfactory to the Owner Trustee and the Holders in respect to such risk, (iii) such proceedings, in the good faith opinion of the Indemnified Person, entail any risk of criminal liability to such Indemnified Person or (iv) a conflict of interest exists between the Indemnified Person and the Lessee with respect to such action, suit or proceeding. The Indemnified Person may participate at its own expense and with its own counsel in any judicial proceeding controlled by the Lessee pursuant to the preceding provisions; provided, in the event of a material conflict of interest between the Lessee and such Indemnified Person, the Lessee shall pay the costs and expenses of counsel for such Indemnified Person.

Each Indemnified Person shall supply the Lessee with such information reasonably requested by the Lessee as is necessary or advisable for the Lessee to control or participate in any proceeding to the extent permitted by this Section 7.2. Unless a Lease Event of Default shall have occurred and be continuing, each Indemnified Person agrees not to enter into a settlement or other compromise with respect to any such action, suit or proceeding without the prior written consent of the Lessee, which consent shall not be unreasonably withheld or delayed, unless the Indemnified Person waives its right to be indemnified with respect to such action, suit or proceeding. The Lessee shall supply the Indemnified Person with such information reasonably requested by the Indemnified Person as is necessary or advisable for the Indemnified Person to control or participate in any proceeding to the extent permitted by this Section 7.2. In addition, the Lessee shall be subrogated to the rights of the Indemnified Person against any manufacturer or maintenance provider with respect to any such action, suit or proceeding with respect to which the Lessee has actually reimbursed such Indemnified Person for amounts expended by it or has actually paid such amounts directly pursuant to this Section 7.2; provided, further to do so will not impair the rights of indemnification of such Indemnified Person unless the failure by the Indemnified Person to deliver such notice materially and adversely affects the ability of the Lessee to defend such action, suit or proceeding. The provisions of this Section 7.2, and all of the indemnities and the obligations of the Lessee under this Section 7.2, shall apply from the date of the execution of this Agreement and shall survive the expiration or earlier termination of this Agreement and all documents, instruments, agreements and contracts entered into in relation hereto or otherwise in relation to the Equipment and are expressly made for the benefit of, and shall be enforceable by, each Indemnified Person.

SECTION 8. BANK LENDER ASSIGNMENT

8.1 BANK ASSIGNMENT.

(a) At any time from the Interim Term Commencement Date until the Bank Commitment Expiration Date, in the event that on an Acceptance Date, the Initial Lender does not make a Loan requested by the Owner Trustee, then at any time, the Lessee (on behalf of the Owner Trustee) shall have the right to require the Initial Lender to assign its interest in the Loans, the Notes and all of its right, title, interest and obligations under the Operative Agreements in whole to the Bank Lenders pursuant to this Section 8.1(a). In addition, at any time on or prior to the Bank Commitment Expiration Date, if the Initial Lender elects to give notice to the Owner Trustee that it desires to assign its interest in the Loans, the Notes and all of its right, title, interest and obligations under the Operative Agreements to the Bank Lenders, the Owner Trustee hereby requests and directs, and the Lessee hereby agrees to such request and direction, that the Initial Lender assign its interest in the Loans, the Notes and all of its right, title, interest and obligations under the Operative Agreements in whole to the Bank Lenders and the Owner Trustee hereby agrees to pay the amounts described in Section 8.2(b) below (with funds provided by the Lessee as Supplemental Rent). An assignment by either the Initial Lender or Bank Lender of an interest in the Loans, the Notes and the related rights under the Operative Agreements is referred to herein as a "Bank Assignment," and the effective date of any such Bank Assignment is referred to herein as the "Effective Date." Upon any such election by the Initial Lender or any such request by the Owner Trustee, the Initial Lender may effect a Bank Assignment and the Bank Lenders shall accept such Bank Assignment without setoff,

counterclaim or defenses of any kind and shall assume all of the Initial Lender's obligations with respect to the Loans, the Notes and all of the Initial Lender's right, title, interest and obligations under the Operative Agreements. Notwithstanding the foregoing, no Bank Lender shall be obligated to effectuate a Bank Assignment unless the Agent shall have certified in writing to such Bank Lender that the Net Receivables Balance equals or exceeds the Net Investment on the related Effective Date. In connection with any Bank Assignment by the Initial Lender, each Bank Lender shall, on the related Effective Date, pay to the Initial Lender the amount specified in Section 8.2(a) below. Upon any assignment by the Initial Lender to the Bank Lenders contemplated hereunder, the Initial Lender shall cease to fund any additional Loans.

(b) The failure of any Bank Lender to perform any obligations required by it under this Section 8.1 shall not relieve any other Bank Lender of any of its obligations hereunder.

(c) It is expressly understood and agreed by the Initial Lender, the Bank Lenders and the other parties hereto that the no Bank Assignment may be effected hereunder, unless, following the related Effective Date, the ratio of each of the assignee's Lender Class A Commitment, Lender Class B Commitment and Lender Class C Commitment, respectively, to the assignee's Lender Class Commitment, shall equal the corresponding ratio of each of the assignor's Lender Class A Commitment, Lender Class B Commitment and Lender Class C Commitment, respectively, to the assignor's Lender Class Commitment prior to the related Effective Date. In addition, each Bank Lender agrees that such Bank Lender may not effect a Bank Assignment hereunder without also simultaneously assigning to the assignee of such Bank Assignment an equal portion of its interest in the liquidity purchase agreement.

(d) No Bank Lender may make a Bank Assignment to any Person unless approved in writing by the Owner Trustee, the Lessee, the Initial Lender and the Agent; provided however, the consent of the Owner Trustee and the Lessee shall not be required if a Default or Event of Default has occurred and is continuing; provided, further, the consent of the Initial Lender shall not be required if the Initial Lender is not a holder of a Note. In the case of a Bank Assignment by the Initial Lender pursuant to Section 8.1(a) or by a Bank Lender to another Person, the assignor shall deliver to the assignee(s) an Assignment and Assumption Agreement in substantially the form of Exhibit E attached hereto (the "Assignment Agreement"), duly executed, assigning to the assignee a pro rata interest in the Loans, the Notes and the assignor's rights and obligations hereunder and the assignor shall promptly execute and deliver all further instruments and documents, and take all further action, that the assignee may reasonably request, in order to protect, or more fully evidence the assignee's right, title and interest in and to such interest and to enable the Agent, on behalf of such assignee, to exercise or enforce any rights hereunder and under the other Operative Agreements to which such assignor is or, immediately prior to such assignment, was a party; provided, however, the assignor shall not relinquish (A) any rights arising prior to such assignment or (B) any rights of indemnification, rights for reimbursement for increased costs or other similar rights whenever arising. On the Effective Date of any Bank Assignment, (i) the assignee shall be a Bank Lender for all purposes of this Participation Agreement and the other Operative Agreements to which the Bank Lenders are parties as if the assignee were originally a party thereto and the assignee shall have all of the rights and obligations of the assignor hereunder and under the other Operative Agreements to which such assignor is or, immediately prior to such Bank Assignment, was a party with respect

to such interest for all purposes of this Participation Agreement and under the other Operative Agreements to which such assignor is or, immediately prior to such Bank Assignment, was a party (it being understood that the Bank Lenders, as assignees, shall be obligated to fund Loans in accordance with the terms of the Loan Agreement and this Participation Agreement, notwithstanding that the Initial Lender was not so obligated) and (ii) the assignor shall relinquish its rights with respect to such Bank Assignment for all purposes of this Participation Agreement and under the other Operative Agreements to which such assignor is or, immediately prior to such assignment, was a party. No Bank Assignment shall be effective unless a fully executed copy of the related Assignment and Assumption Agreement shall have been delivered to the Agent, the Owner Trustee, the Lessee and the Initial Lender. All costs and expenses of the Agent and the assignor and assignee incurred in connection with any Bank Assignment shall be borne by the Owner Trustee (with funds provided by the Lessee as Supplemental Rent) and not by the assignor or any assignee.

(e) By executing and delivering an Assignment and Assumption Agreement, the assignor and assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Assumption Agreement, the assignor makes no representation or warranty and assumes no responsibility with respect to any warranties or representations made in or in connection with this Participation Agreement, the other Operative Agreements or any other instrument or document furnished pursuant hereto or thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value or this Participation Agreement, the other Operative Agreements or any such other instrument or document; (ii) the assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Owner Trustee or the Lessee or the performance or observance by the Owner Trustee or the Lessee of any of their respective obligations under this Participation Agreement, the other Operative Agreements or any other instrument or document furnished pursuant hereto or thereto; (iii) such assignee confirms that it has received a copy of this Participation Agreement, the other Operative Agreements and such other instruments, documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption Agreement and to purchase such interest; (iv) such assignee shall, independently and without reliance upon the Agent, or any of its Affiliates, or the assignor and based on such agreements, documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Participation Agreement and the other Operative Agreements; (v) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Participation Agreement, the other Operative Agreements and any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agent by the terms hereof or thereof, together with such powers as are reasonably incidental thereto and to enforce its respective rights and interests in and under this Participation Agreement, the other Operative Agreements, the Loans and the Notes; (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Participation Agreement and the other Operative Agreements are required to be performed by it as the assignee of the assignor; and (vii) such assignee covenants and agrees that prior to the date which is one year and one day after the payment in full of all outstanding Commercial Paper or other indebtedness of the Initial Lender, it will not institute against, or join any Person in instituting against, the Initial Lender any bankruptcy, reorganization, arrangement, insolvency or

liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States relating to the Overall Transaction.

(f) After any Bank Assignment by the Initial Lender (and the payment of all amounts owing to the Initial Lender in connection therewith), all rights of the Initial Lender set forth herein shall be deemed to be afforded to the Agent on behalf of the Bank Lenders instead of the Initial Lender.

8.2 PURCHASE PRICE.

(a) On the Effective Date of a Bank Assignment by the Initial Lender, each Bank Lender shall pay to the Initial Lender at an account to be designated by the Initial Lender to such Bank Lender, in immediately available funds, as the purchase price for the Bank Assignment, its pro rata portion (based on the Lender Class Commitments) of the outstanding principal amount of the Notes plus any interest or discount on any Commercial Paper outstanding on the Effective Date, in each case to accrue through the then current maturity date of such Commercial Paper (the "CP Purchase Price"); provided, however, that the CP Purchase Price paid by any Bank Lender shall not exceed an amount equal to (x) a fraction, the numerator of which is the Bank Lender's Lender Class Commitment and the denominator of which is the aggregate Lender Class Commitments of all of the Bank Lenders and (y) 102% of the outstanding principal amount of Commercial Paper on the Effective Date (as to any Bank Lender, the "Maximum Note Commitment Amount"). In the event that the Effective Date of any such Bank Assignment is not also a date upon which funds shall be required to repay maturing Commercial Paper which remains outstanding on the Effective Date (each such date a "Tranche End Date"), then the Initial Lender shall hold the CP Purchase Price paid by any Bank Lender and invest such amounts in Permitted Investments as determined by the Initial Lender. On each Tranche End Date the Initial Lender shall apply the amounts held by it in respect of the CP Purchase Price to pay such maturing Commercial Paper. On the applicable Tranche End Date, the Initial Lender shall apply the amounts held by it in respect of the CP Purchase Price to pay such maturing Commercial Paper. On the last Tranche End Date relating to Commercial Paper outstanding on the Effective Date, the Initial Lender shall return to the Lessee any proceeds of such investment which are not required to pay the principal and interest or discount due on maturing Commercial Paper. Concurrently with the payment of the CP Purchase Price to the Initial Lender, the Initial Lender shall (except as set forth in the preceding sentence) have no further obligations or rights from and after such Effective Date, to the extent of the Bank Assignment being effected on such Effective Date, under the Operative Agreements; provided, further, that following the payment of the CP Purchase Price hereunder by any Bank Lender, any unfunded portion of the Maximum Note Commitment Amount of such Bank Lender shall be terminated.

(b) In connection with a Bank Assignment by the Initial Lender with respect to any Loan, the Owner Trustee hereby agrees to pay (with funds provided by the Lessee as Supplemental Rent) to the Agent, for the account of the Bank Lenders on the Payment Date (based on the interest period for such Loan) immediately following the Effective Date, (i) the interest computed at the LP Rate on the CP Purchase Price for the period from and including the Effective Date to but excluding such Payment Date plus (ii) an amount equal to the difference

between the CP Purchase Price and the outstanding principal balance of the Loans as of the Effective Date. To the extent that the Owner Trustee fails to make payment of the amounts referred to in the preceding sentence on the Effective Date, the principal amount of the Loans held by the Bank Lenders shall be increased by such amount. In addition to the foregoing, in connection with any Bank Assignment by the Initial Lender, the Owner Trustee shall pay (with funds provided by the Lessee as Supplemental Rent) to the Agent, for the account of the Initial Lender, an aggregate amount equal to all Fees and other amounts (except for principal of and interest on the Notes) due and owing to the Initial Lender on and as of the related Effective Date. All reasonable out-of-pocket costs, expenses and fees of the Initial Lender and the Bank Lenders in connection with any Bank Assignment by the Initial Lender shall be paid by the Owner Trustee (with funds provided by the Lessee as Supplemental Rent) within 30 days after demand.

(c) The purchase price payable in connection with any Bank Assignment by a Bank Lender shall be as agreed separately between the assignor and the assignee.

8.3 BANK LENDER RENEWAL.

(a) The commitment of the Bank Lenders to effectuate the Bank Assignment shall expire on the Basic Term Commencement Date unless (i) such day is not a Business Day, in which case the commitment shall expire on the next succeeding Business Day or (ii) the commitment is extended in accordance with Section 8.3(b) (such expiration date, as it may be extended in accordance with Section 8.3(b) is called the "Bank Commitment Expiration Date").

(b) On the day which is ten Business Days prior to November 10 (or the next occurring Business Day) of each year, commencing with November 10, 1997, the Lessee (on behalf of the Owner Trustee) shall deliver to each Bank Lender that has not previously effectuated its Bank Assignment a Notice of Request for Renewal (a form of which is attached hereto as Exhibit F) requesting that each Bank Lender renew its commitment to effectuate its Bank Assignment for an additional 364 days commencing on the then effective Bank Commitment Expiration Date and expiring 364 days after the then effective Bank Commitment Expiration Date.

(c) Each Bank Lender shall, in its sole discretion, decide whether or not to renew its commitment to effectuate its Bank Assignment for an additional 364 day period. Each Bank Lender shall deliver to the Owner Trustee, the Lessee, the Agent and the Initial Lender on or before December 1 of each year, commencing December 1, 1997, a signed counterpart of its Notice of Request for Renewal indicating whether or not it desires to renew its commitment to effectuate its Bank Assignment. If a Bank Lender has not returned a signed counterpart of the Notice of Request for Renewal by December 1 of the related year, then such Bank Lender shall be deemed to have rejected the proposed renewal.

(d) If one or more Bank Lenders shall have rejected or shall be deemed to have rejected the Notice of Request for Renewal (each, a "Non-Renewing Bank Lender"), then the Lessee may request that the commitment of each Non-Renewing Bank Lender to effectuate its Bank Assignment be assigned to (i) one or more Bank Lenders that have consented to the requested renewal (each, a "Renewing Lender") and/or (ii) one or more other financial

institutions (each, a "New Bank Lender"), and together with the Renewing Lenders, the "Replacement Lenders"), provided, that such New Bank Lender is acceptable to the Initial Lender, the Lessee and the Agent and such New Bank Lender's short term debt shall be rated at least "A-2" and "P-2" from S&P and Moody's, respectively, and which shall not be so rated with negative credit implications (such rating requirement, the "New Bank Lender Rating Requirement"). Each prospective Replacement Lender requested by the Lessee shall have the right to accept or reject such request, in whole or in part, on or before January 1 of each year, by executing and delivering an Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit E.

(e) If the commitment of a Non-Renewing Bank Lender is not assigned to a Replacement Lender, such Non-Renewing Bank Lender shall effectuate the Bank Assignment in accordance with the terms of Section 8.5 and pay the purchase price in connection therewith in accordance with Section 8.2.

(f) In the event that a Replacement Lender replaces a Bank Lender pursuant to this Section 8.3, such Replacement Lender shall become a Bank Lender for all purposes under this Participation Agreement and each of the other Operative Agreements.

8.4 DOWNGRADE OF BANK LENDER.

If at any time prior to an Effective Date, the short term debt rating of a Bank Lender shall be "A-2" or "P-2" from S&P or Moody's, respectively (an "A-2/P-2 Event"), with negative credit implications, such Bank Lender, upon request of the Agent, shall, within 30 days of such request, assign its rights and obligations hereunder to a Replacement Lender (in the case of a New Bank Lender, such New Bank Lender shall satisfy the New Bank Lender Rating Requirement). If at any time prior to an Effective Date, the short term debt rating of a Bank Lender shall be "A-3" or "P-3", or lower, from S&P or Moody's, respectively (or such rating shall have been withdrawn by S&P or Moody's) (an "A-3/P-3 Event"), such Bank Lender, upon request of the agent, shall, within five Business Days of such request, assign its rights and obligations under the Bank Assignment to a Replacement Lender (in the case of a New Bank Lender, such New Bank Lender shall satisfy the New Bank Lender Rating Requirement).

8.5 FUNDING OF BANK ASSIGNMENT AND TERM COMMITMENT.

(a) In the event that (i) all of the obligations of a Non-Renewing Bank Lender are not assigned to a Replacement Lender as provided in Section 8.3, or (ii) a Replacement Lender is not selected to replace a Bank Lender the short term debt rating of which is down-graded as described in Section 8.4 (such Bank Lender whose rating is down-graded is called an "Affected Bank Lender"), then the Non-Renewing Bank Lender or Affected Bank Lender, as the case may be, shall be required to effectuate its Bank Assignment and pay the purchase price therefor in accordance with Section 8.2 (x) in the case of a Non-Renewing Bank Lender, on the then applicable Bank Commitment Expiration Date and (y) in the case of an Affected Bank Lender, (i) on the date which is 30 days after request from the Agent with respect to an A-2/P-2 Event and (ii) on the date which is five days after request from the Agent with respect to an A-3/P-3 Event. In the event that the Owner Trustee fails to deliver the Notice of Request for

Renewal described in Section 8.3(b), then each Bank Lender shall be required to effectuate its Bank Assignment and to pay the purchase price therefor on the then applicable Bank Commitment Expiration Date.

(b) In the event that any Bank Assignment is effectuated pursuant to Section 8.1(a) or Section 8.5(a), then all amounts due and owing to all Lenders under or in connection with the Notes shall become due and payable on the Bank Lender Termination Date. The "Bank Lender Termination Date" shall mean the earlier of (i) the date the Lease terminates in accordance with the terms thereof and (ii) (A) the date that is three years from the Basic Term Commencement Date (for the Class A Notes), (B) the date that is five years from the Basic Term Commencement Date (for the Class B Notes) and (C) the date that is five years from the Basic Term Commencement Date unless the Bank Commitment Expiration Date has been extended by each Bank Lender (such extension to be determined in the sole discretion of each Bank Lender) and in such case to the date of extension, but in no event beyond seven years from the Basic Term Commencement Date (for the Class C Notes).

SECTION 9. YIELD PROTECTION; TAXES; COMPENSATION.

9.1 YIELD PROTECTION PROVISIONS.

(a) If, after the date hereof, any Participant has determined that the adoption or the becoming effective of, or any change in, or any change by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof in the interpretation or administration of, any applicable Law regarding capital adequacy, or compliance by such Participant or its parent with any request or directive regarding capital adequacy (whether or not having the force of Law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Participant's or its parent's capital or assets as a consequence of such Participant's obligations hereunder to a level below that which such Participant or its parent could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Participant's or its parent's policies with respect to capital adequacy), then, upon notice from such Participant to the Owner Trustee, the Owner Trustee shall be obligated to pay (with funds provided by the Lessee as Supplemental Rent) to such Participant such additional amount or amounts as will compensate such Participant for such reduction. Each determination by such Participant of amounts owing under this Section shall, absent manifest error, be conclusive and binding on the parties hereto.

(b) Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof occurring after the Closing Date shall make it unlawful for any Participant to maintain its LIBOR Loans, CD Loans, LIBOR Holder Advances or CD Holder Advances, as the case may be, as contemplated by this Agreement, (a) such Participant shall promptly give written notice of such circumstances to the Owner Trustee, the Agent and the Lessee (which notice shall be withdrawn whenever such circumstances no longer exist), (b) the commitment of such Participant to continue LIBOR Loans, CD Loans, LIBOR Holder Advances or CD Holder Advances, as the case may be, as such

shall forthwith be canceled and (c) the outstanding LIBOR Loans, CD Loans, LIBOR Holder Advances or CD Holder Advances, as the case may be, shall be converted automatically to Reference Rate Loans or Reference Rate Holder Advances, as the case may be, on the next succeeding Interest Payment Date or Yield Payment Date, as the case may be, or within such earlier period as required by Law until such time as such Participant shall notify the Owner Trustee, the Agent and the Lessee that it is no longer unlawful for such Participant to maintain LIBOR Loans, CD Loans, LIBOR Holder Advances or CD Holder Advances, as the case may be, whereupon such Participant's obligation to make LIBOR Loans, CD Loans, LIBOR Holder Advances or CD Holder Advances of such type shall be restored. If any such conversion of any LIBOR Loan, CD Loan, LIBOR Holder Advance or CD Holder Advance, as the case may be, occurs on a day which is not an Interest Payment Date or Yield Payment Date, as the case may be, the Owner Trustee shall pay (with funds provided by the Lessee as Supplemental Rent) to such Participant such amounts, if any, as may be required pursuant to Section 9.3.

(c) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof applicable to any Participant, or compliance by any Participant with any request or directive (whether or not having the force of Law) from any central bank or other Governmental Authority, in each case made subsequent to the Closing Date (or, if later, the date on which a Participant becomes a Participant):

(i) shall subject such Participant to any Tax of any kind whatsoever with respect to the Operative Agreements, ownership, maintenance, or financing of the Loans or Advances or payments of other amounts due, as the case may be, made by it or change the basis of taxation of payments to such Participant in respect thereof (except for Non-Excluded Taxes covered by Section 9.2 hereof (including Non-Excluded Taxes imposed solely by reason of any failure of such Participant to comply with its obligations under Section 9.2(b) hereof) and changes in Taxes measured by or imposed upon the overall net income, or franchise Tax (imposed in lieu of such net income Tax), of such Participant or its applicable lending office, or any branch, or any affiliate thereof);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement (including without limitation any requirement imposed by the Board of Governors of the Federal Reserve System) against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Participant which is not otherwise included in the determination of the LIBOR Rate or CD Rate hereunder;

(iii) shall impose on such Participant any other condition (excluding any Tax of any kind whatsoever); or

(iv) shall impose upon any Indemnified Party any other expense (including without limitation reasonable attorneys' fees and expenses, and expenses of litigation or preparation therefor in contesting any of the foregoing) with respect to this Agreement, the other Operative Agreements, the ownership, maintenance or financing of the Loans or Advances or payments of amounts due under the Operative Agreements or

any obligation of any Indemnified Party to advance funds under the Operative Agreements, under the Liquidity Documents, the Loans by the Bank Lenders, the Advances by the Holders or otherwise in respect of this Agreement, the other Operative Agreements or the ownership, maintenance or financing of the Loans or the Advances;

and the result of any of the foregoing in (i), (ii) or (iii) above is to increase the cost to such Participant, by an amount which such Participant deems to be material, of continuing or maintaining the LIBOR Loans, CD Loans, LIBOR Holder Advances or CD Holder Advances, as the case may be, then, upon notice to the Owner Trustee from such Participant, through the Agent, in accordance herewith, the Owner Trustee shall be obligated to promptly pay (with funds provided by the Lessee as Supplemental Rent) to such Participant, within 30 days after its demand, any additional amounts necessary to compensate such Participant for such increased cost or reduced amount receivable, provided, that the Lessee (on behalf of the Owner Trustee) may elect to convert the LIBOR Loans, CD Loans, LIBOR Holder Advances or CD Holder Advances, as the case may be, made by such Participant hereunder to Reference Rate Loans or Reference Rate Holder Advances, as the case may be, by giving the Holders and the Agent at least one Business Day's notice of such election, in which case the Owner Trustee shall promptly pay (with funds provided by the Lessee as Supplemental Rent) to such Participant, upon its demand, without duplication, such amounts, if any, as may be required pursuant to Section 9.3.

(d) If a Participant becomes entitled to claim any additional amounts pursuant to this Section 9, it (or the Agent, in the case of the Initial Lender) shall provide prompt written notice thereof to the Owner Trustee, through the Agent, certifying (x) that one of the events described in this Section 9.1 has occurred and describing in reasonable detail the nature of such event, (y) as to the increased cost or reduced amount resulting from such event and (z) as to the additional amount demanded by such Participant and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any additional amounts payable pursuant to this Section 9.1 submitted by such Participant to the Owner Trustee, to the Agent, shall be conclusive and binding on the parties hereto in the absence of manifest error.

9.2 TAXES.

(a) Except as provided below in this Section 9.2, all payments made by the Owner Trustee under this Agreement, any Operative Agreements, the Notes and the Certificates, as the case may be, shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other Taxes, now or hereafter imposed, levied, collected, withheld or assessed by any court, or governmental body, agency or other official, excluding Taxes measured by or imposed upon the overall net income of any Participant or its applicable lending office, or any branch or affiliate thereof, and all franchise Taxes or Taxes on the overall capital or net worth of any Participant or its applicable lending office, or any branch or affiliate thereof, in each case imposed in lieu of income Taxes, imposed: (i) by the jurisdiction under the Laws of which such Participant, applicable lending office, branch or affiliate is organized or is located, or in which its principal executive office is located, or any nation within which such jurisdiction is located or any political subdivision thereof; or (ii) by reason of any connection between the jurisdiction imposing such Tax and such Participant, applicable lending office, branch or affiliate other than a connection arising solely from such

Participant having executed, delivered or performed its obligations, or received payment under or enforced, this Agreement, the Operative Agreements, the Notes, or the Certificates, as the case may be. If any such non-excluded Taxes ("Non-Excluded Taxes") are required to be withheld from any amounts payable to the Agent or any Participant hereunder or under the Notes or the Certificates, (A) the amounts so payable to the Agent or such Participant shall be increased to the extent necessary to yield to the Agent or such Participant (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, the Notes and/or the Certificates; provided, however, that the Owner Trustee shall be entitled to deduct and withhold any Non-Excluded Taxes and shall not be required to increase any such amounts payable to such Participant if such Participant is not organized under the Laws of the United States of America or a state thereof and such Participant fails to comply with the requirements of paragraph (b) of this subsection whenever any Non-Excluded Taxes are payable by the Owner Trustee, and (B) as promptly as possible thereafter the Owner Trustee shall send to the Agent for its own account or for the account of such Participant, as the case may be, a certified copy of an original official receipt received by the Owner Trustee showing payment thereof. If the Owner Trustee fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to the Agent the required receipts or other required documentary evidence, the Owner Trustee shall indemnify (with funds provided by the Lessee as Supplemental Rent) the Agent and any Participant for any incremental Taxes, interest or penalties that may become payable by the Agent or such Participant as a result of any such failure.

(b) If any Participant is not incorporated under the laws of the United States of America or any state thereof such Participant shall:

(i) on or before the date of any payment by the Owner Trustee under this Agreement, the Notes or the Certificates, as the case may be, to such Participant, deliver to the Owner Trustee and the Agent (A) two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, or successor applicable form, as the case may be, certifying that it is entitled to receive payments under this Agreement, the Notes and/or the Certificates, as the case may be, without deduction or withholding of any United States federal income Taxes and (B) an Internal Revenue Service Form W-8 or W-9, or any successor applicable form, as the case may be, certifying that it is entitled to an exemption from United States backup withholding Tax;

(ii) deliver to the Owner Trustee and the Agent two further copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Owner Trustee; and

(iii) (A) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by the Owner Trustee or the Agent in order to establish the legal entitlement of such Participant to an exemption from withholding with respect to payments under this Agreement, the Notes and/or the Certificates, as the case may be; or

(B) in the case of any such Participant that is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (1) represent to the Lessee and the Owner Trustee (for the benefit of the Owner Trustee and the Agent) that it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (2) agree to furnish to the Owner Trustee on or before the date of any payment by the Owner Trustee, with a copy to the Agent two accurate and complete original signed copies of Internal Revenue Service Form W-8, or any successor applicable form, as the case may be, certifying to such Participant's legal entitlement at the date of such certificate to an exemption from U.S. withholding Tax under the provisions of Section 881(c) of the Code with respect to payments to be made under this Agreement, the Notes and/or the Certificates, as the case may be (and to deliver to the Lessee, the Owner Trustee and the Agent two further copies of such form on or before the date it expires or becomes obsolete and after the occurrence of any event requiring a change in the most recently provided form and, if necessary, obtain any extensions of time reasonably requested by the Lessee, the Owner Trustee or the Agent for filing and completing such forms), and (3) agree, to the extent legally entitled to do so, upon reasonable request by the Lessee or the Owner Trustee, to provide to the Lessee and the Owner Trustee (for the benefit of the Owner Trustee and the Agent) such other forms as may be reasonably required in order to establish the legal entitlement of such Participant to an exemption from withholding with respect to payments under this Agreement, the Notes and/or the Certificates, as the case may be.

Notwithstanding the above, if any change in treaty, Law or regulation has occurred after the date such Person becomes a Participant hereunder which renders all such forms inapplicable or which would prevent such Participant from duly completing and delivering any such form with respect to it and such Participant so advises the Owner Trustee and the Agent then such Participant shall be exempt from such requirements. Each Person that shall become a Participant or a participant of a Participant shall, upon the effectiveness of the related transfer, be required to provide all of the forms, certifications and statements required pursuant to this Section 9.2(b); provided, that in the case of a participant of a Participant the obligations of such participant of such Participant pursuant to this Section 9.2(b) shall be determined as if the participant of such Participant were a Participant except that such participant of such Participant shall furnish all such required forms, certifications and statements to such Participant from which the related participation shall have been purchased.

9.3 COMPENSATION.

The Owner Trustee promises to indemnify (with funds provided by the Lessee as Supplemental Rent) and to hold each Participant harmless from any loss or expense which such Participant may sustain or incur as a consequence of (a) the failure of the Lessee to close on any funding to be made on an Acceptance Date as identified in any Notice of Delivery, (b) default by the Owner Trustee in making any prepayment of the LIBOR Loans or the CD Loans or early redemption of the LIBOR Holder Advances or the CD Holder Advances, as the case may be, after the Owner Trustee has given a notice thereof in accordance with the provisions of any Operative Agreement or otherwise in connection with any LIBOR Loan or CD Loan or any

LIBOR Holder Advance or CD Holder Advance or (c) the making of a prepayment of the LIBOR Loans or the CD Loans or early redemption of the LIBOR Holder Advances or the CD Holder Advances, as the case may be, on a day which is not an Interest Payment Date for such LIBOR Loan or CD Loan or a Yield Payment Date for such LIBOR Holder Advance or CD Holder Advance. Such indemnification shall be an amount equal to (i) the amount of interest or yield which would have accrued on the amount so prepaid, redeemed or not funded for the period from the date of such failure to close, such prepayment or such early redemption to the next succeeding Interest Payment Date for such LIBOR Loan or CD Loan or the next succeeding Yield Payment Date for such LIBOR Holder Advance or CD Holder Advance at the rate of interest for such LIBOR Loan or CD Loan or at the Holder Yield for such LIBOR Holder Advance or CD Holder Advance, as the case may be, provided for herein (excluding, however, the applicable spread over the LIBOR Rate or the CD Rate included therein, if any) minus (ii) the amount of interest or yield (as reasonably determined by such Participant) which would have accrued to such Participant on such amount by placing such amount on deposit for a comparable period with leading banks in the London interbank market.

SECTION 10. MISCELLANEOUS

10.1 CONSENTS.

Each Holder hereby covenants and agrees that it shall not unreasonably withhold its consent to any consent requested of the Owner Trustee under the terms of the Operative Agreements that by its terms is not to be unreasonably withheld by the Owner Trustee.

10.2 APPOINTMENT OF AGENT.

The Owner Trustee, each Holder and the Bank Lenders hereby designate and appoint the Agent as the agent for each such Person under this Agreement and the other Operative Agreements to take such action on behalf of such Person under the provisions of Section 6.9 of this Agreement, to receive notices, documents and other items under the Operative Agreements (including without limitation pursuant to Sections 2.3(b), 2.8, 3.2(l), 3.3(m), 4.1(a), 4.2(c), 5.3, 5.4, 5.6 and 5.8 of this Agreement and Sections 20 and 22.1 of the Lease) and to take such other action, exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement and the other Operative Agreements, together with such other powers as are reasonably incidental thereto. The Owner Trustee and each Holder, as applicable, hereby designate and appoint the Agent as the collateral agent for each such Person under this Agreement and the other Operative Agreements to accept and hold the Liens (a) securing the obligations, agreements and covenants of the Owner Trustee in favor of each Holder under the Operative Agreements and granted by the Owner Trustee in favor of the Agent for the benefit of the Holders under the Loan Agreement and (b) securing the obligations, agreements and covenants of the Lessee under the Lease and the other Operative Agreements (to the extent such obligations run in favor of the Owner Trustee or any Holder) granted by the Lessee in favor of the Owner Trustee for the benefit of the Holders under the Lease and assigned by the Owner Trustee in favor of the Agent pursuant to various Uniform Commercial Code financing statements. The Agent hereby accepts such appointments and agrees, promptly upon receipt by the Agent, to forward copies of all such notices, documents and other items (referenced in the

first sentence of this Section 10.2) to the Owner Trustee, the Holders, the Lenders and the Bank Lenders. The Agent further agrees for the benefit of the Owner Trustee, each Holder and each Lender to act on behalf of such parties respecting Uniform Commercial Code filings pertaining to the Equipment and other filings evidencing Liens on the Equipment, to the extent such Uniform Commercial Code filings and other filings relate to Liens in favor of any such party and are made in connection with the Overall Transaction. The preceding sentence is intended as an agreement among the Agent, the Owner Trustee, each Holder and each Lender and shall in no way impact or diminish the obligations of the Lessee under the Operative Agreements. For purposes of this Section 10.2, the Lenders hereby reaffirm their appointment of the Agent under the Loan Agreement, and the Agent hereby reaffirms its acceptance of such appointment. The parties to this Agreement further agree that any successor Agent appointed pursuant to the terms of the Loan Agreement shall also be subject to approval by the Majority Holders.

10.3 NOTICES.

Unless otherwise expressly specified or permitted by the terms hereof, all communications and notices provided for herein shall be in writing or by a telecommunications device capable of creating a written record, and any such notice shall become effective (a) upon personal delivery thereof, including without limitation by express mail or courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof or (c) in the case of notice by such a telecommunications device, upon transmission thereof; provided, such transmission is promptly confirmed by any of the methods set forth in clauses (a) or (b) above or this clause (c), in each case addressed to each party hereto at its address set forth below or, in the case of any such party hereto, at such other address as such party may from time to time designate by written notice to the other parties hereto:

If to the Lessee: Coca-Cola Bottling Co. Consolidated
1900 Rexford Road
Charlotte, North Carolina 28211
Attention: Mr. Marshall C. Meier
Finance Manager
Telephone: (704) 551-4633
Facsimile: (704) 551-4451

If to the Owner Trustee:
First Security Bank, National Association
79 South Main Street, 3rd Floor
Salt Lake City, Utah 84111
Attention: Mr. Val T. Orton
Vice President
Telephone: (801) 246-5300
Facsimile: (801) 246-5053

with a copy to:
the Holders at the respective addresses set forth below

If to the Holders:
NationsBanc Leasing Corporation
101 South Tryon Street, NC1-002-38-20
Charlotte, North Carolina 28255
Attention: Manager of Corporate - Lease Administration
Telephone: (704) 386-8234
Facsimile: (704) 386-0892

SunTrust Bank, Atlanta
25 Park Place, Mail Code 130
Atlanta, Georgia 30303
Attention: Mr. Joseph F. Upson,
Vice President
Telephone: (404) 724-3021
Facsimile: (404) 827-6695

If to the Initial Lender:
Enterprise Funding Corporation
c/o Merrill Lynch Money Markets Inc.
World Financial Center
South Tower, 8th Floor
225 Liberty Street
New York, New York 10080
Attention: Mr. Gerard Haugh
Telephone: (212) 236-7200
Facsimile: (212) 236-7584

with a copy to: the Agent at its address set forth below

If to the Bank Lenders:

NationsBank, N.A.
Independence Center, 15th Floor
NC1-001-15-04
101 North Tryon Street
Charlotte, North Carolina 28255
Attention: Mr. Jeff Strickland
Telephone: (704) 388-1107
Facsimile: (704) 388-9923

ABN AMRO Bank N.V.

For Credits Matters:

ABN AMRO Bank N.V.
1 Ravinia Drive, Suite 1200
Atlanta, Georgia 30346
Attention: Mr. Patrick A. Thom
Telephone: (770) 399-7381
Facsimile: (770) 399-7397

with a copy to:

ABN AMRO Bank N.V.
135 South LaSalle Street, Suite 2805
Chicago, Illinois 60603
Attention: Credit Administration

For Administrative Matters:

ABN AMRO Bank N.V.
135 South LaSalle Street, Suite 2805
Chicago, Illinois 60603
Attention: Loan Administration
Telephone: (312) 904-8865
Facsimile: (312) 904-6893

The Bank of Tokyo-Mitsubishi, Ltd.

For Credit Matters:

The Bank of Tokyo-Mitsubishi, Ltd.
133 Peachtree Street, N.E. #4970
Atlanta, Georgia 30303-1808
Attention: Mr. Gary England
Telephone: (404) 577-2960
Facsimile: (404) 577-1155

For Administrative Matters:

The Bank of Tokyo-Mitsubishi, Ltd.
133 Peachtree Street, N.E. #4970
Atlanta, Georgia 30303-1808
Attention: Ms. Lynn Miles / Ms. Sharon Durham
Telephone: (404) 577-2960
Facsimile: (404) 577-1155

CoreStates Bank, N.A.

For Credit Matters:

CoreStates Bank, N.A.
1339 Chestnut Street
FC 1-8-4-28
Philadelphia, Pennsylvania 19107
Attention: Mr. John Haurin / Ms. Judy Szatucka
Telephone: (215) 973-3336
Facsimile: (215) 786-8523

For Administrative Matters:

CoreStates Bank, N.A.
16th and Market Streets
Center Square Building
FC 1-3-17-70
Philadelphia, Pennsylvania 19101
Attention: Ms. Dee Scott
Telephone: (215) 973-2075
Facsimile: (215) 973-3029

The Industrial Bank of Japan, Limited, Atlanta Agency

For Credit Matters:

The Industrial Bank of Japan, Limited, Atlanta Agency
One Ninety-One Peachtree Tower, Suite 3600
191 Peachtree Stree, N.E.
Atlanta, Georgia 30303-1757
Attention: Mr. William LaDuca, Assistant Vice President
Telephone: (404) 420-3329
Facsimile: (404) 524-8509

For Administrative Matters:

The Industrial Bank of Japan, Limited, Atlanta Agency
One Ninety-One Peachtree Tower, Suite 3600
191 Peachtree Stree, N.E.
Atlanta, Georgia 30303-1757
Attention: Ms. Mary Charles Hott, Supervisor
Telephone: (404) 420-3308
Facsimile: (404) 577-6818

If to the Agent: NationsBank, N.A.
Independence Center, 15th Floor
NC1-001-15-04
101 North Tryon Street
Charlotte, North Carolina 28255
Attention: Mr. Jeff Strickland
Telephone: (704) 388-1107
Facsimile: (704) 388-9923

If to any Person which becomes a party to this Agreement (including without limitation as a Bank Lender) after the Closing Date, to such address as such Person may from time to time designate by written notice to the other parties hereto.

10.4 SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and assigns as permitted by and in accordance with the terms of the Operative Agreements, including without limitation each successive holder of the Certificates and each successive holder of any Note issued and delivered pursuant to this Agreement, the Trust Agreement or the Loan Agreement. Except as expressly provided herein or in the other Operative Agreements, no party hereto may assign its interests herein without the consent of the parties hereto.

10.5 GOVERNING LAW; SUBMISSION TO JURISDICTION.

THIS AGREEMENT SHALL BE IN ALL RESPECTS GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NORTH CAROLINA INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE; PROVIDED, HOWEVER, THAT THE PARTIES HERETO SHALL BE ENTITLED TO ALL RIGHTS CONFERRED BY ANY APPLICABLE FEDERAL STATUTE, RULE OR REGULATION. EACH PARTY TO THIS AGREEMENT AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS PERMITTED HEREUNDER, (I) HEREBY IRREVOCABLY SUBMITS FOR ITSELF AND ITS PROPERTY TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NORTH CAROLINA IN MECKLENBURG COUNTY, AND TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF NORTH CAROLINA, FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT OR ANY OTHER OPERATIVE AGREEMENT TO WHICH IT IS A PARTY, THE SUBJECT MATTER OF ANY THEREOF OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY BROUGHT BY ANY PARTY OR PARTIES THERETO, OR THEIR SUCCESSORS OR ASSIGNS, (II) HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR ANY OTHER OPERATIVE AGREEMENT TO WHICH IT IS A PARTY OR THE SUBJECT MATTER OF ANY THEREOF OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MAY NOT BE ENFORCED IN OR BY SUCH COURTS AND (III) HEREBY WAIVES ITS RIGHT TO A JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH PARTY AT ITS ADDRESS SPECIFIED IN SECTION 10.3.

10.6 SEVERABILITY.

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under the Laws of any applicable jurisdiction, such provision, as to such jurisdiction, shall be, to the extent permitted by Law, ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement in such jurisdiction or in any other jurisdiction.

10.7 COUNTERPARTS.

This Agreement may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Agreement including a signature page executed by each of the parties hereto shall be an original counterpart of this Agreement, but all such counterparts together shall constitute one instrument.

10.8 THE LESSEE'S RIGHT TO QUIET ENJOYMENT.

Each party to this Agreement acknowledges notice of, and consents in all respects to, the terms of the Lease, and expressly agrees that with respect to the Lease, so long as no Lease Event of Default has occurred and is continuing thereunder, it or any Person acting on its authority, shall not, through its or any such Person's actions or inactions, interfere with the Lessee's rights under the Lease, including without limitation the right to possession, use and quiet enjoyment by the Lessee or any permitted sublessee of the Equipment leased thereunder.

10.9 LIMITATIONS OF LIABILITY.

(a) Neither the Lenders, the Bank Lenders, the Owner Trustee, the Holders nor the Agent shall have any obligation or duty to the Lessee, to any other party hereto or to others with respect to the transactions contemplated hereby, except those obligations or duties of such parties expressly set forth in this Agreement and the other Operative Agreements, and neither the Lenders, the Bank Lenders, the Owner Trustee, the Holders nor the Agent shall be liable for performance by any other party hereto of such other party's obligations or duties hereunder. Without limitation of the generality of the foregoing, under no circumstances whatsoever shall the Lenders, the Bank Lenders, the Holders or the Agent be liable to the Lessee or any other Person for any action or inaction on the part of the Owner Trustee in connection with the transactions contemplated herein, whether or not such action or inaction is caused by willful misconduct or gross negligence of the Owner Trustee unless such action or inaction is at the direction of the Lenders, the Bank Lenders, the Holders or the Agent, as the case may be.

(b) It is expressly understood and agreed by and between the Owner Trustee, the Lessee, the Holders, the Lenders, the Bank Lenders and the Agent, and their respective successors and permitted assigns that, subject to the proviso contained in this Section 10.9(b), all representations, warranties and undertakings of the Owner Trustee hereunder shall be binding upon the Owner Trustee, only in its capacity as the Owner Trustee under the Trust Agreement, and (except as expressly provided herein) the Owner Trustee shall not be liable in its individual capacity for any breach thereof, except for its gross negligence or willful misconduct, or for breach of its covenants, representations and warranties contained herein, except to the extent covenanted or made in its individual capacity; provided, however, that nothing in this Section 10.9(b) shall be construed to limit in scope or substance those representations and warranties of the Owner Trustee made expressly in its individual capacity set forth herein. The term "Owner Trustee" as used in this Agreement shall include any successor trustee under the Trust Agreement.

10.10 CONFIDENTIALITY.

The Owner Trustee, the Holders, the Lenders, the Bank Lenders and the Agent shall maintain in confidence and not disclose to any Person any non-public information furnished to it pursuant to any of the Operative Agreements ("Confidential Information") without the prior consent of the Lessee, except (a) as required by Law or Governmental Authority, (b) to the extent that such Confidential Information is publicly available, (c) where such Confidential Information

was previously known to the Owner Trustee, the Holders, the Lenders, the Bank Lenders and/or the Agent, as the case may be, free of any obligation to keep such information confidential, or such Confidential Information is or becomes available to the Owner Trustee, the Holders, the Lenders, the Bank Lenders and/or the Agent, as the case may be, on a non-confidential basis from a source other than the Lessee, or the agents or advisors of the Lessee, (d) as disclosure to third parties (including without limitation courts of competent jurisdiction) in connection with or in response to any order, decree, judgment, subpoena, notice of discovery or similar ruling or pleading, (e) as part of its normal reporting or review procedure to its auditors, regulators, parent company or Affiliates, (f) to the extent necessary to obtain appropriate insurance, to its insurance agent, provided, that prior to such disclosure, such agent shall sign a confidentiality agreement binding the agent to provisions substantially the same as the provisions of this Section 10.10, (g) in order to enforce its rights and perform its obligations pursuant to the Operative Agreements or (h) any rating agency then rating the Commercial Paper or any securities issued by the Lenders, the Bank Lenders or the Agent. The obligations of the Owner Trustee, the Holders, the Lenders, the Bank Lenders and the Agent under this Section 10.10 shall survive the termination of the Operative Agreements and the payment of the Notes and the Certificates and all other amounts payable hereunder.

10.11 SURVIVAL OF INDEMNITIES.

Notwithstanding anything in this Agreement or in any other document or agreement to the contrary, any indemnity provided by any Person hereunder (including without limitation Sections 7.1, 7.2, 9.1, 9.2 or 9.3) or in any other Operative Agreement shall survive the termination of this Agreement, the Lease and any other Operative Agreement.

10.12 NO RECOURSE AGAINST STOCKHOLDERS, OFFICERS OR DIRECTORS.

No recourse under any obligation, covenant or agreement of the Lender contained in any Operative Agreement shall be had against Merrill Lynch Money Markets Inc. (or any Affiliate thereof), or any stockholder, officer or director of the Initial Lender, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the obligations of the Initial Lender under the Operative Agreements are solely corporate obligations of the Initial Lender, and that no personal liability whatsoever shall attach to or be incurred by Merrill Lynch Money Markets Inc. (or any Affiliate thereof), or the stockholders, officers or directors of the Initial Lender, as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Initial Lender contained in any Operative Agreement, or implied therefrom, and that any and all personal liability for breaches by the Initial Lender of any of such obligations, covenants or agreements, either at common law or at equity, or by statute or constitution, of Merrill Lynch Money Markets Inc. (or any Affiliate thereof) and every such stockholder, officer or director of the Initial Lender is hereby expressly waived as a condition of and consideration for the execution of the Operative Agreements to which the Initial Lender is a party.

10.13 NO BANKRUPTCY PETITION AGAINST THE INITIAL LENDER.

Each of the parties hereto other than the Initial Lender hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of all outstanding Commercial Paper or other indebtedness of the Initial Lender, it will not institute against, or join any Person in instituting against, the Initial Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States relating to the Overall Transaction.

10.14 MAJORITY IN INTEREST OF NOTEHOLDERS.

Notwithstanding any language to the contrary contained in any Operative Agreements, so long as the Initial Lender is a holder of a Note, any provision in the Operative Agreements requiring the consent of the Lenders, Majority In Interest or of each holder of a Note, shall require the consent of the Bank Lenders, Majority In Interest of Bank Lenders or of each Bank Lender, as the case may be, and also shall require the consent of the Initial Lender.

10.15 COMPLIANCE CERTIFICATE.

The Compliance Certificate, as required to be delivered from time to time by the terms of the Operative Agreements, shall be executed by the President, any Vice President, the Treasurer or the Chief Financial Officer of the Lessee and delivered as required by the applicable provisions of the Operative Agreements.

IN WITNESS WHEREOF, the parties hereto have caused this Participation Agreement to be executed and delivered by their respective officers thereunto duly authorized, all as of the date first above written.

COCA-COLA BOTTLING CO.
CONSOLIDATED, as the Lessee

By:_____
Name:_____
Title:_____

[Signature Pages Continued]

FIRST SECURITY BANK,
NATIONAL ASSOCIATION, not
in its individual capacity
except as expressly
provided herein, but solely
as Owner Trustee under
Coca-Cola Trust No. 97-1

By:_____
Name:_____
Title:_____

[Signature Pages Continued]

ENTERPRISE FUNDING CORPORATION,
as the Initial Lender

By:_____
Name:_____
Title:_____

[Signature Pages Continued]

NATIONSBANK, N.A.,
as Agent and a Bank Lender

By:_____
Name:_____
Title:_____

[Signature Pages Continued]

NATIONSBANC LEASING CORPORATION,
as a Holder

By:_____
Name:_____
Title:_____

[Signature Pages Continued]

SUNTRUST BANK, ATLANTA,
as a Holder

By:_____
Name:_____
Title:_____

ABN AMRO Bank N.V., as a Bank Lender

By:_____
Name:_____
Title:_____

THE BANK OF TOKYO-MITSUBISHI, LTD.,
as a Bank Lender

By:_____
Name:_____
Title:_____

CORESTATES BANK, N.A., as a Bank Lender

By:_____
Name:_____
Title:_____

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
ATLANTA AGENCY, as a Bank Lender

By:_____
Name:_____
Title:_____

EXHIBIT A

(Form of Purchase Agreement Assignment)

PURCHASE AGREEMENT ASSIGNMENT
(1998 Transaction)

THIS PURCHASE AGREEMENT ASSIGNMENT (1998 Transaction) dated as of _____, ____ (as amended, modified, supplemented, restated and/or replaced from time to time, the "Assignment") is between COCA-COLA BOTTLING CO. CONSOLIDATED, a Delaware corporation (the "Assignor"), and FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity except as expressly provided herein, but solely as Owner Trustee under Coca-Cola Trust No. 97-1 (the "Assignee").

RECITALS:

A. The Assignor and _____ (the "Vendor") have entered into that certain purchase agreement, a copy of which is attached hereto and made a part hereof as Schedule A (the "Purchase Agreement") providing for the sale and delivery of certain equipment described therein (the "Equipment").

B. The Assignor desires to assign to the Assignee, and the Assignee desires to assume, all of the rights and benefits of the Assignor under the Purchase Agreement but none of the liabilities of the Assignor thereunder.

IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN CONTAINED, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE PARTIES HERETO HEREBY AGREE AS FOLLOWS:

SECTION 1. ASSIGNMENT.

The Assignor does hereby assign, sell and set over to the Assignee, and the Assignee does hereby accept, all of the Assignor's rights and benefits in, to and under the Purchase Agreement, including without limitation in such assignment (a) all warranty and indemnity provisions contained in the Purchase Agreement, (b) all claims of the Assignor for damages or otherwise in respect of the Equipment under the Purchase Agreement and (c) any and all rights of the Assignor to compel performance of the terms of the Purchase Agreement; provided, however, unless and until an Agency Termination Event (as such term is hereinafter defined) shall have occurred, the Assignor shall be deemed the agent of the Assignee for the limited purpose of exercising the rights of the Assignee described in clauses (a)-(c) above. For purposes of this Assignment, the term "Agency Termination Event" shall mean the occurrence of the following: (x) a Lease Event of Default (as such term is defined in that certain Master Equipment Lease Agreement (1998 Transaction) dated as of January 14, 1998 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Lease Agreement") between the

Assignor and the Assignee) shall have occurred and be continuing and (y)(i) the Assignee shall have given the Assignor written notice to cease acting as the Assignee's agent with respect to the exercise of the rights of the Assignee under any applicable manufacturer's or vendor's warranties with respect to the Equipment or (ii) the Assignee shall have commenced the exercise of any remedy under the Lease Agreement pursuant to such Lease Event of Default.

SECTION 2. CONTINUING LIABILITY OF ASSIGNOR.

It is expressly agreed that, anything herein contained to the contrary notwithstanding: (a) the Assignor shall at all times remain liable to the Vendor under the Purchase Agreement to perform or cause to be performed all the duties and obligations of the purchaser thereunder to the same extent as if this Assignment had not been executed, (b) the exercise by the Assignee of any of the rights assigned hereunder shall not release the Assignor from any of its duties or obligations to the Vendor under the Purchase Agreement, except to the extent that the Assignee shall perform any of such duties and/or obligations and (c) the Assignee shall have no obligation or liability under the Purchase Agreement by reason of, or arising out of, this Assignment or be obligated to perform any of the obligations or duties of the Assignor under the Purchase Agreement or to make any payment or to make any inquiry as to the sufficiency of any payment received by the Vendor or to present or file any claim or to take any other action to collect or enforce any claim for any payment, which obligations are solely for the account of the Assignor and for the benefit of the Vendor.

SECTION 3. FURTHER ASSURANCES.

The Assignor agrees that at any time and from time to time, upon the written request of the Assignee, the Assignor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Assignee may reasonably request in order to obtain the full benefits of this Assignment and of the rights and powers herein granted.

SECTION 4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ASSIGNOR.

The Assignor does hereby represent, warrant and covenant that:

(a) the Purchase Agreement is in full force and effect, the Assignor is not in default thereunder and to the best of the Assignor's knowledge, the Vendor is not in default thereunder;

(b) the Assignor has not assigned or pledged, and hereby covenants that it will not assign or pledge so long as this Assignment shall remain in effect, the whole or any part of the rights hereby assigned to anyone other than the Assignee;

(c) except for the Purchase Agreement, the Assignor is not a party to or a beneficiary of any document, instrument or other agreement pursuant to which any other party has made any

representation or warranty or granted any indemnity or any other type of protection with respect to the Equipment;

(d) the Purchase Agreement has not been amended, modified, supplemented, restated and/or replaced at any time; and

(e) the Assignor shall not agree to any amendment, modification, supplementation, restatement and/or replacement to the Purchase Agreement without the prior written consent of the Assignee and any such amendment, modification, supplementation, restatement and/or replacement entered into without such consent from the Assignee shall be deemed null and void.

SECTION 5. NOTICES.

All notices provided for or required under the terms and provisions hereof shall be in writing, and any such notice shall be deemed given when personally delivered or when deposited with a nationally recognized overnight delivery service, with the cost therefor prepaid, or in the United States mails, with proper postage prepaid, for first class certified mail, return receipt requested, addressed to either the Assignor or the Assignee, respectively, at their respective addresses as set forth herein or at such other address as either of them shall, from time to time, designate in writing to the other.

If to the Assignor: Coca-Cola Bottling Co. Consolidated
1900 Rexford Road
Charlotte, North Carolina 28211
Attention: Mr. Marshall C. Meier
Finance Manager

If to the Assignee: First Security Bank, National Association, as
Owner Trustee under Coca-Cola Trust No. 97-1
79 South Main Street, 3rd Floor
Salt Lake City, Utah 84111
Attention: Mr. Val T. Orton
Vice President

SECTION 6. GOVERNING LAW.

This Assignment, and all of the rights and obligations hereunder, including without limitation matters of validity and performance, shall be governed by and construed under the laws and decisions of the State of North Carolina without regard to the conflicts of law principles thereunder.

SECTION 7. COUNTERPARTS.

This Assignment may be executed in as many counterparts as shall be determined by the parties hereto when so executed, each such counterpart shall be binding on all parties hereto, notwithstanding that all parties are not signatories to the same counterpart.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed by their duly authorized officers as of the date first above written.

COCA-COLA BOTTLING CO.
CONSOLIDATED

By:_____
Name:_____
Title:_____

FIRST SECURITY BANK, NATIONAL
ASSOCIATION, not in its individual capacity
except as expressly provided herein, but solely as
Owner Trustee under Coca-Cola Trust No. 97-1

By:_____
Name:_____
Title:_____

ACKNOWLEDGED AND AGREED:

[VENDOR]

By:_____
Name:_____
Title:_____

SCHEDULE A

[Attach Purchase Agreement]

EXHIBIT B

(Form of Notice of Delivery)

NOTICE OF DELIVERY
(1998 Transaction)

THIS NOTICE OF DELIVERY (1998 Transaction) dated as of _____, ____ is given by COCA-COLA BOTTLING CO. CONSOLIDATED, as Lessee, under that certain Master Equipment Lease Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of January 14, 1998 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Agreement") between Lessor and Lessee. This Notice of Delivery is being given pursuant to the terms of Section 2.3(b) of the Participation Agreement (1998 Transaction) (such term and other capitalized terms used herein and not otherwise defined herein shall have the meanings provided therefor in the Agreement). Lessee hereby makes the following requests and certifications:

1. The requested Acceptance Date for funding of Equipment is _____.

2. The Equipment for which such funding is sought is described in Schedule A hereto.

3. The aggregate Equipment Cost of the Equipment described in Schedule A is $_____.

4. The requested Aggregate Holder Funded Amount is $_____.

5. The requested Aggregate Lender Funded Amount is $_____.

6. For so long as the Initial Lender is the Lender, the interest rate of each Loan shall be the CP Rate. The requested Interest Period for Loans bearing interest at the CP Rate is ___ days (specify one to 95), provided, the Lessee acknowledges that the foregoing is subject to Section 2.3(d) of the Participation Agreement (1998 Transaction).

7. [IF THE CP RATE IS NOT IN EFFECT] the requested interest rate option for Loans and the requested Interest Period is:

_____ LIBOR Rate

___ One Months
___ Two Months
___ Three Months
___ Six Months

_____ CD Rate

_____ Reference Rate

8. The requested basis for yield calculation for Holder Advances and the requested Payment Period is:

_____ LIBOR Rate

___ One Months
___ Two Months
___ Three Months
___ Six Months

_____ CD Rate

_____ Reference Rate

9. The amount of Commercial Paper outstanding is $_____.

10. The Debt Rating of the Lessee is _____ S&P _____ Moody's.

11. _____ A Lease Event of Default has occurred and is continuing.
_____ No Lease Event of Default has occurred and is continuing.

12. _____ A Loan Agreement Event of Default has occurred and is continuing.
_____ No Loan Agreement Event of Default has occurred and is continuing.

13. _____ The Net Receivables Balance equals or exceeds the Net Investment.
_____ The Net Receivables Balance is less than the Net Investment.

[The remainder of this page has been intentionally left blank.]

The Lessee hereby certifies that the undersigned person signing on behalf of the Lessee is duly authorized to execute and delivery this Notice of Delivery.

COCA-COLA BOTTLING CO. CONSOLIDATED

By:_____
Name:_____
Title:_____

SCHEDULE A

DESCRIPTION OF THE EQUIPMENT/EQUIPMENT COST

Make	Model	Serial Number	[VIN]	[REGISTRATION NUMBER]	Class	Equipment Cost
----	-----	----------	-----	-------	-----	----

EXHIBIT C

(Form of Certificate of Acceptance)

CERTIFICATE OF ACCEPTANCE
(1998 Transaction)

This Certificate of Acceptance (1998 Transaction) relates to the Units listed below leased by FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity except as expressly provided herein, but solely as Owner Trustee under Coca-Cola Trust No. 97-1, as the Lessor, to COCA-COLA BOTTLING CO. CONSOLIDATED, as the Lessee, under that certain Master Equipment Lease Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of January 14, 1998 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Agreement") between the Lessor and the Lessee. This Certificate of Acceptance is being entered into pursuant to the terms of Section 2.3(c) of the Participation Agreement (1998 Transaction) (such term and other capitalized terms used herein and not otherwise defined herein shall have the meanings provided therefor in the Agreement).

DESCRIPTION OF UNITS:

See Attached
Schedule A

ALLOCATION OF EQUIPMENT COST AMONG THE APPROVED STATES:

See Attached
Schedule B

AGGREGATE EQUIPMENT COST OF EQUIPMENT IDENTIFIED IN SCHEDULE A IS $_____
[IDENTIFY PER CLASS OF EQUIPMENT]

As of the date below written, the Lessee hereby certifies (as between the Lessee and the Lessor) that the Lessee hereby unconditionally accepts the Units of Equipment listed herein and hereby subjects said Units to the Agreement.

[The remainder of this page has been intentionally left blank.]

The Lessee hereby certifies that the undersigned person signing on behalf of the Lessee is duly authorized to execute and deliver this Certificate of Acceptance.

DATED: _____

COCA-COLA BOTTLING CO. CONSOLIDATED

By:_____
Name:_____
Title:_____

Schedule A

Description of the Equipment/Equipment Cost

Make	Model	Serial Number	[VIN]	[REGISTRATION NUMBER]	Class	Equipment Cost

Schedule B

Allocation of Equipment Cost among the Approved States

EXHIBIT D

(Form of Compliance Certificate)

COMPLIANCE CERTIFICATE
(1998 Transaction)

To Whom it May Concern:

The undersigned, [NAME] _____, [TITLE] _____, of Coca-Cola Bottling Co. Consolidated (the "Company"), hereby certifies no knowledge of any Event of Default, Potential Default, Lease Event of Default, Lease Default, Loan Agreement Default or Loan Agreement Event of Default as defined in the Company's various debt agreements and the Lease Agreement, as the case may be. Reference is made herein to the Master Equipment Lease Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of January 14, 1998 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Lease Agreement") between First Security Bank, National Association, not in its individual capacity except as expressly provided therein, but solely as Owner Trustee under Coca-Cola Trust No. 97-1 and the Company. Furthermore, as defined in the Indenture Agreement dated October 15, 1989, with Manufacturers Hanover Trust Company of California (Trustee) and the Indenture Agreement dated July 20, 1994, as supplemented and restated with Citibank, N.A. (Trustee) and the Loan Agreement dated as of November 20, 1995, as amended, with LTCB Trust Company as Agent, [NAME] _____ hereby certifies no knowledge of a Designated Event or Ratings Decline. The Company is in compliance with all of its various debt agreements and the Lease Agreement. Currently, the Net Receivables Balance equals or exceeds the Net Investment.

In addition, the attached [AUDITED] [UNAUDITED] financial statements have been prepared by the Company in accordance with generally accepted accounting principles and, in the judgment of management, present fairly and consistently the Company's financial position and results of operations.

[NAME] _____ hereby certifies in connection with the transactions described in and related to the Lease Agreement as follows:

The amount of Commercial Paper outstanding is $_____.

The principal payment due with respect to the Loans is $_____.

The Debt Rating of the Company is _____ by Moody's Investor Services, Inc. and _____ by Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc.

This certificate and the attached financial statements satisfy the Company's requirements under each of its debt agreements and the Lease Agreement.

IN WITNESS WHEREOF, the Company has caused this certificate to be signed in its corporate name by its _____ to be effective as of the ___ day of _____, ___.

COCA-COLA BOTTLING CO.
CONSOLIDATED

By:_____
Name:_____
Title:_____

[Attach Financial Statements]

EXHIBIT E

(Form of Assignment and Assumption Agreement)

ASSIGNMENT AND ASSUMPTION AGREEMENT
(1998 Transaction)

Reference is made to the Loan and Security Agreement (1998 Transaction), dated as of January 14, 1998, as it may be amended or otherwise modified from time to time (as so amended or modified, the "Agreement"), by and among First Security Bank, National Association, as Owner Trustee under Coca-Cola Trust No. 97-1 (the "Owner Trustee"), Enterprise Funding Corporation, as the Initial Lender ("EFC"), and NationsBank N.A., as Agent (the "Agent"). Terms used herein and not otherwise defined herein or in the Agreement shall have the meanings specified therefor in Appendix A to that certain Participation Agreement (1998 Transaction), dated as of January 14, 1998 (as it may be amended or otherwise modified from time to time, (the "Participation Agreement"), by and among Coca-Cola Bottling Co. Consolidated, as the Lessee (the "Lessee"), the Owner Trustee, NationsBanc Leasing Corporation and SunTrust Bank, Atlanta, (individually, a "Holder" and collectively, the "Holders"), EFC, NationsBank, N.A., as Agent and Liquidity Provider and the various banks and other lending institutions which are parties thereto from time to time, as Bank Lenders (individually, a "Bank Lender" and collectively, the "Bank Lenders").

[NAME OF ASSIGNOR], in its capacity as [BANK LENDER/INITIAL LENDER] under the Participation Agreement (the "Assignor") and [NAME OF ASSIGNEE] (the "Assignee") hereby agree as follows:

1. THE ASSIGNOR HEREBY SELLS AND ASSIGNS TO THE ASSIGNEE, AND THE ASSIGNEE HEREBY PURCHASES AND ASSUMES FROM THE ASSIGNOR, AN INTEREST IN AND TO THE NOTES, THE LOANS AND ALL OF THE ASSIGNOR'S RIGHT, TITLE, INTEREST AND OBLIGATIONS UNDER THE AGREEMENT (THE "ASSIGNOR'S INTEREST"), SUCH INTEREST ACQUIRED BY THE ASSIGNEE HEREUNDER EXPRESSED AS A PERCENTAGE OF ALL RIGHTS AND OBLIGATIONS OF THE BANK LENDERS BEING EQUAL TO THE PERCENTAGE EQUIVALENT OF A FRACTION, THE NUMERATOR OF WHICH IS $_____ AND THE DENOMINATOR OF WHICH IS $_____.(1)

1. IN CONSIDERATION OF THE PAYMENT OF $_____, BEING ___% OF THE OUTSTANDING PRINCIPAL AMOUNT OF THE NOTES, AND OF $_____, BEING ___% OF THE AGGREGATE UNPAID DISCOUNT ON OUTSTANDING COMMERCIAL PAPER DUE ON THE CURRENT MATURITY DATE OF SUCH COMMERCIAL PAPER, RECEIPT OF WHICH PAYMENT IS HEREBY ACKNOWLEDGED, THE ASSIGNOR HEREBY ASSIGNS TO THE AGENT FOR THE ACCOUNT OF THE ASSIGNEE, AND THE ASSIGNEE HEREBY PURCHASES FROM THE ASSIGNOR, A ___% INTEREST IN AND TO THE NOTES, THE LOANS AND ALL

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(1) This provision to be used if the Assignor is a Bank Lender.

OF THE ASSIGNOR'S RIGHT, TITLE, INTEREST AND OBLIGATIONS UNDER THE AGREEMENT PURCHASED BY THE UNDERSIGNED.(2)

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the Assignor's Interest being assigned by it hereunder and that such Assignor's Interest is free and clear of any Lien created by it; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Operative Agreements, the Notes or the Loans or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Operative Agreements, the Notes or the Loans; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Owner Trustee or the Lessee or the performance or observance by the Owner Trustee or the Lessee of any of its respective obligations under the Agreement or any instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Operative Agreements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption Agreement and purchase the Assignor's Interest from the Assignor; (ii) agrees that it will, independently and without reliance upon the Agent or any of its Affiliates, the Assignor or any other Bank Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Operative Agreements to which the Assignor is a party; (iii) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Operative Agreements as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (iv) appoints the Agent to enforce its respective rights and interests in and under the Agreement and the Collateral in accordance with the Operative Agreements; (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Operative Agreements are required to be performed by it as a Bank Lender; (vi) specifies as its address for notices and its account for payments the office and account set forth beneath its name on the signature pages hereof; (vii) attaches the forms prescribed by the Internal Revenue Service of the United States of America certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Agreement or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty; and (viii) represents and warrants to the Assignor that (A) it is duly organized and in good standing under the laws of its jurisdiction of organization, (B) its execution, delivery and performance of this Agreement have been duly authorized and (C) this Agreement is enforceable against it in accordance with its terms.

4. The effective date for this Assignment and Assumption Agreement shall be the later of (i) the date on which the Agent receives this Assignment and Assumption Agreement executed by the parties hereto, and receives the consent of the Owner Trustee, the Lessee and the

- ----------
(2) This provision to be used if the Assignor is a Initial Lender.

Agent, on behalf of the Initial Lender (provided, however, the consent of the Owner Trustee and the Lessee shall not be required if a Default or Event of Default has occurred and is continuing; provided, further, the consent of the Initial Lender shall not be required if the Initial Lender is not a holder of a Note), and (ii) the date of this Assignment and Assumption Agreement (the "Effective Date"). Following the execution of this Assignment and Assumption Agreement and the consent of Owner Trustee, the Lessee and the Agent on behalf of the Initial Lender (provided, however, the consent of the Owner Trustee and the Lessee shall not be required if a Default or Event of Default has occurred and is continuing; provided, further, the consent of the Initial Lender shall not be required if the Initial Lender is not a holder of a Note), this Assignment and Assumption Agreement shall be delivered to the Agent for acceptance and, with respect to the Agreement, recording by the Agent.

5. Upon such acceptance and recording, as of the Effective Date, (i) the Assignee shall be a party to the Agreement and, to the extent provided in this Agreement, have the rights and obligations of a Bank Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Assumption Agreement, relinquish its rights and be released from its obligations under the Agreement.

6. Upon such acceptance and recording, from and after the Effective Date, the Agent shall make all payments under the Agreement in respect of the interest assigned hereby (including, without limitation, all payments in respect of such interest in the related principal of and interest on the Loans allocable to the related Bank Lender and fees) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Agreement for periods prior to the Effective Date directly between themselves.

7. This Assignment and Assumption Agreement shall be governed by, and construed in accordance with, the laws of the State of North Carolina.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the __ day of _____ 199_.

[ASSIGNOR]

By:_____
Name:_____
Title:_____

[ASSIGNEE]

By:_____
Name:_____
Title:_____

Address for notices and Account for payments:

For Credit Matters:
- ------------------

[NAME]
_____

_____

Attn: _____
Telephone: ( ) ___-____
Telefax: (___) ___-____

For Administrative Matters:

[NAME]
_____

_____

Attn: _____
Telephone: (___) ___-____
Telefax: (___) ___-____

Account for Payments:
- --------------------

NAME

_____
ABA Number: ___-___-___
Account Number: _____
Attn: _____
Re: _____

Consented to this __ day
of _____, 199_

NATIONSBANK, N.A., as
Agent

By:_____
Name:_____
Title:_____

[if required] First Security Bank, National Association,
as Owner Trustee under Coca-Cola Trust No. 97-1

By:_____
Name:_____
Title:_____

[if required] Coca-Cola Bottling Co. Consolidated,
as the Lessee

By:_____
Name:_____
Title:_____

Accepted this ___ day
of _____, 199_

NATIONSBANK, N.A.
as Agent

By:_____
Name:_____
Title:_____

EXHIBIT F

(Form of Notice of Request for Renewal)

Notice of Request for Renewal
(1998 Transaction)

Pursuant to that certain Participation Agreement (1998 Transaction) dated as of January 14, 1998, as amended, modified, supplemented, restated and/or replaced to the date hereof (said Participation Agreement, as so amended, modified, supplemented, restated and/or replaced, being the "Participation Agreement", the terms defined therein and not otherwise defined herein being used herein as therein defined), by and among Coca-Cola Bottling Co. Consolidated (the "Lessee"), First Security Bank, National Association, not in its individual capacity except as expressly provided therein, but solely as Owner Trustee under Coca-Cola Trust No. 97-1 (the "Owner Trustee"), and NationsBanc Leasing Corporation and SunTrust Bank, Atlanta (collectively, the "Holders"), Enterprise Funding Corporation (the "Initial Lender"), NationsBank, N.A. (the "Agent") and certain other financial institutions from time to time parties hereto, as bank lenders (collectively, the "Bank Lenders"), this represents the Lessee's request, to extend the Bank Commitment Expiration Date to _____, in accordance with Section 8 of the Participation Agreement.

Please indicate your consent to, or rejection of, such extension of the Bank Commitment Expiration Date by signing this Notice of Request for Extension in the space provided below and returning the same to the Lessee, the Agent and the Initial Lender on or before _____.

DATED: _____

COCA-COLA BOTTLING CO. CONSOLIDATED

By:_____
Name:_____
Title:_____

The undersigned Bank Lender hereby irrevocably consents to the extension of the Bank Commitment Expiration Date as requested above

Dated:_____
Bank Lender:_____

Dated:_____
Bank Lender:_____

The undersigned Bank Lender hereby rejects the extension of the Bank Commitment Expiration Date as requested above

Dated:_____
Bank Lender:_____

Dated:_____
Bank Lender:_____

SCHEDULE 1

(Participant's Funding Percentages)

Holders' Funding Percentages

Holders	Equipment Class	Funding Percentage*
NationsBanc Leasing Corporation	Class A Equipment	50%
NationsBanc Leasing Corporation	Class B Equipment	50%
NationsBanc Leasing Corporation	Class C Equipment	50%
SunTrust Bank, Atlanta	Class A Equipment	50%
SunTrust Bank, Atlanta	Class B Equipment	50%
SunTrust Bank, Atlanta	Class C Equipment	50%

* Expressed as a percentage of the Equity Percentage of the Equipment Cost for each Class of Equipment on each applicable Lease Supplement.

Lenders' Funding Percentages

Lenders	Equipment Class	Funding Percentage*
Enterprise Funding Corporation	Class A Equipment	100%
Enterprise Funding Corporation	Class B Equipment	100%
Enterprise Funding Corporation	Class C Equipment	100%

To the extent each Bank Lender subsequently becomes a holder of a Note then the following shall apply:

Lenders	Equipment Class	Funding Percentage*
NationsBank	Class A Equipment	46.96132596%
NationsBank	Class B Equipment	46.96132596%
NationsBank	Class C Equipment	46.96132596%
ABN AMRO	Class A Equipment	13.25966851%
ABN AMRO	Class B Equipment	13.25966851%
ABN AMRO	Class C Equipment	13.25966851%
BTM	Class A Equipment	13.25966851%
BTM	Class B Equipment	13.25966851%
BTM	Class C Equipment	13.25966851%
CoreStates	Class A Equipment	13.25966851%
CoreStates	Class B Equipment	13.25966851%
CoreStates	Class C Equipment	13.25966851%
IBJ	Class A Equipment	13.25966851%
IBJ	Class B Equipment	13.25966851%
IBJ	Class C Equipment	13.25966851%

- ------------------------
* Expressed as a percentage of the Debt Percentage of the Equipment Cost for each Class of Equipment on each applicable Lease Supplement.

SCHEDULE 2

(Debt Percentage; Equity Percentage)

Debt Percentage

Equipment Class	Debt Percentage*
Class A Equipment	86.42203575%
Class B Equipment	81.85948790%
Class C Equipment	83.04138903%

- ------------------------
* Expressed as a percentage of the Equipment Cost for each Class of Equipment on each applicable Lease Supplement.

Equity Percentage

Equipment Class	Equity Percentage*
Class A Equipment	13.57796425%
Class B Equipment	18.14051210%
Class C Equipment	16.95861097%

- ------------------------
* Expressed as a percentage of the Equipment Cost for each Class of Equipment on each applicable Lease Supplement.

SCHEDULE 3

Environmental Disclosure

None

APPENDIX A

COCA-COLA TRUST NO. 97-1

DEFINITIONS

General Provisions

The following terms shall have the following meanings for all purposes of the Operative Agreements referred to below, unless otherwise defined in an Operative Agreement or the context thereof shall otherwise require. Such meanings shall be equally applicable to both the singular and the plural forms of the terms herein defined. In the case of any conflict between the provisions of this Appendix A and the provisions of the main body of any Operative Agreement, the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, (i) references to agreements, instruments and other documents shall be deemed to mean and include such agreements, instruments and other documents as the same may be amended, modified, supplemented, restated and/or replaced from time to time to the extent permitted by the Operative Agreements, (ii) references to parties to agreements shall be deemed to include the successors and assigns of such parties permitted in accordance with the Operative Agreements, (iii) references in any document to articles, sections, paragraphs, clauses, annexes, appendices, schedules or exhibits are references to articles, sections, paragraphs, clauses, annexes, appendices, schedules or exhibits in or to such document, (iv) the headings, subheadings and table of contents used in any document are solely for convenience of reference and shall not constitute a part of any such document nor shall they affect the meaning, construction or effect of any provision thereof, (v) references to any law includes any amendment or modification to such law and any rules or regulations issued thereunder or any law enacted in substitution or replacement therefor, (vi) when used in any document, words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof, (vii) references to "including" means including without limiting the generality of any description preceding such term and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned, (viii) each of the parties to the Operative Agreements and their counsel have reviewed and revised, or requested revisions to, the Operative Agreements, and the usual rule of construction that any ambiguities are to be resolved against the drafting party shall be inapplicable in the construction and interpretation of the Operative Agreements and any amendments or exhibits thereto and (ix) capitalized terms used in any Operative Agreements which are not defined in this Appendix A but are defined in another

Operative Agreement shall have the meanings so ascribed to such terms in the applicable Operative Agreement.

Defined Terms

"A-2/P-2 Event" shall have the meaning specified in Section 8.4 of the Participation Agreement.

"A-3/P-3 Event" shall have the meaning specified in Section 8.4 of the Participation Agreement.

"ABN AMRO" shall mean ABN AMRO Bank N.V.

"ABR Holder Advance" shall mean each Holder Advance, at such time as such Holder Advance bears yield at the Reference Rate plus 0.500% or the CD Rate plus 0.900%, as the case may be.

"ABR Loan" shall mean each Loan, at such time as such Loan bears interest at the Reference Rate or the CD Rate plus the Applicable Margin, as the case may be.

"ABR Rate" shall mean, as selected by the Lessee (on behalf of the Owner Trustee), the Reference Rate or the CD Rate; provided, if the Agent gives the Owner Trustee and the Lessee notice that the CD Rate cannot be determined or is unlawful or that any Lender or Holder is unable to match funds with respect to any CD Loan or the CD Holder Advance, as the case may be, then the ABR Rate shall be the Reference Rate until the Interest Period, Payment Period or any other period of time at which amounts are to bear interest at the ABR Rate, as the case may be, commencing immediately following the date on which the CD Rate can be determined, is lawful and is capable of being match funded by the Lenders and the Holders (if the CD Rate is elected at such time by the Lessee (on behalf of the Owner Trustee)).

"Acceptance Date" shall mean the dates as of which Units (i) are purchased by the Owner Trustee in accordance with the Participation Agreement and (ii) become leased assets under the applicable Lease Supplement.

"Acquisition Cash Flow" shall mean operating income for the applicable period plus any amounts deducted for depreciation, amortization and operating lease expense in determining operating income of all assets, franchises and businesses acquired during the most recently completed quarter or any of the preceding three calendar quarters by the Lessee or any its Consolidated Subsidiaries (to the extent not included in Consolidated Operating Income for the applicable period), determined using historical financial statements of such assets, franchises and businesses acquired with appropriate adjustments thereto in order to reflect such operating income, depreciation, amortization and operating lease expense on an actual historical combined pro forma basis as if the assets, franchises and businesses acquired had been owned by the Lessee during the relevant period. Operating income as used in the preceding sentence shall be determined using the same method prescribed for determining Consolidated Operating Income

and using GAAP applied consistently with the application of GAAP in preparation of the Lessee's financial statements for the relevant period and such determination shall be in all respects reasonably satisfactory to the Majority In Interest and the Majority Holders.

"Additionally Insured Parties" shall mean the Owner Trustee (in its individual capacity and as trustee), the Holders, the Lenders, the Bank Lenders, the Liquidity Provider and the Agent.

"Additional Trustee" shall have the meaning specified in Section 10.02(a) of the Trust Agreement.

"Administrative Fee" shall mean the administrative fee payable in accordance with the terms and conditions of the Fee Letter.

"Advance Amount" shall mean, as of any date, the amount of the Holder Advance made by a Holder pursuant to Section 2.2(a) of the Participation Agreement and evidenced by a Certificate, less any redemptions of the Holder Advance pursuant to Article IV of the Trust Agreement.

"Affected Bank Lender" shall have the meaning specified in Section 8.5(a) of the Participation Agreement.

"Affiliate" shall mean, with respect to any Person, any other Person which directly or indirectly controls, is controlled by, or is under a common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"After-Tax Basis" shall mean on a basis such that any payment to be received or deemed to be received shall be supplemented by a further payment so that the sum of the two payments, after deducting from such payments the amount of all Taxes resulting from the receipt or accrual of such payments (net of any current credits or deductions or other Tax benefits arising therefrom, to the extent actually realized), shall be equal to the payments to be received or deemed to have been received.

"Agent" shall mean NationsBank, as collateral agent for the Lenders and the Holders pursuant to the Loan Agreement and as administrative agent for the Owner Trustee (in its individual and its trust capacity), the Holders, the Lenders and the Bank Lenders pursuant to the Participation Agreement and the Loan Agreement, or any successor agent appointed in accordance with the terms of the Loan Agreement.

"Aggregate Advanced Amount" shall have the meaning specified in each Note.

"Aggregate Funded Amount" shall mean, collectively, the Aggregate Holder Funded Amount and the Aggregate Lender Funded Amount and, individually, shall mean the Aggregate Holder Funded Amount or the Aggregate Lender Funded Amount, as the case may be.

"Aggregate Holder Advanced Amount" shall have the meaning specified in each Certificate.

"Aggregate Holder Funded Amount" shall have the meaning specified in Section 2.2(a) of the Participation Agreement.

"Aggregate Lender Funded Amount" shall have the meaning specified in Section 2.2(b) of the Participation Agreement.

"Applicable Margin" shall mean the percentage per annum set forth below opposite the applicable Debt Rating or Consolidated Funded Indebtedness/Cash Flow Ratio of the Lessee (as determined and adjusted pursuant to the procedures set forth in the paragraph of this definition following the rate grid).

	Consolidated Funded Indebtedness/ Cash Flow Ratio	or	Debt Rating S&P/Moody's	Applicable Margin for LIBOR Loans	Applicable Margin for CD Loans
a)	Greater than or Equal to 5.00 to 1.00	a)	--	0.375%	0.375%
b)	Less than 5.00 to 1.00 but Greater than or Equal to 4.00 to 1.00	b)	BBB-/Baa3	0.250%	0.250%
c)	Less than 4.00 to 1.00 but Greater than or Equal to 3.00 to 1.00	c)	BBB/Baa2	0.225%	0.225%
d)	Less than 3.00 to 1.00 but Greater than or Equal to 2.00 to 1.00	d)	BBB+/Baa1	0.200%	0.200%
e)	Less than 2.00 to 1.00	e)	A/A2 or higher	0.170%	0.170%

For purposes of the foregoing, (i) the Applicable Margin on the Closing Date is 0.225% and thereafter the Applicable Margin shall be adjusted on each Calculation Date based on the most recent Compliance Certificate and upon the date of receipt of each Notice of Delivery based on such Notice of Delivery, (ii) if the Lessee fails to provide the Compliance Certificate on or before the most recently occurring Calculation Date, the Applicable Margin from such Calculation Date shall be 0.375% until such time that an appropriate Compliance Certificate is provided whereupon the Applicable Margin shall be determined based on the information provided in such

Compliance Certificate, (iii) if the applicable Debt Rating and Consolidated Funded Debt/Cash Flow Ratio would provide for different Applicable Margins the lower of the two Applicable Margins shall apply, (iv) if the Debt Rating established by Moody's and S & P shall fall within different categories, the rate shall be determined by reference to the superior (or numerically lowest) category, (v) if the Debt Rating is changed by either Moody's or S&P, such change shall be deemed to be effective (for purposes of determining the Applicable Margin) as of the Calculation Date next following the date of such change, and (vi) the Applicable Margin applicable from time to time shall be effective from one Calculation Date or the date of receipt of a Notice of Delivery, as the case may be, to the next Calculation Date or the date of receipt of a Notice of Delivery, as the case may be, and any adjustment in the Applicable Margin shall be applicable to all existing Loans as well as any new Loans made or issued.

"Approved State" shall mean each of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia and to the extent the Lessee has given notice thereof pursuant to Section 5.6 of the Participation Agreement, each other state in the continental United States to which any Unit has been relocated.

"Arrangement Fee" shall mean the arrangement fee payable in accordance with the terms and conditions of the Fee Letter.

"Assignment Agreement" shall have the meaning specified in Section 8.1(a) of the Participation Agreement.

"Bank Assignment" shall have the meaning specified in Section 8.1(a) of the Participation Agreement.

"Bank Commitment Expiration Date" shall have the meaning specified in Section 8.3(a) of the Participation Agreement.

"Bank Lender Termination Date" shall have the meaning specified in Section 8.5(b) of the Participation Agreement.

"Bank Lenders" shall mean NationsBank, ABN AMRO, BTM, CoreStates, IBJ and certain other financial institutions from time to time parties to the Operative Agreements, as bank lenders.

"Bank of America" shall mean Bank of America National Trust and Savings Association.

"Bankruptcy Code" shall mean the United States Bankruptcy Reform Act of 1978, 11 U.S.C. ss. 101 et seq.

"Basic Rent" shall mean the sum of (i) the Lessor Basic Rent, plus without duplication (ii) the Loan Basic Rent, each of the foregoing calculated as of the applicable Payment Date.

"Basic Term" shall mean a period for lease of the Equipment under the Lease specified in Section 3.1 of the Lease.

"Basic Term Commencement Date" shall mean January 15, 1999.

"Basic Term Expiration Date" shall mean January 15, 2001.

"Beneficial Interest" shall mean the interest of each Holder under the Trust Agreement.

"Break-Amount" shall mean the amounts payable by the Owner Trustee (with funds provided by the Lessee as Supplemental Rent) from time to time under Section 9.3 of the Participation Agreement on the terms and conditions of such Section 9.3.

"BTM" shall mean The Bank of Tokyo-Mitsubishi, Ltd.

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day other than a Saturday, Sunday or a day on which commercial banking institutions are authorized or required by Law or executive order to be closed in Charlotte, North Carolina, New York, New York, Atlanta, Georgia and Salt Lake City, Utah and (ii) with respect to all notices, determinations, fundings and payments with respect to LIBOR Loans or LIBOR Holder Advances, any Business Day described in clause (i) above and that is also a day on which commercial banks in London are open for international business (including dealings in dollar deposits within the London interbank market).

"Calculation Date" shall mean the date five Business Days after the date by which the Lessee is required to provide the Compliance Certificate in accordance with the provisions of Section 5.1(d) of the Participation Agreement.

"Capitalized Lease" shall mean any lease which, in accordance with GAAP, is required to be capitalized on the balance sheet of the Lessee.

"Capitalized Lease Obligations" of any Person shall mean the aggregate amount which, in accordance with GAAP, is required to be reported as a liability on the balance sheet of such Person as lessee under a Capitalized Lease.

"CD Holder Advance" shall mean each Holder Advance at such time as such Holder Advance bears yield at the CD Rate plus 0.900%.

"CD Loan" shall mean (i) each Loan, at such times as such Loan bears interest at the CD Rate plus the Applicable Margin, (ii) the Liquidity Provider's participation in each Loan (at such times as such Loan bears interest at the CD Rate plus the Applicable Margin) while the Liquidity Provider has funded amounts outstanding pursuant to the Liquidity Facility with respect to such Loan and (iii) the amounts extended by a Bank Lender (at such times as such amounts bear interest at the CD Rate plus the Applicable Margin) to fund the CP Purchase Price pursuant to Section 8.2(a) of the Participation Agreement.

"CD Rate" shall mean, for any day, with respect to each proposed or existing CD Loan or CD Holder Advance, as the case may be, a fluctuating rate per annum determined by the Agent as the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) a fraction, the numerator of which is one and the denominator of which is one minus the CD Reserve Percentage and (b) the CD Assessment Rate. For purposes of this definition, the following terms shall have the following meanings: "Three-Month Secondary CD Rate" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or if such day is not a Business Day, the next following Business Day) by the Board of Governors of the Federal Reserve System (the "Board"), through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate is not so reported, the average (rounded upwards to the nearest 1/100 of 1%) of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 A.M., New York City time, on such day or next preceding Business Day by the Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it; "CD Reserve Percentage" means, for any day, as applied to any calculation of the CD Rate, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board for determining the maximum reserve requirement for a Depositary Institution (as defined in Regulation D of the Board) in respect of new non-personal time deposits in Dollars having a maturity of 30 days or more; and "CD Assessment Rate" means, for any day, the rate per annum (rounded upward to the nearest 1/100 of 1%) determined in good faith by the Agent to be the average of the rates per annum determined by the Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the maximum effective assessment rate per annum payable by the Agent to the Federal Reserve Insurance Corporation (or any successor) for such day for insurance on United States dollar time deposits, exclusive of any credit allowed against such annual assessment on account of assessment payments made or to be made by such bank. The CD Rate shall be adjusted automatically as of the effective date of each change in the Assessment Rate.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. ss. 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986.

"Certificate of Acceptance" shall have the meaning specified in Section 2.3(c) of the Participation Agreement.

"Certificate of Title" shall mean each certificate of title or registration respecting any Unit naming the Owner Trustee as the owner of such Unit and the Agent as the first priority, and sole, lienholder respecting such Unit.

"Certificates" shall mean, collectively each Class A Certificate, Class B Certificate and Class C Certificate.

"Class" or "Class of Equipment" shall mean Class A Equipment, Class B Equipment or Class C Equipment, as the context requires.

"Class A Certificate" shall mean each Certificate, substantially in the form set forth therefor in Exhibit A to the Trust Agreement, issued by the Owner Trustee to each Holder pursuant to Section 4.02 of the Trust Agreement, in an amount equal to such Holder's Holder Class A Commitment, bearing yield and payable as provided in the Trust Agreement and/or such Certificate, and shall include each Certificate issued in exchange therefor or replacement thereof pursuant to Sections 4.07 or 4.08 of the Trust Agreement.

"Class B Certificate" shall mean each Certificate, substantially in the form set forth therefor in Exhibit A to the Trust Agreement, issued by the Owner Trustee to each Holder pursuant to Section 4.02 of the Trust Agreement, in an amount equal to such Holder's Holder Class B Commitment, bearing yield and payable as provided in the Trust Agreement and/or such Certificate, and shall include each Certificate issued in exchange therefor or replacement thereof pursuant to Sections 4.07 or 4.08 of the Trust Agreement.

"Class C Certificate" shall mean each Certificate, substantially in the form set forth therefor in Exhibit A to the Trust Agreement, issued by the Owner Trustee to each Holder pursuant to Section 4.02 of the Trust Agreement, in an amount equal to such Holder's Holder Class C Commitment, bearing yield and payable as provided in the Trust Agreement and/or such Certificate, and shall include each Certificate issued in exchange therefor or replacement thereof pursuant to Sections 4.07 or 4.08 of the Trust Agreement.

"Class A Equipment" shall mean the new over-the-road tractors referenced in each applicable Lease Supplement and identified as Class A Equipment.

"Class B Equipment" shall mean the used beverage vending equipment, new rolling stock and new lift trucks referenced in each applicable Lease Supplement and identified as Class B Equipment.

"Class C Equipment" shall mean the new beverage vending equipment referenced in each applicable Lease Supplement and identified as Class C Equipment.

"Class A Note" shall mean each Note, substantially in the form set forth as Exhibit A to the Loan Agreement, issued by the Owner Trustee pursuant to Section 2.2 of the Loan Agreement and authenticated by the Agent, in a principal amount equal to each Lender's Lender Class A Commitment, bearing interest at the rates and payable as provided in the Loan Agreement, and shall include each Note issued in exchange therefor or replacement thereof pursuant to Sections 2.7 or 2.8 of the Loan Agreement.

"Class B Note" shall mean each Note, substantially in the form set forth as Exhibit A to the Loan Agreement, issued by the Owner Trustee pursuant to Section 2.2 of the Loan Agreement and authenticated by the Agent, in a principal amount equal to each Lender's Lender Class B Commitment, bearing interest at the rates and payable as provided in the Loan Agreement, and shall include each Note issued in exchange therefor or replacement thereof pursuant to Sections 2.7 or 2.8 of the Loan Agreement.

"Class C Note" shall mean each Note, substantially in the form set forth as Exhibit A to the Loan Agreement, issued by the Owner Trustee pursuant to Section 2.2 of the Loan Agreement and authenticated by the Agent, in a principal amount equal to each Lender's Lender Class C Commitment, bearing interest at the rates and payable as provided in the Loan Agreement, and shall include each Note issued in exchange therefor or replacement thereof pursuant to Sections 2.7 or 2.8 of the Loan Agreement.

"Closing" shall mean the initial closing of the Overall Transaction, at which executed copies of, among other things, the Participation Agreement, Lease, Trust Agreement, the Certificates, the Loan Agreement and the Notes are delivered.

"Closing Date" shall mean the date as of which the Closing occurs, which in any event shall be on or prior to January 30, 1998 unless otherwise agreed by all parties to the Participation Agreement.

"Code" shall mean the Internal Revenue Code of 1986.

"Collateral" shall have the meaning specified in the Granting Clause of the Loan Agreement.

"Collateral Agency Agreement" shall mean the Collateral Agency Agreement dated as of the Closing Date between the Owner Trustee, the Lessee and consented to by the Agent.

"Compliance Certificate" shall mean a certificate of the Lessee in the form of Exhibit D to the Participation Agreement, which shall be delivered from time to time by the Lessee in accordance with Section 5.1(d) of the Participation Agreement.

"Commercial Paper" shall mean the promissory notes of the Initial Lender issued by the Initial Lender in the commercial paper market, the proceeds of which are used to fund (or to refinance the funding of) a Loan.

"Confidential Information" shall have the meaning specified in Section 10.10 of the Participation Agreement.

"Consolidated Cash Flow" shall have the meaning specified in the Credit Agreement.

"Consolidated Funded Indebtedness" shall have the meaning specified in the Credit Agreement.

"Consolidated Funded Indebtedness/Cash Flow Ratio" shall have the meaning specified in the Credit Agreement.

"Consolidated Operating Income" shall have the meaning specified in the Credit Agreement.

"Consolidated Subsidiaries" shall have the meaning specified in the Credit Agreement.

"Contingent Obligation" shall have the meaning specified in the Credit Agreement.

"Contractual Obligation" shall have the meaning specified in Section 3.2(d) of the Participation Agreement.

"Controlled Group Member" shall mean each trade or business (whether or not incorporated) which together with the Lessee is treated as a single employer under Section 4001(b)(1) of ERISA.

"CoreStates" shall mean CoreStates Bank, N.A.

"Covered Income Tax" shall have the meaning specified in Section 7.1(b) of the Participation Agreement.

"CP Purchase Price" shall have the meaning specified in Section 8.2(a) of the Participation Agreement.

"CP Rate" shall mean the interest rate or weighted average of the rates, at which Commercial Paper is sold from time to time by any placement agent or commercial paper dealer selected by the Initial Lender, as determined by the Initial Lender and shall include the interest-bearing equivalent of any Commercial Paper sold at a discount rate.

"Credit Agreement" shall mean the Amended and Restated Credit Agreement dated as of December 21, 1995 among the Lessee, the financial institutions listed on the signature pages thereof, NationsBank, as administrative agent and syndication agent, and Bank of America, as documentation agent. The Credit Agreement shall not be deemed to refer to any replacement credit agreement.

"Credit Agreement Event of Default" shall mean an "Event of Default" as such term is defined in Section 7 of the Credit Agreement.

"Credit Documents" shall mean the Loan Agreement, the Notes and the Security Documents.

"Credit Support Provider" shall mean the Person or Persons who provide credit support to the Initial Lender in connection with the Initial Lender's issuance of Commercial Paper.

"Dealer Fee" shall mean the dealer fee payable in accordance with the terms and conditions of the Fee Letter.

"Debt Amortization" with respect to any Note shall mean the amortization schedule of principal payments applicable thereto attached as Annex 2(a), Annex 2(b) or Annex 2(c), as applicable, as to the Loan Agreement.

"Debt Percentage" shall mean for each Class of Equipment the percentage set forth therefor in Schedule 2 to the Participation Agreement.

"Debt Rate" shall mean (i) while the Initial Lender is the Lender the interest rate equal to the CP Rate; provided, however, if the Liquidity Provider has funded amounts outstanding pursuant to the Liquidity Facility with respect to the Loans, the Debt Rate shall be (a) the LP Rate for the principal amount of the Loans equal to the aggregate outstanding principal amount funded with respect to the Loans under the Liquidity Facility and (b) the CP Rate for the principal amount of the Loans not bearing interest at the LP Rate pursuant to the preceding subclause (a), and (ii) with respect to Notes held by a Bank Lender, as Lender, from and after the Effective Date of the Bank Assignment of such Lender, the LP Rate.

"Debt Rating" shall mean the rating assigned from time to time by either S&P or Moody's with respect to Funded Indebtedness of the Lessee.

"Default" shall mean, collectively, each Lease Default and each Loan Agreement Default.

"Determination Date" shall mean the last day of each fiscal quarter of the Lessee.

"EFC" shall mean Enterprise Funding Corporation, a Delaware corporation.

"Effective Date" shall have the meaning specified in Section 8.1(a) of the Participation Agreement.

"Eligible Receivable" shall mean, for the purposes of the Liquidity Facility and the Operative Agreements, as of any date of determination, the aggregate Equipment Cost for all Units of Equipment leased under all Lease Supplements, minus the aggregate amounts paid to the Agent on or prior to such date in respect of either principal payments on Notes or redemption of Holder Advances.

"Environmental Law" shall mean any Law, permit, consent, approval, license, award, or other authorization or requirement of any Tribunal relating to emissions, discharges, releases or threatened releases of any Hazardous Material into ambient air, surface water, ground water, publicly owned treatment works, septic system, or land, or otherwise relating to the handling, storage, treatment, generation, use, or disposal of Hazardous Material, pollution or to the protection of health or the environment, including without limitation CERCLA, the Resource Conservation and Recovery Act, 42 U.S.C. ss. 6901, et seq., and state statutes analogous thereto.

"Environmental Violation" shall mean the receipt by the Lessee of a notice from any Person of violation under Environmental Law when the violation referenced in such notice of violation is not remedied in a timely manner.

"Equipment" shall mean the Class A Equipment, the Class B Equipment and the Class C Equipment purchased or otherwise acquired using proceeds of the Holder Advances or the Loans, as such is specifically described in each applicable Lease Supplement.

"Equipment Cost" shall mean, collectively, the aggregate sum of the purchase price for all the Equipment paid by the Owner Trustee to each Seller pursuant to Section 2 of the Participation Agreement and as set forth in each applicable Lease Supplement with respect to the Equipment and, individually, such purchase price allocable to such Unit.

"Equity Percentage" shall mean for each Class of Equipment the percentage set forth therefor in Schedule 2 to the Participation Agreement.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means an entity which is under common control with the Lessee within the meaning of Section 4001(a)(14) of ERISA, or is a member of a group which includes the Lessee and which is treated as a single employer under Sections 414(b) or (c) of the Code.

"Event of Default" shall mean, collectively, each Lease Event of Default and each Loan Agreement Event of Default.

"Event of Loss" shall have the meaning specified in Section 11.1 of the Lease.

"Excepted Property" shall mean (i) all indemnity payments (including without limitation payments pursuant to Section 7 of the Participation Agreement, whether made by adjustment to Basic Rent under the Lease or otherwise) to which any Holder, the Owner Trustee or any of their respective successors, permitted assigns, directors, officers, employees, servants or agents is entitled pursuant to the Operative Agreements, (ii) any right, title or interest of the Owner Trustee or any Holder to any payment which by the terms of Section 17 of the Lease or any corresponding payment under Section 3.3 of the Lease that is payable to the Owner Trustee or to any Holder, as the case may be, (iii) any insurance proceeds payable under insurance maintained by the Owner Trustee or any Holder respecting the Equipment, (iv) any insurance proceeds payable (or payments with respect to rights self-insured or policy deductibles) to the Owner Trustee or to any Holder, or any of their directors, officers, employees, servants or agents under any insurance maintained by the Lessee pursuant to Section 12 of the Lease or by any other Person (or governmental indemnities in lieu thereof or in addition thereto), (v) any amount payable to any Holder by any Transferee as the purchase price of such Holder's interest in the Trust Estate in compliance with the terms of the Participation Agreement and the Trust Agreement, (vi) payments owing to any Holder, including a return of funds to such Holder, in the event the Closing does not occur, (vii) all right, title and interest of the Owner Trustee and any Holder to amounts distributable and/or distributed from time to time to them as provided in Section 6.9 of the Participation Agreement and such other rights as are specifically reserved or granted to any Holder and the Owner Trustee under the Loan Agreement, (viii) Transaction Costs and other amounts, fees, disbursements and expenses paid or payable to or for the benefit of the Owner Trustee, (ix) upon termination of the Loan Agreement in accordance with the terms thereof, all remaining property covered by the Security Documents, (x) payments in respect of yield on the Certificates, (xi) payments in respect of interest to the extent attributable to payments otherwise referenced in this definition of "Excepted Property", (xii) the respective rights of the Owner Trustee or the Holder to the proceeds of the foregoing and (xiii) any rights of the Holder or the Owner Trustee to demand, collect, sue for or otherwise receive and enforce

payment of the foregoing amounts. For purposes of this definition, references to the Owner Trustee shall be deemed to refer to the Owner Trustee in its trust and individual capacities.

"Expenses" shall have the meaning specified in Section 7.2 of the Participation Agreement.

"Expiration Date" shall mean (i) initially, January 15, 2001 with respect to all Certificates and (ii) thereafter, if the Lessee properly elects a Renewal Term for a particular Class of Equipment as provided in Section 22.3 of the Lease, the Expiration Date for the corresponding Class of Certificates shall be automatically extended to the last day of such Renewal Term; provided, however, the Expiration Date for the Class C Certificates shall not be extended beyond January 15, 2004, unless the Bank Lenders have extended the Bank Commitment Expiration Date for a period at least as long as the extension period for the Class C Certificates.

"Facility Fee" shall mean the facility fee payable on April 15, 1998, July 15, 1998, October 15, 1998, the Basic Term Commencement Date and on each Scheduled Payment Date thereafter during the Term, which fee shall be the product of the Parallel Purchase Commitment multiplied by the percentage per annum set forth below opposite the applicable Debt Rating or Consolidated Funded Indebtedness/Cash Flow Ratio of the Lessee (as determined and adjusted pursuant to the procedures set forth in the paragraph of this definition following the rate grid).

	Consolidated Funded Indebtedness/ Cash Flow Ratio	or	Debt Rating S&P/Moody's	Applicable Percentage for Facility Fee
a)	Greater than or Equal to 5.00 to 1.00	a)	---	0.250%
b)	Less than 5.00 to 1.00 but Greater than or Equal to 4.00 to 1.00	b)	BBB-/Baa3	0.150%
c)	Less than 4.00 to 1.00 but Greater than or Equal to 3.00 to 1.00	c)	BBB/Baa2	0.125%
d)	Less than 3.00 to 1.00 but Greater than or Equal to 2.00 to 1.00	d)	BBB+/Baa1	0.100%
e)	Less than 2.00 to 1.00	e)	A/A2 or higher	0.080%

For purposes of the foregoing, (i) the Facility Fee on the Closing Date is 0.125% and thereafter the Facility Fee shall be adjusted on each Calculation Date based on the most recent Compliance Certificate and upon the date of receipt of each Notice of Delivery based on such Notice of Delivery, (ii) if the Lessee fails to provide the Compliance Certificate on or before the most

recently occurring Calculation Date, the Facility Fee from such Calculation Date shall be 0.250% until such time that an appropriate Compliance Certificate is provided whereupon the Facility Fee shall be determined based on the information provided in such Compliance Certificate, (iii) if the applicable Debt Rating and Consolidated Funded Debt/Cash Flow Ratio would provide for a different Facility Fee the lower of the two Facility Fees shall apply, (iv) if the Debt Rating established by Moody's and S & P shall fall within different categories, the Facility Fee shall be determined by reference to the superior (or numerically lowest) category, (v) if the Debt Rating is changed by either Moody's or S&P, such change shall be deemed to be effective (for purposes of determining the Facility Fee) as of the Calculation Date next following the date of such change, and (vi) the Facility Fee applicable from time to time shall be effective from one Calculation Date or the date of receipt of a Notice of Delivery, as the case may be, to the next Calculation Date or the date of receipt of a Notice of Delivery, as the case may be. The Facility Fee shall be payable to the Agent, for distribution to each Bank Lender, based on a fraction, the numerator of which is equal to the Bank Lender's Lender Class Commitment and the denominator of which is equal to the aggregate Lender Class Commitments of all of the Bank Lenders.

"Fair Market Sales Value" shall have the meaning specified in Section 15.5 of the Lease.

"Federal Funds Effective Rate" shall mean, for any period, a fluctuating interest rate per annum (rounded upwards, if necessary to the nearest 1/100 of 1%) equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Letter" shall mean the letter agreement dated as of the Closing Date executed by the Initial Lender and acknowledged and agreed to by the Owner Trustee and the Lessee.

"Fees" shall mean, collectively, the Program Fee, the Dealer Fee, the Facility Fee and the Administrative Fee.

"Filing Materials" shall have the meaning specified in Section 3.3(n) of the Participation Agreement.

"Final Renewal Term Expiration Date" shall mean the date specified therefor in each applicable Lease Supplement.

"First Security" shall mean First Security Bank, National Association, a national banking association.

"Funded Indebtedness" shall have the meaning specified in the Credit Agreement.

"Funding Party" shall mean any Participant, the Liquidity Provider and each Bank Lender.

"GAAP" shall mean the generally accepted accounting principles set forth in opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, in each case as the same are applicable to the circumstances as of the date of determination.

"Governmental Authority" shall mean any nation or government, any state, province, city, municipality or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory, administrative or other such functions of or pertaining to government.

"Hazardous Materials" shall mean any of the following: (i) any petroleum or petroleum product, explosives, radioactive materials, asbestos, formaldehyde, polychlorinated biphenyls, lead and radon gas; (ii) any substance, material, product, derivative, compound or mixture, mineral, chemical, waste, gas, medical waste, or pollutant, in each case whether naturally occurring, man-made or the by-product of any process, that is toxic, harmful or hazardous to the environment or human health or safety as determined in accordance with any Environmental Law; or (iii) any substance, material, product, derivative, compound or mixture, mineral, chemical, waste, gas, medical waste or pollutant that would support the assertion of any claim under any Environmental Law, whether or not defined as hazardous as such under any Environmental Law. The foregoing definition shall apply only to regulated quantities of the above referenced materials and shall not apply to consumer products or materials which normally and customarily are used by the Lessee or are in the possession of the Lessee in the ordinary course of its business, including in the operation of the Equipment.

"Holder Advance" shall mean any advance made by any Holder to the Owner Trustee pursuant to the terms of the Trust Agreement and the Participation Agreement.

"Holder Agreements" shall mean the Operative Agreements to which any Holder is or will be a party.

"Holder Class Commitment" shall mean in the aggregate the Holder Class A Commitment, the Holder Class B Commitment and the Holder Class C Commitment and individually shall refer to any of the foregoing, as applicable.

"Holder Class A Commitment" shall mean, respecting each Holder, its respective Class A Commitment Amount referenced in Annex 1 to the Trust Agreement.

"Holder Class B Commitment" shall mean, respecting each Holder, its respective Class B Commitment Amount referenced in Annex 1 to the Trust Agreement.

"Holder Class C Commitment" shall mean, respecting each Holder, its respective Class C Commitment Amount referenced in Annex 1 to the Trust Agreement.

"Holder Yield" shall mean, for each day during a Payment Period, (i) the LIBOR Rate, determined two Business Days prior to the first day of such Payment Period plus 0.900% or (ii) to the extent the Lessee (on behalf of the Owner Trustee) so elects, the CD Rate plus 0.900% or the Reference Rate plus 0.500%, unless and until in any case the Agent gives the Owner Trustee notice that the LIBOR Rate or the CD Rate, as the case may be, cannot be determined or is unlawful or that any Holder is unable to obtain matching deposits in the London interbank market respecting any LIBOR Holder Advance or otherwise match funds with respect to any CD Holder Advance, in which case, upon such notice, the Holder Yield for all subsequent Payment Periods commencing with the Yield Payment Date next following such notice, until the Payment Period commencing immediately following the date which the LIBOR Rate or the CD Rate, as the case may be, can be determined, is lawful and is capable of being match funded by the Holders, shall be the Reference Rate plus 0.500%.

"Holders" shall mean NBLC and SunTrust Bank, Atlanta.

"IBJ" shall mean The Industrial Bank of Japan, Limited, Atlanta Agency.

"Incorporated Covenants" shall have the meaning specified in Section 5.2 of the Participation Agreement.

"Incorporated Representations" shall have the meaning specified in Section 5.2 of the Participation Agreement.

"Indebtedness" shall have the meaning specified in the Credit Agreement.

"Indemnified Person" shall mean the Owner Trustee (in its individual capacity and as trustee), each Holder, each Lender, each Bank Lender, the Liquidity Provider, the Liquidity Facility Participants, the Agent, and each of their respective Affiliates, officers, directors, stockholders, successors, assigns, agents and servants.

"Initial Lender" shall mean EFC.

"Interest Component" shall mean, (i) with respect to any Commercial Paper issued on an interest bearing basis, the interest payable on such Commercial Paper at its maturity and (ii) with respect to any Commercial Paper issued on a discount basis, the portion of the face amount of such Commercial Paper representing the discount incurred in respect thereof.

"Interest Payment Date" shall mean (i) as to any Loan bearing interest at the CP Rate, each day the Commercial Paper matures, (ii) as to any LIBOR Loan, the last day of the Interest Period or other period of time at which the Loan is to bear interest at the LIBOR Rate applicable to such LIBOR Loan; provided, if such Interest Period or other period of time is longer than three months, interest shall also be payable on the last Business Day of the third month of such Interest Period or other period of time, (iii) as to any ABR Loan, April 15, 1998, July 15, 1998, October 15, 1998, the Interim Term Expiration Date and each Scheduled Payment Date and (iv) as to all Loans,

the date of any voluntary or involuntary payment, prepayment, return or redemption, and the Maturity Date or the Expiration Date, as the case may be.

"Interest Period" shall mean (i) as to any Loan bearing interest at the CP Rate, the period, which may not exceed 95 days, beginning on the first day of such Loan and ending on the last day of such Loan (as selected by the Lessee on behalf of the Owner Trustee but subject in all cases to Section 2.3(d) of the Participation Agreement), (ii) as to any LIBOR Loan, the period beginning on the date of such LIBOR Loan and ending one, two, three or six months thereafter (as selected by the Lessee on behalf of the Owner Trustee), (iii) as to any ABR Loan based on the Reference Rate, the period beginning on the date of such ABR Loan and ending on the maturity date of such ABR Loan (as selected by the Lessee on behalf of the Owner Trustee) and (iv) as to any ABR Loan based on the CD Rate, the period beginning on the date of such ABR Loan and ending on the maturity date of such CD Loan (as selected by the Lessee on behalf of the Owner Trustee); provided, however, that all of the foregoing provisions relating to Interest Periods are subject to the following: (x) if any Interest Period would end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day (except, regarding any LIBOR Loan, that where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day), (y) no Interest Period shall extend beyond the Maturity Date or the Expiration Date, as the case may be, and (z) where an Interest Period for a LIBOR Loan begins on a day for which there is no numerically corresponding day in the calendar month in which the Interest Period is to end, such Interest Period shall end on the last Business Day of such calendar month.

"Interim Term" shall have the meaning specified in Section 3.1 of the Lease.

"Interim Term Commencement Date" shall mean the date set forth in the applicable Lease Supplement as the Interim Term Commencement Date.

"Interim Term Expiration Date" shall mean January 15, 1999.

"Late Rate" shall mean (i) with respect to the portion of any payment of Rent that would be required to be distributed to any holder of a Note pursuant to the terms of the Operative Agreements, the lesser of 2% over the Debt Rate and the maximum interest rate from time to time permitted by Law, and (ii) with respect to the portion of any payment of Rent that would be required to be distributed to the Owner Trustee in its individual or trust capacity or any Holder, the lesser of 2% over the Holder Yield and the maximum interest rate from time to time permitted by Law.

"Law" shall mean any statute, law, ordinance, regulation, rule, directive, code, order, writ, license, permit, injunction or decree of any Tribunal.

"Lease" shall mean the Master Equipment Lease Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of the Closing Date between the Lessor and the Lessee.

"Lease Default" shall mean an event which with notice or lapse of time or both would become a Lease Event of Default.

"Lease Event of Default" shall mean an Event of Default as specified in Section 14 of the Lease.

"Lease Supplement" shall mean each Lease Supplement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of the applicable Acceptance Date or the date that any Replacement Unit is subjected to the Lease in each case between the Lessor and the Lessee, substantially in the form of Exhibit A to the Lease, covering the Units delivered on such Acceptance Date or such Replacement Unit, as the case may be.

"Lender" shall mean the Initial Lender and to the extent any Bank Lender becomes a holder of a Note, each such Bank Lender.

"Lender Agreements" shall mean the Operative Agreements to which the Lenders are or will be a party.

"Lender Class Commitment" shall mean in the aggregate the Lender Class A Commitment, the Lender Class B Commitment and the Lender Class C Commitment and individually shall refer to any of the foregoing, as applicable.

"Lender Class A Commitment" shall mean respecting each Lender, its respective Class A Commitment Amount referenced in Annex 1 to the Loan Agreement.

"Lender Class B Commitment" shall mean respecting each Lender, its respective Class B Commitment Amount referenced in Annex 1 to the Loan Agreement.

"Lender Class C Commitment" shall mean respecting each Lender, its respective Class C Commitment Amount referenced in Annex 1 to the Loan Agreement.

"Lender Participant" shall mean and include each registered holder from time to time of any Note issued under the Loan Agreement, including, so long as it holds any Note issued thereunder and, to the extent the Liquidity Providers fund amounts under either Liquidity Facility, the Liquidity Providers.

"Lessee" shall mean Coca-Cola Bottling Co. Consolidated, a Delaware corporation.

"Lessee Agreements" shall mean the Operative Agreements to which the Lessee is or will be a party.

"Lessor" shall mean First Security, not in its individual capacity except as expressly provided in the Operating Agreements, but solely as Owner Trustee under Coca-Cola Trust No. 97-1.

"Lessor Basic Rent" shall mean, (i) with respect to any Scheduled Payment Date, the Holder Advances scheduled to be repaid on such Scheduled Payment Date in accordance with Annex 2(a), Annex 2(b) or Annex 2(c), as the case may be, of the Trust Agreement plus (ii) with

respect to any Payment Date, the amount of yield due on the outstanding Holder Advance on any Payment Date pursuant to the Trust Agreement and/or any of the Certificates (but not including interest on any overdue amounts).

"Lessor's Liens" shall mean any Lien affecting, on or in respect of the Equipment, the Lease or the Trust Estate arising as a result of (i) claims against the Lessor (in its individual capacity or as Owner Trustee) or any Holder, not related to the transactions contemplated by the Operative Agreements, (ii) acts or omissions of the Lessor (in its individual capacity or as Owner Trustee) or any Holder, not permitted under the Operative Agreements and in breach of any covenant or agreement of such Person set forth in any of the Operative Agreements, (iii) Taxes imposed against the Lessor (in its individual capacity or as Owner Trustee) or any Holder or the Trust Estate which are not indemnified against by the Lessee pursuant to the Participation Agreement, except to the extent not due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings so long as there is no material risk of the collection of, or other realization upon, the Lien of the Taxes so contested or the impairment of the Lien of the Loan Agreement or the loss of the benefit of the Equipment to the Lessee under the Lease or (iv) claims against the Lessor or any Holder arising out of the transfer (whether voluntary or involuntary) by the Lessor or any Holder (without the consent of the Lessee, the Lenders and the Agent) of all or any portion of their respective interests in the Equipment, the Trust Estate or the Operative Agreements, other than a transfer pursuant to Sections 10, 11, 12, 15 or 22 of the Lease.

"LIBOR Holder Advance" shall mean each Holder Advance, at such times as such Holder Advance bears yield at the LIBOR Rate plus 0.900%.

"LIBOR Loan" shall mean (i) each Loan, at such times as such Loan bears interest at the LIBOR Rate plus the Applicable Margin, (ii) the Liquidity Provider's participation in each Loan (at such times as such Loan bears interest at the LIBOR Rate plus the Applicable Margin) while the Liquidity Provider has funded amounts outstanding pursuant to the Liquidity Facility with respect to such Loan and (iii) the amounts extended by a Bank Lender (at such times as such amounts bear interest at the LIBOR Rate plus the Applicable Margin) to fund the CP Purchase Price pursuant to Section 8.2(a) of the Participation Agreement.

"LIBOR Rate" shall mean for any Interest Period, Payment Period or other period of time at which amounts are to bear interest at the LIBOR Rate, as the case may be, for each LIBOR Loan or LIBOR Holder Advance comprising part of the same borrowing or advance (including without limitation conversions, extensions and renewals) the sum of (i) the rate obtained by dividing (a) the rate at which deposits in dollars are offered to the Agent in the London Interbank market at approximately 11:00 a.m. (London time) two Business Days before the first day of such Interest Period, Payment Period or other period of time at which amounts are to bear interest at the LIBOR Rate, as the case may be, in an amount approximately equal to the requested LIBOR Loan or LIBOR Holder Advance, as the case may be, for a period of time approximately equal to applicable Interest Period, Payment Period or other period of time at which amounts are to bear interest at the LIBOR Rate, as the case may be, by (b) a percentage equal to 100% minus the reserve percentage used for determining the maximum reserve requirement as specified in Regulation D (including without limitation any marginal, emergency,

supplemental, special or other reserves) that is applicable to the Agent during such Interest Period, Payment Period or other period of time at which amounts are to bear interest at the LIBOR Rate, as the case may be, in respect of such LIBOR Loan or LIBOR Holder Advance (or if more than one percentage shall be so applicable, the daily average of such percentage for those days in such Interest Period, Payment Period or other period of time at which amounts are to bear interest at the LIBOR Rate, as the case may be, during which any such percentage shall be applicable), plus (ii) the then daily net annual assessment rate (rounded upwards if necessary to the nearest 1/100 of 1%) as estimated by the Agent for determining the current annual assessment payable by the Agent to the Federal Deposit Insurance Corporation in respect of eurocurrency or eurodollar funding, lending or liabilities.

"Lien" shall mean any mortgage, deed of trust, pledge, lien, security interest, charge or other encumbrance or security arrangement of any nature whatsoever or disposition of title, including but not limited to any conditional sale or title retention arrangement, any assignment, deposit arrangement or lease intended as, or having the effect of, security.

"Liquidity Documents" shall mean the Liquidity Facility and the Liquidity Participation Agreement.

"Liquidity Facility" shall mean the agreement between the Initial Lender and the Liquidity Provider evidencing the obligation of the Liquidity Provider to provide liquidity support to the Initial Lender in connection with the issuance of Commercial Paper by the Initial Lender.

"Liquidity Facility Participant" shall mean each Person acquiring from the Liquidity Provider a participation interest in the Liquidity Facility pursuant to the Liquidity Participation Agreement.

"Liquidity Participation Agreement" shall mean the Liquidity Participation Agreement dated as of the effective date thereof between the Liquidity Provider and each Bank Lender (other than NationsBank).

"Liquidity Provider" shall mean NationsBank and any Person that provides liquidity support in favor of the Lenders with respect to the Overall Transaction.

"Loan" shall mean each loan extended pursuant to the Loan Agreement.

"Loan Agreement" shall mean the Loan and Security Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of the Closing Date among the Owner Trustee, the Initial Lender and the Agent.

"Loan Agreement Default" shall mean an event which with notice or the lapse of time or both would become a Loan Agreement Event of Default.

"Loan Agreement Event of Default" shall have the meaning specified in Section 4.1 of the Loan Agreement.

"Loan Agreement Investment" shall mean any obligation issued or guaranteed by the United States or any of its agencies for the payment of which the full faith and credit of the United States is pledged.

"Loan Basic Rent" shall mean, (i) with respect to any Scheduled Payment Date, the amount of each Loan scheduled to be repaid on such Scheduled Payment Date in accordance with Annex 2(a), Annex 2(b) or Annex 2(c), as the case may be, of the Loan Agreement plus (ii) with respect to any Payment Date, the amount of interest due on the outstanding Loan on any Payment Date pursuant to the Loan Agreement and/or any of the Notes (but not including interest on any overdue amounts).

"LP Rate" shall mean, for each day during an Interest Period or other period of time at which amounts are to bear interest at the LP Rate, either (i) as selected by the Lessee (on behalf of the Owner Trustee), the LIBOR Rate plus the Applicable Margin, the CD Rate plus the Applicable Margin, in each case in effect two Business Days prior to the first day of such Interest Period or other period of time at which amounts are to bear interest at the LP Rate or the Reference Rate, or (ii) if the Agent gives the Owner Trustee and the Lessee notice that the LIBOR Rate or the CD Rate, as the case may be, cannot be determined or is unlawful or that any Lender is unable to obtain matching deposits in the London Interbank market respecting any LIBOR Loan or to match funds with respect to any CD Loan, the Reference Rate for all Interest Periods and other periods of time at which amounts are to bear interest at the LP Rate commencing after the date of such notice and thereafter until the Interest Period or the other period of time at which amounts are to bear interest at the LP Rate commencing immediately following the date on which the LIBOR Rate or the Reference Rate, as the case may be, can be determined, is lawful and as to which each Lender is able to match fund.

"Majority Holders" shall have the meaning provided to such term in the Trust Agreement.

"Majority In Interest" shall mean, subject to Section 10.14 of the Participation Agreement, as of a particular date of determination, with respect to any action or decision of the holders of the Notes, the holders of more than 51% in aggregate principal unpaid amount of the Notes, if any, then outstanding.

"Majority In Interest of Bank Lenders" shall mean as of a particular date of determination, with respect to any action or decision of the Bank Lenders, the Bank Lenders holding or having an obligation to purchase or assume more than 51% of the right, title and interest in and to and obligations under the Notes from the Initial Lender pursuant to the terms of Section 8 of the Participation Agreement.

"Margin Stock" shall have the meaning assigned to such term in Regulation U or Regulation G of the Board of Governors of the Federal Reserve System as in effect from time to time.

"Material Adverse Effect" shall mean a material adverse effect on (i) the business, condition (financial or otherwise), assets, liabilities or operations of the Lessee and its Subsidiaries taken as a

whole, (ii) the ability of the Lessee or any of its Subsidiaries to perform its respective obligations under any Operative Agreement to which it is a party, (iii) the validity or enforceability of any Operative Agreement or the rights and remedies of the Owner Trustee, the Holders, the Lenders, the Bank Lenders and the Agent thereunder, (iv) the validity, priority or enforceability of any Lien on or other rights of the Lessor or the Agent in the Equipment, taken as a whole, created by any of the Operative Agreements or (v) the value, utility or useful life of the Equipment or the use, or ability of the Lessee to use, the Equipment, taken as a whole, for the purpose for which it was intended.

"Maturity Date" shall mean (i) initially, January 15, 2001 with respect to all Notes and (ii) thereafter, if the Lessee properly elects a Renewal Term for a particular Class of Equipment as provided in Section 22.3 of the Lease, the Maturity Date for the corresponding Class of Notes shall be automatically extended to the last day of such Renewal Term; provided, however, the Maturity Date for the Class C Notes shall not be extended beyond January 15, 2004, unless the Bank Lenders have extended the Bank Commitment Expiration Date for a period at least as long as the extension period for the Class C Notes.

"Maximum Lessee Risk Amount" shall mean for the Equipment described in each Lease Supplement an amount equal to the percentage set forth in Schedule 2 to such Lease Supplement under the heading "Maximum Lessee Risk Percentage" multiplied by the Equipment Cost for such Equipment described in such Lease Supplement, which Maximum Lessee Risk Amount in all cases shall be an amount not less than the then outstanding principal balance owed with respect to the Notes under which a portion of the purchase price of the applicable Equipment was advanced.

"Maximum Lessor Risk Amount" shall mean for the Equipment described in each Lease Supplement an amount equal to the percentage set forth in Schedule 3 to such Lease Supplement under the heading "Maximum Lessor Risk Percentage" multiplied by the Equipment Cost for such Equipment described in such Lease Supplement.

"Maximum Note Commitment Amount" shall have the meaning specified in Section 8.2(a) of the Participation Agreement.

"Moody's" shall mean Moody's Investor Service, Inc.

"Multiemployer Plan" shall mean any employee benefit plan which is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA and to which the Lessee or any Controlled Group Member has or had an obligation to contribute.

"NationsBank" shall mean NationsBank, N.A., a national banking association.

"NBLC" shall mean NationsBanc Leasing Corporation, a North Carolina corporation.

"Net Investment" shall mean, for the purposes of the Liquidity Facility and the Operative Agreements, as of any date of determination, the outstanding principal amount of the Notes.

"Net Receivables Balance" shall mean, for purposes of the Liquidity Facility and the Operative Agreements, as of any date of determination, the aggregate Eligible Receivables.

"New Bank Lender" shall have the meaning specified in Section 8.3(d) of the Participation Agreement.

"New Bank Lender Rating Requirement" shall have the meaning specified in Section 8.3(d) of the Participation Agreement.

"Non-Excluded Taxes" shall have the meaning specified in Section 9.2(a) of the Participation Agreement.

"Non-Renewing Bank Lender" shall have the meaning specified in Section 8.3(d) of the Participation Agreement.

"Notes" shall mean, collectively, each Class A Note, Class B Note and Class C Note.

"Notice of Delivery" shall have the meaning specified in Section 2.3(b) of the Participation Agreement.

"Notice of Delivery Elections" shall have the meaning specified in Section 2.3(d) of the Participation Agreement.

"Odd Lot Amount" shall have the meaning specified in Section 2.2 of the Loan Agreement.

"Officer's Certificate" shall mean a certificate signed (i) in the case of a corporation, by the Chairman of the Board of Directors, President, any Vice President, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of such corporation, (ii) in the case of a partnership, by the Chairman of the Board of Directors, the President or any Vice President, the Treasurer or an Assistant Treasurer of a corporate general partner, and (iii) in the case of a commercial bank or trust company, the Chairman or Vice Chairman of the Executive Committee or the Treasurer, any Trust Officer, any Vice President, any Executive or Senior or Second or Assistant Vice President, or any other officer or assistant officer customarily performing functions similar to those performed by the Persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Operative Agreements" shall mean each Notice of Delivery, each Certificate of Acceptance, each Certificate of Title, the Participation Agreement, the Trust Agreement, the Certificates, the Loan Agreement, the Notes, the Collateral Agency Agreement, each Liquidity Participation Agreement, each Assignment Agreement, the Lease, each Lease Supplement, each Purchase Agreement Assignment, each Purchase Agreement and the Fee Letter.

"Optional Modification" shall have the meaning specified in Section 9.2 of the Lease.

"Other CCB Participation Agreement" shall mean the Participation Agreement (Coca-Cola Trust No. 97-1) dated as of April 10, 1997 among the Lessee, the Holders, the Owner Trustee, the Initial Lender, the Bank Lenders and the Agent.

"Other CCB Transaction Documents" shall mean the "Operative Agreements" as such term is defined in Appendix A to the Other CCB Participation Agreement.

"Overall Transaction" shall mean the financing and lease transactions contemplated by the Operative Agreements, including without limitation the acquisition by the Owner Trustee of the Equipment in connection therewith.

"Owner Trust" or "Trust" or "Coca-Cola Trust No. 97-1" shall mean the trust created by the Trust Agreement.

"Owner Trustee" shall mean First Security, not in its individual capacity, except as expressly provided in the Operative Agreements, but solely as Owner Trustee under Coca-Cola Trust No. 97-1.

"Owner Trustee Agreements" shall mean the Operative Agreements to which the Owner Trustee, either in its individual or trust capacity, is or will be a party.

"Parallel Purchase Commitment" shall mean the following: for the Interim Term $52,377,000 and for the Basic Term an amount equal to the product of the principal amount of the Notes multiplied by 102% (rounded upward to the nearest $1000).

"Participants" shall mean the Lenders and the Holders and with respect to Sections 9.1, 9.2 and 9.3 of the Participation Agreement, the Liquidity Provider and each Liquidity Facility Participant.

"Participation Agreement" shall mean the Participation Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of the Closing Date among the Lessee, the Holders, the Owner Trustee, the Initial Lender, the Bank Lenders and the Agent.

"Parts" shall mean all appliances, parts, components, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature which may from time to time be incorporated or installed in or attached to a Unit of Equipment or until replaced, if not so incorporated or installed, in accordance with the terms of Section 9.3 of the Lease.

"Payment Date" shall mean any Scheduled Payment Date, any Interest Payment Date and any Yield Payment Date.

"Payment Period" shall mean (i) as to any LIBOR Holder Advance, the period beginning on the date of such LIBOR Holder Advance and ending one, two, three or six months thereafter (as selected by the Lessee on behalf of the Owner Trustee), (ii) as to any ABR Holder Advance based on the Reference Rate, the period beginning on the date of such ABR Holder Advance and ending on the maturity date of such ABR Holder Advance (as selected by the Lessee on behalf of

the Owner Trustee) and (iii) as to any ABR Holder Advance based on the CD Rate, the period beginning on the date of such ABR Holder Advance and ending on the maturity date of such ABR Holder Advance (as selected by the Lessee on behalf of the Owner Trustee); provided, however, that all of the foregoing provisions relating to Payment Periods are subject to the following: (x) if any Payment Period would end on a day which is not a Business Day, such Payment Period shall be extended to the next succeeding Business Day (except, regarding any LIBOR Holder Advance, that where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day), (y) no Payment Period shall extend beyond the Maturity Date or the Expiration Date, as the case may be, and (z) where a Payment Period for a LIBOR Holder Advance begins on a day for which there is no numerically corresponding day in the calendar month in which the Payment Period is to end, such Payment Period shall end on the last Business Day of such calendar month.

"PBGC" shall mean the Pension Benefit Guaranty Corporation (or any successor thereto.)

"Pension Plan" shall mean any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to Section 412 of the Internal Revenue Code or Section 302 of ERISA.

"Permitted Contest" shall mean any contest by the Lessee with respect to any Permitted Lien or any Taxes incurred with respect to which the Lessee has provided the Owner Trustee, the Holders, the Lenders and the Agent a legal opinion from outside counsel to the Lessee (in form and substance reasonably satisfactory to the Owner Trustee and the Agent) stating in substance that there is substantial authority for such position, and so long as the Lessee shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of its liability therefor, by appropriate proceedings which shall have no material likelihood of resulting in (i) the collection of, or other realization upon, the Lien or the Taxes so contested, (ii) the sale, forfeiture or loss of the Equipment, or any part thereof, or Rent, or any portion thereof, (iii) any interference with the use of the Equipment, taken as a whole, or (iv) any interference with the payment of the Rent, or any portion thereof.

"Permitted Investments" shall mean (i) direct obligations of the United States of America and agencies thereof for which the full faith and credit of the United States is pledged, (ii) obligations fully guaranteed by the United States of America, (iii) certificates of deposit issued by, or bankers acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the Laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least $500,000,000 (including without limitation any Lender and the Owner Trustee if such conditions are met) and having a rating assigned to the long-term unsecured debt of such institutions by S&P and Moody's at least equal to AA and Aa2, respectively, (iv) commercial paper of companies, banks, trust companies or national banking associations incorporated or doing business under the Laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by S&P or Moody's (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization, and (v) a money market fund registered under the Investment Company Act of 1940, as amended, the portfolio of which is limited to the investments described in clauses (i)

through (iv) above; provided that if all of the above investments are unavailable, the entire amount to be invested may be used to purchase federal funds from an entity described in (iii) above; and; provided, further, that no investment shall be eligible as a "Permitted Investment" unless the final maturity or date of return of such investment is 90 days or less from the date of purchase thereof.

"Permitted Liens" shall mean, with respect to the Equipment: (i) the interests of the Lessee and the Owner Trustee under the Lease and the Lease Supplement, (ii) the interests of the Lessee and any sublessee as provided in any sublease permitted pursuant to Section 21 of the Lease, (iii) any Liens thereon for Taxes not due and payable or the amount or validity of which is being contested pursuant to a Permitted Contest so long as there exists no material risk of sale, forfeiture, loss or loss of, or interference with use or possession of, any Unit or impairment of the interests of the Owner Trustee therein, criminal sanctions arising therefrom or interference with the payment of Rent and appropriate reserves with respect thereto are maintained in accordance with GAAP, (iv) any Liens of mechanics, suppliers, materialmen, laborers, employees, repairmen and other like Liens arising in the ordinary course of the Lessee's (or if a sublease is then in effect, any sublessee's) business securing obligations which are not due and payable or the amount or validity of which is being contested in good faith at the expense of the Lessee so long as there exists no material risk of sale, forfeiture, loss, or loss of or interference with use or possession of any Unit or impairment of the interests of the Owner Trustee therein or the Lien of the Agent therein, any criminal sanctions arising therefrom or any interference with the payment of Rent, (v) the Lien granted to the Agent under and pursuant to the Loan Agreement, if any, and the respective rights of the Lenders, the Holders and the Owner Trustee under the Operative Agreements, (vi) Liens arising out of any judgment or award against the Lessee (or any sublessee permitted pursuant to Section 21 of the Lease) with respect to which an appeal or proceeding for review being prosecuted in good faith and for the payment of which adequate reserves have been provided as required by GAAP or other appropriate provisions have been made and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review and there exists no material risk of sale, forfeiture, loss, or loss of or interference with the use or possession of any Unit or any interest therein or impairment of the interests of the Owner Trustee therein or the Lien of the Agent therein, any criminal sanctions arising therefrom or any interference with the payment of Rent, (vii) salvage rights of insurers under insurance policies maintained pursuant to Section 12 of each Lease and (viii) other Liens bonded to the reasonable satisfaction of the Holders and the Lenders.

"Permitted Subleases" shall have the meaning specified in Section 21 of the Lease.

"Person" shall mean an individual, partnership, corporation, trust, limited liability company, association or unincorporated organization or any Governmental Authority.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) to which Section 4021 of ERISA applies and (i) which is maintained for employees of the Lessee or any Controlled Group Member or (ii) to which the Lessee or any Controlled Group Member made, or was required to make, contributions at any time within the preceding five years.

"Prime Rate" shall mean the per annum rate of interest announced from time to time by NationsBank as its prime rate. The Prime Rate does not necessarily represent the lowest or best rate actually charged to any customer. Any Lender may make commercial loans or other loans at rates of interest at, above or below the Prime Rate. The Prime Rate shall change automatically and without notice from time to time and when the prime rate of NationsBank changes.

"Proceeds of Sale" shall mean the amount received by the Lessor from any Third Party Purchaser of any Unit pursuant to a sale of such Unit to such Third Party Purchaser in accordance with Sections 10 or 22 of the Lease.

"Program Fee" shall mean the program fee payable in accordance with the terms and conditions of the Fee Letter.

"Purchase Agreement" shall mean any agreement between any Seller and the Lessee, or any Affiliate of the Lessee, respecting any of the Equipment.

"Purchase Agreement Assignment" shall mean each Purchase Agreement Assignment (1998 Transaction) (Coca-Cola Trust No. 97-1), dated as of the applicable Acceptance Date, among the Lessee, the Lessor and the applicable Seller.

"Recourse Amount" shall have the meaning specified in Section 4.6 of the Loan Agreement.

"Reference Rate" shall mean, for any day, a fluctuating rate per annum equal to the greater of (i) the Prime Rate in effect on such day, or (ii) the Federal Funds Effective Rate in effect on such day plus 0.500%. Any change in the Reference Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Reference Rate Holder Advance" shall mean each Holder Advance at such time as such Holder Advance bears yield at the Reference Rate plus 0.500%.

"Reference Rate Loan" shall mean (i) each Loan, at such times as such Loan bears interest at the Reference Rate, (ii) the Liquidity Provider's participation in each Loan (at such times as such Loan bears interest at the Reference Rate) while the Liquidity Provider has funded amounts outstanding pursuant to the Liquidity Facility with respect to such Loan and (iii) the amounts extended by a Bank Lender (at such times as such amounts bear interest at the Reference Rate) to fund the CP Purchase Price pursuant to Section 8.2(a) of the Participation Agreement.

"Renewal Term" shall mean, with respect to any Unit, any term in respect of which the Lessee shall have exercised its option to renew the Lease for such Unit pursuant to Section 22.3 thereof.

"Renewing Lender" shall have the meaning specified in Section 8.3(d) of the Participation Agreement.

"Rent" shall mean, for any Unit, all Basic Rent and Supplemental Rent therefor.

"Replacement Lenders" shall have the meaning specified in Section 8.3(d) of the Participation Agreement.

"Replacement Unit" shall mean a Unit of Equipment which shall have been leased under the Lease pursuant to Section 11 thereof.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the notice requirement has been waived by regulation.

"Requirement of Law" shall mean, as to any Person, the certificate or articles of incorporation (or association) and by-laws or other organizational or governing documents of such Person, and any Law or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Required Modification" shall have the meaning specified in Section 9.1 of the Lease.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Agreement, the Chairman of the Board of Directors, Chief Executive Officer, Chief Financial Officer, President, any Vice President, Treasurer, Assistant Treasurer or other officer, who in the normal performance of his operational responsibility would have knowledge of such matters and the requirements with respect thereto; provided, however, that with respect to the Owner Trustee, such terms shall mean any officer of the Owner Trustee in its corporate Trust Administration who has responsibility for administering the Trust Agreement.

"S&P" shall mean Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc.

"Sales Expenses" shall mean (i) all property, excise, sales, transfer and use taxes and other taxes (as such may be applicable to the sale or transfer of the Equipment), (ii) all reasonable fees, costs and expenses of such sale or transfer of the Equipment (including without limitation reasonable fees, costs and expenses of attorneys or those associated with transportation, storage, security or insurance) incurred by the Lessor and (iii) any and all other amounts incurred in connection with such sale or transfer of the Equipment for which the Lessor would be liable (if not paid) or which (if not paid) would constitute a Lien on the Equipment or any Unit.

"Scheduled Acceptance Date" shall have the meaning specified in Section 2.6(b) of the Participation Agreement.

"Scheduled Payment Date" shall mean any date set forth on Annexes 2(a), 2(b) and 2(c) of the Loan Agreement and Annexes 2(a), 2(b) and 2(c) of the Trust Agreement for a scheduled payment of Loans and Holder Advances.

"Securities Act" shall mean the Securities Act of 1933 and the Securities Act of 1934.

"Security" shall have the same meaning specified in Section 2(1) of the Securities Act.

"Security Documents" shall mean, collectively, the Loan Agreement, the Lease and each Lease Supplement (to the extent the Lease is construed as a security instrument) and all other security documents hereafter delivered to the Agent granting a Lien on any asset or assets of any Person to secure the obligations and liabilities of the Lessor under the Loan Agreement and/or under any of the other Operative Agreements or to secure any guarantee of any such obligations and liabilities.

"Segregated Excepted Property" shall mean Excepted Property referenced in clauses (i), (iii), (iv) (to the extent relating to proceeds of any liability insurance policies), (v) and (viii) of the definition of "Excepted Property", proceeds thereof and the right to institute an action at Law or in equity for each of the foregoing, all of which shall be payable to the appropriate Persons (i) in accordance with written instructions furnished to the Lessee by such Persons, (ii) as otherwise provided in any of the Operative Agreements or (iii) as required by Law.

"Seller" shall mean each seller conveying good and marketable legal title in favor of the Lessor with respect to any Equipment or any vendor of any Equipment identified by the Lessee as a party to whom payment is owed with respect to such Equipment.

"Severable Modification" shall have the meaning specified in Section 9.2 of the Lease.

"Stipulated Loss Value" shall mean for any Unit as of any date of determination the amount determined by multiplying the Equipment Cost for such Unit by the relevant percentage set forth in Schedule 4 to each applicable Lease Supplement. There shall be one such percentage specification for the Interim Term, and a table of percentages specified for all subsequent periods. Stipulated Loss Value as of any date of determination (a) shall not include any Basic Rent payable on such date and (b) in all cases shall be an amount not less than the outstanding principal balance owed with respect to the applicable Notes and the unpaid Holder Advances owed with respect to the applicable Certificates, in each case evidencing amounts funded with respect to the purchase of the particular Equipment.

"Storage Period" for any Unit of Equipment shall have the meaning specified in Section 6.3 of the Lease.

"Subsidiary" shall mean, with respect to any Person, (i) any corporation of which a majority (by number of shares or number of votes) of any class of outstanding capital stock normally entitled to vote for the election of one or more directors (regardless of any contingency which may suspend or dilute the voting rights of such class) is owned directly or indirectly by such Person or one or more Subsidiaries and (ii) any limited liability company of which the members consist solely of the Person or Subsidiaries.

"SunTrust Bank, Atlanta" shall mean SunTrust Bank, Atlanta, a Georgia banking corporation.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Basic Rent) which the Lessee is obligated to pay under the Operative Agreements to or on behalf of any of the other parties thereto, including without limitation Stipulated Loss Value and amounts payable pursuant to Section 3.3 of the Lease and Section 2.5 of the Participation Agreement whether such amounts are stated as the obligations of the Lessee, the Owner Trustee or any other Person. There shall be no duplication between Basic Rent and Supplemental Rent.

"Taxes" shall have the meaning specified in Section 7.1(a) of the Participation Agreement.

"Term" shall mean the Interim Term, the Basic Term and all Renewal Terms, if any.

"Termination Date" shall have the meaning specified in Section 10.1 of the Lease.

"Termination Event" shall mean a Loan Agreement Default.

"Third Party Purchaser" shall mean a purchaser of any Unit which is financially capable of purchasing such Unit, is reasonably acceptable to the Lessor and is not an Affiliate or Subsidiary of the Lessee.

"Total Equipment Cost" shall mean the aggregate sum of the Equipment Cost for all Units.

"Tranche End Date" shall have the meaning specified in Section 8.2(a) of the Participation Agreement.

"Transaction Costs" shall have the meaning specified in Section 2.5(a) of the Participation Agreement.

"Transfer and Administration Agreement" shall mean, for purposes of the Liquidity Facility and the Operative Agreements, the Loan Agreement and the Participation Agreement, collectively.

"Transferee" shall have the meaning specified in Section 6.1(b) of the Participation Agreement.

"Transferor" shall have the meaning specified in Section 6.1(b) of the Participation Agreement.

"Tribunal" shall mean any state, commonwealth, federal, foreign, territorial or other court or government body, subdivision, agency, department, commission, board, bureau of instrumentality of any governmental body.

"Trust Agreement" shall mean the Amended and Restated Trust Agreement (Coca-Cola Trust No. 97-1) dated as of the Closing Date among the Holders and First Security.

"Trust Estate" shall have the meaning provided to the term "Trust Estate 98-1" in Section 1.01 of the Trust Agreement.

"Underlying CP Rate" shall have the meaning specified in Section 2.3(d)(ii) of the Participation Agreement.

"Unit" shall mean each unit or item of Equipment.

"United States" shall mean the United States of America.

"Yield Payment Date" shall mean (i) as to any LIBOR Holder Advance, the last day of the Payment Period or other period of time at which the Holder Advance is to bear yield at the LIBOR Rate applicable to such LIBOR Holder Advance; provided, if such Payment Period or other period of time is longer than three months, yield shall also be payable on the last Business Day of the third month of such Payment Period or other period of time, (ii) as to any ABR Holder Advance, April 15, 1998, July 15, 1998, October 15, 1998, the Interim Term Expiration Date and each Scheduled Payment Date and (iii) as to all Holder Advances, the date of any voluntary or involuntary payment, prepayment, return or redemption, and the Maturity Date or the Expiration Date, as the case may be.

LIST OF SUBSIDIARIES

INVESTMENT IN	STATE/DATE INCORPORATION	OWNED BY	PERCENT OWNERSHIP
Columbus Coca-Cola Bottling Company	Delaware 7/10/84	Consolidated	100%
Coca-Cola Bottling Co. of Roanoke, Inc.	Delaware 2/5/85	Consolidated	100%
Panama City Coca-Cola Bottling Company	Florida 10/5/31	Columbus CCBC, Inc.	100%
Case Advertising, Inc.	Delaware 2/18/88	Consolidated	100%
C C Beverage Packing, Inc.	Delaware 3/15/88	Consolidated	100%
Tennessee Soft Drink Production Company	Tennessee 12/22/88	Consolidated Volunteer, Inc.	100%
The Coca-Cola Bottling Company of West Virginia, Inc.	West Virginia 12/28/92	Consolidated	100%
Jackson Acquisitions, Inc.	Delaware 1/24/90	Consolidated	100%
CCBCC, Inc.	Delaware 12/20/93	Consolidated	100%
Coca-Cola Bottling Co. Affiliated, Inc.	Delaware 4/18/35	Consolidated	100%
Metrolina Bottling Company	Delaware 5/21/93	Consolidated	100%
COBC, Inc.	Delaware 11/23/93	Columbus Coca-Cola Bottling Company	100%
ECBC, Inc.	Delaware 11/23/93	Coca-Cola Bottling Co. Affiliated, Inc.	100%
MOBC, Inc.	Delaware 11/23/93	CC Beverage Packing, Inc.	100%
NABC, Inc.	Delaware 11/23/93	Consolidated Volunteer, Inc.	100%

LIST OF SUBSIDIARIES (CONT.)

INVESTMENT IN	STATE/DATE INCORPORATION	OWNED BY	PERCENT OWNERSHIP
PCBC, Inc.	Delaware 11/23/93	Panama City Coca-Cola Bottling Company	100%
ROBC, Inc.	Delaware 11/23/93	Coca-Cola Bottling Co. of Roanoke, Inc.	100%
WCBC, Inc.	Delaware 11/23/93	Coca-Cola Bottling Co. Affiliated, Inc.	100%
WVBC, Inc.	Delaware 11/23/93	The Coca-Cola Bottling Company of West Virginia, Inc.	100%
Coca-Cola Ventures, Inc.	Delaware 6/17/93	Coca-Cola Bottling Co. Affiliated, Inc.	100%
Whirl-i-Bird, Inc.	Tennessee 11/3/86	Consolidated	100%
Coca-Cola Bottling Company of North Carolina, LLC	North Carolina 12/18/95	Consolidated / Affiliated	100%
Category Management Consulting, LLC	North Carolina 6/29/95	Consolidated/Roanoke	100%
Chesapeake Treatment Company, LLC	North Carolina	Consolidated/Case Adv.	100%

	6/5/95		
Consolidated Volunteer, Inc.	Delaware 12/11/96	Consolidated	100%
Coca-Cola Bottling Company of Alabama, LLC	Delaware 12/17/96	CC Beverage/ Consolidated	100%
Coca-Cola Bottling Company of Mobile, LLC	Alabama 12/20/96	CCBC of Alabama, LLC / CC Beverage	100%
CCBC of Nashville, LP	Tennessee 12/20/96	CCBC of Tennessee, LLC / Consolidated Volunteer	100%
Coca-Cola Bottling Company of Tennessee, LLC	Tennessee 12/12/96	CCBC of Roanoke/ Consolidated	100%
Consolidated Leasing, LLC	North Carolina 1/14/97	Consolidated/CCBC of WV	100%

LIST OF SUBSIDIARIES (CONT.)

INVESTMENT IN	STATE/DATE INCORPORATION	OWNED BY	PERCENT OWNERSHIP
Thomasville Acquisitions, Inc.	Delaware 1/8/97	Consolidated	100%
Thomasville Coca-Cola Bottling Co.	North Carolina 6/3/32	Consolidated	100%
TOBC, Inc.	Delaware 3/24/97	Thomasville CCBC	100%

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-4325) and Registration Statement on Form S-3 (No. 33-54657) of Coca-Cola Bottling Co. Consolidated of our report dated February 16, 1998 appearing in this Form 10-K.

/s/ Price Waterhouse LLP
PRICE WATERHOUSE LLP

Charlotte, North Carolina
March 25, 1998

This schedule contains summary financial information extracted from the financial statements as of and for the year ended December 28, 1997 and is qualified in its entirety by release to such financial statements.

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YEAR
DEC-28-1997
DEC-30-1996
DEC-28-1997
4,427
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