2000 Annual Report

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

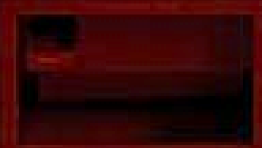
This annual report is printed on recycled paper.

Financial Summary

In Thousands (Except Per Share Data)	*Fiscal Year*		
	2000	1999	1998
Net sales	$ 995,134	$ 972,551	$ 928,502
Gross margin	464,893	429,438	393,583
Restructuring expense		2,232	
Income before income taxes	9,835	4,986	23,245
Net income	6,294	3,241	14,878
Average Common and Class B Common shares outstanding	8,733	8,588	8,365
Basic net income per share	$ .72	$ .38	$ 1.78
Basic net income plus amortization expense per share*	$ 2.02	$ 1.63	$ 3.01

****Includes CCBCC's share of Piedmont Coca-Cola Bottling Partnership's amortization expense. Amortization expense has been adjusted for income taxes at the Company's marginal tax rate. Certain prior year amounts have been reclassified to conform to current year classifications.***

Thirsty?



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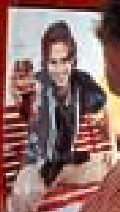
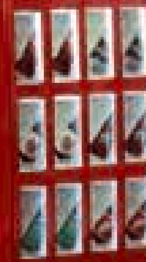
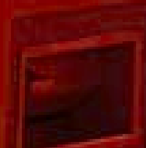


Letter To Shareholders

If we assessed last year's performance of Coca-Cola Bottling Co. Consolidated in sports terms, we might say 2000 was a rebuilding year. Typical of an athletic team's rebuilding year, we suffered some setbacks, made strategic adjustments, learned from our experiences, redefined our vision and put a new plan into effect.

We believe we have emerged from this year of rebuilding as a much stronger Company that is better positioned for the future.

To understand how your Company performed in 2000, it's important to consider the obstacles we encountered. First, we faced a challenging business environment and a slowing economy. Fuel costs escalated, and we experienced considerable price increases in packaging and other costs of goods — including an unprecedented increase in concentrate pricing.

Further, the Company endured a five-month labor strike in West Virginia which impacted sales and profitability during the second and third quarters.

Faced with these obstacles, the major objective in 2000 was to improve the financial health of the business. The key components in this strategy included increasing prices to improve margins, managing expenses and paying down debt to improve interest costs and coverage. We had an operationally focused plan to manage the price/volume equation and increase productivity in 2000 and beyond.

In 2000, we increased net selling prices by 6.5 percent, which had a short-term negative impact on volume. In spite of this one-year downturn, our volume performance on a multiyear basis is very strong and consistent with other major Coca-Cola bottlers. In fact, in the fourth quarter we saw sales rebounding with an increase in sales volume. We took steps to reduce spending following several years of significant incremental investments in both equipment and human resources.

We also set out to be more efficient and improve productivity. Your Company has begun to see the results of our investment in our value chain initiative that you will read about later in this report. In addition, the Company has taken steps to consolidate operations, including merging several sales centers and divesting a small part of our selling territories — areas in Kentucky and Ohio — which were a better

CCBCC IS CONSTANTLY INNOVATING THE WAY WE DO BUSINESS. THE HIGH-TECH NORAND UNIT IS ONE SUCH NOVEL TOOL. ROUTE SALESMEN ARE ABLE TO USE THE HAND-HELD DEVICE TO QUICKLY AND ACCURATELY MEASURE PRODUCT LEVELS AT VENDING MACHINES AND DETERMINE WHICH PRODUCTS NEED TO BE REPLENISHED.

Coca-Cola®

Letter To Shareholders

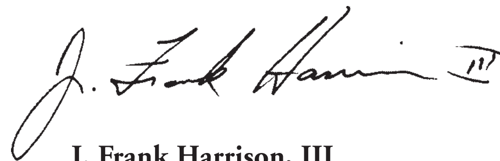
Chairman and Chief Executive Officer Frank Harrison, III and President and Chief Operating Officer Bill Elmore visit an exciting new CCBCC facility in Charlotte, N.C. The new sales center, adjacent to Snyder Production Center (SPC), places Charlotte's bulk, conventional and cold drink departments together under one roof.

geographic fit with another Coca-Cola bottler. This divestiture allowed the Company to reorganize its business in West Virginia to be more efficient.

Net income for 2000 was $6.3 million compared to $3.2 million in 1999, including the one-time gain from the sale of the Kentucky and Ohio territories. Operating cash flow grew to $142 million, up about 5 percent. Free cash flow increased significantly which enabled us to pay down debt by $60 million — or 8 percent. This lower debt load should not only reduce interest costs in 2001, but should also improve our interest coverage ratios.

As the nation's second largest Coca-Cola bottler, our relationship with The Coca-Cola Company is important. As The Coca-Cola Company continues to move forward with its rebuilding and streamlining of operations, our relationship remains strong. We are optimistic about The Coca-Cola Company's future and look forward to further enhancing our working relationship while building long-term shareholder value for you, our shareholders.

Considering the formidable challenges we faced during the year, we are pleased with Coca-Cola Consolidated's performance in 2000. We want to affirm our commitment to long-term profitable growth and increased shareholder value. We are grateful to a truly outstanding management team for their leadership and creativity and to all our employees for their continued dedication and hard work. We have a strong team in place; we're ready for the future.



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

William B. Elmore
President and Chief Operating Officer

Coca-Cola

Thirsty?

DASANI

Questions & Answers with President and COO Bill Elmore

"I want to welcome Bill Elmore as the Company's new president and chief operating officer," said Frank Harrison. "Bill has been a part of the Coca-Cola Consolidated family since 1985, and he has held a leadership role in virtually every department and function in the Company. Like Jim Moore, Bill is a superior leader who has the talent and vision to guide this Company's operations for many years to come." A discussion with Bill on the outlook for 2001 appears below.

EYE-CATCHING GLASS-FRONT VENDERS ARE THE LATEST INTRODUCTION INTO THE MARKETPLACE. WORKPLACE BREAK ROOMS AND OTHER LOCATIONS WHERE PEOPLE SEEK REFRESHMENT WILL BENEFIT FROM THIS NEW TOOL. CONSUMERS CAN SEE THE TECHNOLOGY AT WORK AS THEIR BEVERAGE OF CHOICE GENTLY DROPS INTO THE ARM AND THE DRINK IS PLACED UPRIGHT INTO THE RECEPTACLE.

Q What are Coca-Cola Consolidated's priorities for 2001?

A *We are dedicated to continuing to improve the financial health of the Company, primarily through targeted price increases and disciplined capital and operating expense management that allows us to further pay down debt. As we move forward, we must have a balanced approach that delivers appropriate financial results while continuing to grow our consumer franchise.*

Our key priorities include managing the price/volume equation, increasing productivity, implementing our value chain initiative, improving the efficiencies of our distribution systems and technical service function, strengthening our cold drink business, managing our key customer and supplier relationships and executing in the marketplace.

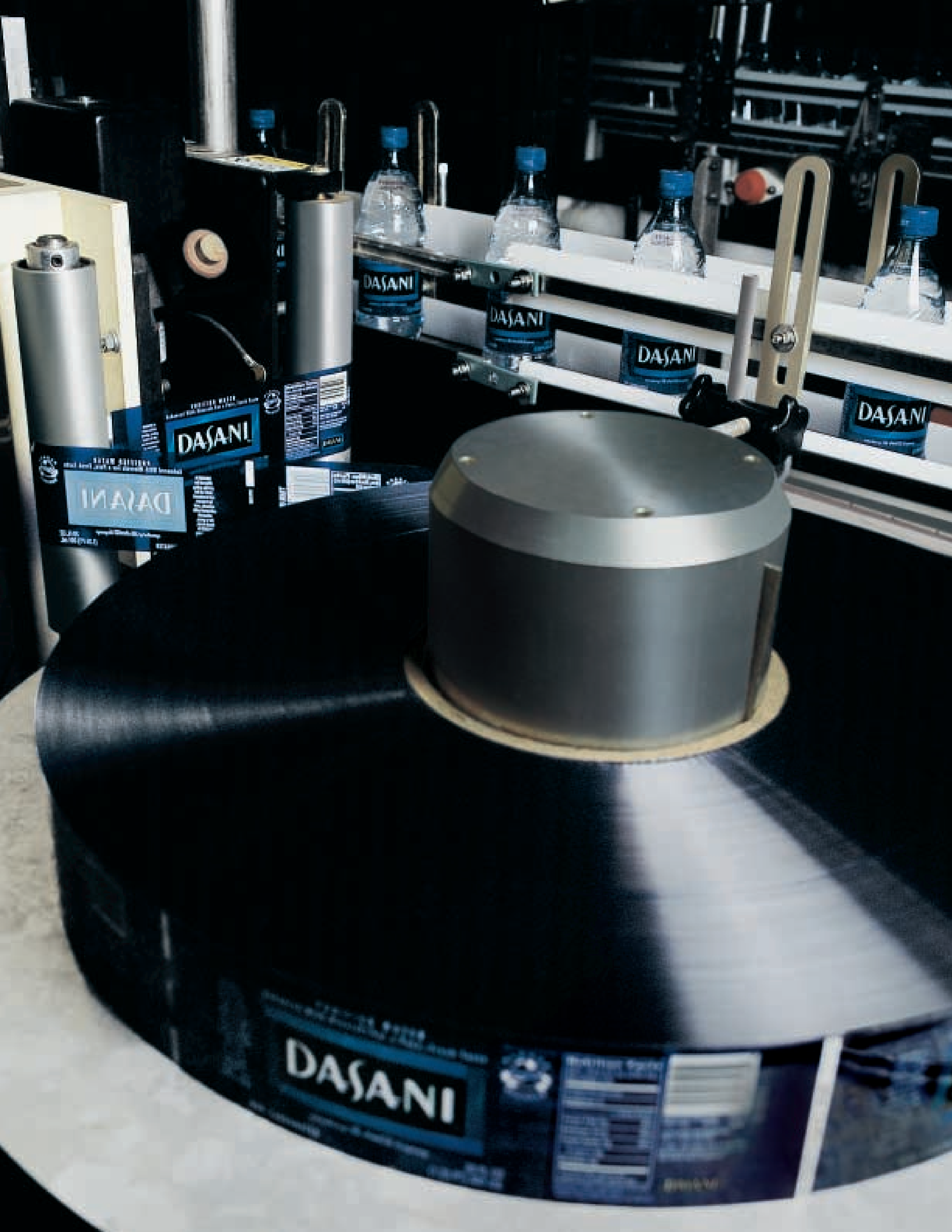
Q How do you effectively manage the price/volume equation?

A *Managing the price/volume equation is our most important priority as well as our most challenging task. As with all consumer products that are price elastic, when prices increase, volume — at least temporarily — declines. We witnessed that last year. It is important to note that over the last 20 years or so, soft drink prices have actually declined relative to inflation. While our industry has become much more productive, most, if not all, of the cost savings have benefited the consumer. In 2000, we took the necessary step to pass on our increased costs, and as expected, volume declined.*

Going forward, price increases must be more in line with inflation. At the same time, we plan to be more surgical and responsive in pricing actions. It's important that we protect sales volume and market share while getting price realization. I'm confident we'll be able to do that — and in fact, in the fourth quarter of 2000, we saw volume begin to rebound.

Q How do you continue to improve productivity?

A *Productivity is already a core competency within Coca-Cola Consolidated. Some tools that are just becoming available to us will enable us to increase efficiencies in almost every aspect of our business. These tools emerged from our value chain, distribution and technical services initiatives. Using these tools and, in some cases, redesigned processes, will help us grow margin and manage capital and operating expenditures while becoming much more efficient.*


DASANI

Questions & Answers with President and COO Bill Elmore

Take the value chain initiative. The goal is to improve decision-making in our manufacturing and transportation systems. We have made a major investment in value chain that is already beginning to generate returns, such as improved efficiencies in sales forecasting, production, product movement, inventory management and warehouse layout.

Better processes require less inventory buffer which translates into lower investment in working capital, reduced losses from damaged product, improved warehouse efficiencies, increased manufacturing productivity and lower transportation costs. By the second quarter of 2001, our entire system will have implemented the value chain processes. These improvements in sales forecasting, raw materials procurement and automated production scheduling are showing appreciable improvement in manufacturing productivity and warehouse costs.

Q What changes do you expect in your distribution systems?

A *Much like the value chain process, we are looking at every aspect of our distribution systems and have discovered innovative ways to improve productivity. Our goal is to provide satisfactory customer service at a lower cost. We're looking at various methods to deliver our products in more efficient ways, from changing the size of our trucks to technology improvements to how we sell our products. The benefits of improving our distribution systems include achieving better sales results, reducing delivery costs, reducing employee turnover and improving warehouse efficiencies. I'm encouraged by what we have already learned and look forward to expanding these initiatives throughout the Company in the next few years.*

Q In the past, the Company has placed an emphasis on its cold drink business. Is cold drink still a priority?

A *Coca-Cola Consolidated has a highly developed cold drink business that continues to be a critically important part of our success, and we are doing a number of things to strengthen this key channel. We have more than 175,000 pieces of cold drink equipment in place, and our goal is to increase sales through this large asset base. We're growing our customer base and at the same time taking steps to make sure each account and location is profitable. Another innovative tool we will use to grow our cold drink business is on-line vending. This new technology uses radios placed on vending machines to communicate to us when product is needed or if the machine is in need of repair. The tool provides data to ensure that we have the right inventory for our various brands while reducing out-of-stock conditions. It also enables us to significantly reduce the amount of time that a machine is inoperable due to mechanical problems. Because it communicates to us when a delivery is needed, unnecessary trips to deliver product are eliminated, allowing us to achieve greater sales and lower operating costs.*

THE INTRODUCTION OF DASANI HAS BEEN ONE OF THE BIGGEST SUCCESS STORIES IN RECENT CCBCC HISTORY. AVAILABLE IN A VARIETY OF PACKAGES AND OUTLETS — INCLUDING VENDING MACHINES — DASANI HAS BECOME A FAVORITE OF CONSUMERS WHO LOVE THE FRESH TASTE OF THIS PURIFIED, MINERAL-ENHANCED WATER. AT SNYDER PRODUCTION CENTER, THE BOTTLES ARE LABELED BEFORE BEING PACKAGED FOR DISTRIBUTION.

Enjoy
Coca-Cola
CLASSIC
12
50% MORE
Diet
Coke
POIDS NET 2.27

Questions & Answers with President and COO Bill Elmore

Another way to improve our cold drink business is to better manage the service and repair of our cold drink assets. I'm excited about our technical service initiative. We have instituted a parts management system, which has dramatically improved parts ordering and inventory efficiencies. In addition, we have decided to outsource our vender refurbishment. The benefits of this initiative include increased sales and profit per asset, reduction in parts expense, reduction in facility capital requirements, improved vender delivery productivity and increased technician productivity.

Q What are some of the key constituent groups Coca-Cola Consolidated is reaching out to?

A *There are a number of key relationships that are critical to our success. Those constituencies include The Coca-Cola Company, our key customers and suppliers, other Coca-Cola bottlers, our employees, community leaders in the cities and towns where we do business and our consumers.*

Our partners at The Coca-Cola Company have experienced a major restructuring over the last year or so. There is new leadership and a new approach toward the franchise company's relationship with the bottler system. We have an excellent relationship with The Coca-Cola Company, and we are working well together to meet mutual goals. It is a two-way relationship. Just as a strong Coca-Cola Company is important to our success, The Coca-Cola Company needs strong and profitable bottler partners.

We enjoy excellent relationships with both our key customers and key suppliers, based on our core values of honesty, integrity and respect. Consolidation among customers and suppliers has reduced the number while increasing the size and power of many of these groups. These changing dynamics make it necessary to work with neighboring Coca-Cola bottlers to effectively meet the needs of large retail accounts that cross territory lines. We have taken some innovative steps so that our key customers can deal with the Coca-Cola system as seamlessly as possible.

Coca-Cola Consolidated's employees make everything possible. I believe this Company has the best workforce in the industry. We are continuing to take steps to develop our employee associates and build a workforce that reflects the diversity of our communities. Our goal is also to provide attractive compensation and benefits programs that will enable us to retain our most valuable assets — our people. Further, we understand that our consumers are the backbone of our success, and we recognize that the economic health of the communities where we do business has a direct impact on our business. So, we will continue to reach out to civic, business, political, religious and charitable leaders in order to help build stronger communities for both our employees and consumers.

Shoppers can't walk by CCBCC's prominent grocery store displays without taking notice. Attractive, creative product displays in key locations in stores ensure our consumers don't have to search for us ... we're right in front of them. This kind of convenience keeps our consumers happy while boosting sales.

A Tribute

> "At the end of 2000, Jim Moore ended a remarkable 14-year tenure as President and Chief Operating Officer of Coca-Cola Consolidated," said Frank Harrison. "I want to personally thank Jim for his outstanding service to this Company. Jim is an excellent operator and a leader who is one of the most respected people in the soft drink industry. I look forward to his continued support and guidance as Vice Chairman of Coca-Cola Consolidated's Board of Directors."

Coca-Cola Bottling Co. Consolidated would not be what it is today without the leadership and dedicated service of James L. Moore, Jr.

The employees and shareholders of CCBCC are fortunate that Jim Moore joined Coca-Cola Consolidated in March 1987. For the past 14 years, Jim has guided this organization through acquisitions, pricing pressures and volume fluctuations, changes in the industry and in the company, new product launches, technological triumphs, the move to sell in new and innovative venues and more.

Jim has been a hands-on leader. In a 1990 interview, he was asked why he still spent so much time in the trade. He responded, "I need to get a regular dose of reality. I believe it is absolutely essential to be in the trade, talking with customers and working with our own people. Otherwise, you can end up breathing your own exhaust. My view is simply that very little good is accomplished by just sitting behind a desk."

Having done most every job in the soft drink business from district manager to CEO, Jim understands the business and the people in it intimately. We at CCBCC were the beneficiaries of his no-nonsense, "roll-the-sleeves-up-and-get-the-job-done" attitude.

A 1964 graduate of Davidson College, Jim also earned an MBA from the University of North Carolina. He and his wife, Sue, have two adult daughters and one grandson. Prior to his distinguished career in the soft drink industry, Jim served his country (1964-66) as a military intelligence officer, including a tour in Vietnam. He currently serves as chairman of Charlotte's Presbyterian Hospital board of trustees and is a member of the board of directors of Park Meridian Financial Corporation.

As Jim moves into his new role as Vice Chairman of the Board, his fellow Board members and CCBCC management wish him well and thank him for his profound contributions to the Company he has nurtured for more than a decade. His wisdom, knowledge and hard work will continue to add value to our Company.

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2000 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 some of the most recognized and popular beverage brands in the world. The Company is currently the second largest bottler of products of The Coca-Cola Company in the United States. The Company also distributes several other beverage brands. The Company's product offerings include carbonated soft drinks, teas, juices, isotonics and bottled water. The Company has expanded its bottling territory primarily throughout the Southeast via acquisitions and, combined with internally generated growth, has increased its sales from $130 million in 1984 to almost $1 billion in 2000. The Company is also a partner with The Coca-Cola Company in a partnership that operates additional bottling territory with net sales of $287 million in 2000.

Acquisitions and Divestitures

During 2000, the Company sold most of its bottling territory in Kentucky and Ohio to another Coca-Cola bottler. After a management review of the Company's operations, it was determined that this territory could be operated more efficiently by another Coca-Cola bottler due primarily to geographic proximity to the customers. Without the requirement to service this territory, the Company was able to reorganize operations in its West Virginia territory to further improve efficiencies. Management believes that the combination of the proceeds from the sale and the efficiencies gained will lead to higher profitability and better returns in this part of our bottling territory.

During 1999 and 1998, the Company expanded its bottling territory by acquiring four Coca-Cola bottlers as follows:

- Carolina Coca-Cola Bottling Company, Inc., a Coca-Cola bottler with operations in central South Carolina in May 1999;
- The bottling rights and operating assets of a small Coca-Cola bottler in north central North Carolina in May 1999;
- Lynchburg Coca-Cola Bottling Co., Inc., a Coca-Cola bottler with operations in central Virginia in October 1999; and
- The bottling rights and operating assets of a Coca-Cola bottler located in Florence, Alabama in January 1998.

Acquisition related costs including interest expense and non-cash charges such as amortization of intangible assets will be incurred. To the extent these expenses are incurred and not offset by cost savings or increased sales, the Company's acquisition strategy may depress short-term earnings. The Company believes that continued growth through selected acquisitions will enhance long-term stockholder value.

New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") has issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." As subsequently amended by FASB Statement No. 138, Statement No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. Statement No. 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Deriva-

tives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company will adopt the provisions of Statement No. 133 in the first quarter of 2001. The adoption of Statement No. 133 will not have a material impact on the earnings and financial position of the Company.

The Year in Review

The year 2000 was a transitional year for the Company. During the latter part of the 1990's, the Company experienced above industry average volume growth. However, net selling prices had not increased, even at the rate of inflation. During 2000, the Company was faced with significant cost increases for concentrate, certain packaging materials and fuel. Additionally, marketing support the Company had historically received from The Coca-Cola Company was adjusted downward significantly and interest rates on the Company's floating rate debt increased. In the face of the aforementioned cost increases, the Company raised its net selling prices during the year by approximately 6.5% over 1999.

As with most consumer products, increases in selling prices temporarily dampened sales demand. The increase in prices was the primary driver behind a decline in unit sales volume of approximately 5% for the year on a constant territory basis. Unit sales volume declined 5.5% through the first three quarters of 2000. However, volume increased by 1% during the fourth quarter of the year.

Higher net selling prices more than offset volume declines and resulted in an increase in net sales of 2.3% in 2000 to $995 million. On a constant territory basis, net sales increased by approximately 1% in 2000. Income from operations plus depreciation and amortization increased from $135 million in 1999 to $142 million in 2000, an increase of 5%. Net income for 2000 increased to $6.3 million from $3.2 million in 1999. Net income for 2000 includes a gain, net of tax, of $5.6 million related to the sale of bottling territory previously discussed. During 2000, the Company also recorded a provision for impairment of certain fixed assets of $2.0 million, net of tax.

After several years of significant capital spending, the Company was well positioned in 2000 with a strong infrastructure to support the business. The investment in infrastructure in prior years allowed the Company to significantly reduce capital spending in 2000 to $49.2 million from over $264.1 million in 1999, which included approximately $155 million for the purchase of equipment that was previously leased. The Company anticipates capital spending to be lower in 2001 than it was in the late 1990's. As a result of increased cash flow from operations, reduced capital spending and the sale of bottling territory in Kentucky and Ohio, the Company reduced its long-term debt by approximately $60 million during 2000.

The Company continues to focus on its key long-term objectives including increasing per capita consumption, operating cash flow and stockholder value. We believe we will be able to achieve these objectives over the long-term because of superior products, a solid relationship with our strategic partner, The Coca-Cola Company, select acquisitions, an experienced management team and a work force of approximately 6,000 talented individuals working together as a team. We are committed to working with The Coca-Cola Company to ensure that we fully utilize our joint resources to maximize the full potential with our consumers and customers.

Significant Events of Prior Years

On June 1, 1994, the Company executed a management agreement with South Atlantic Canners, Inc. ("SAC"), a manufacturing cooperative located in Bishopville, South Carolina. The 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.

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 provides a portion of the soft drink products to Piedmont and receives a fee for managing the business of Piedmont pursuant to a management agreement. The Company and The Coca-Cola Company, through their respective subsidiaries, each beneficially own a 50% interest in Piedmont. The Company is accounting for its investment in Piedmont using the equity method of accounting.

RESULTS OF OPERATIONS

2000 Compared to 1999

Net Income

The Company reported net income of $6.3 million or basic net income per share of $.72 for fiscal year 2000 compared to $3.2 million or $.38 basic net income per share for fiscal year 1999. Diluted net income per share for 2000 was $.71 compared to $.37 in 1999. Net income in 2000 included the gain on the sale of bottling territory discussed above, offset somewhat by a provision for impairment of certain fixed assets.

Net Sales and Gross Margin

Net sales for 2000 grew by 2.3% to $995 million, compared to $973 million in 1999. On a constant territory basis, net sales increased by approximately 1% due to an increase in net selling price for the year of approximately 6.5% partially offset by a decline in unit volume of approximately 5% for the year. Sales growth in 2000 was highlighted by the continued strong growth of Dasani bottled water. Noncarbonated products now account for almost 7% of the Company's bottle and can volume.

Gross margin increased by $35.5 million from 1999 to 2000 representing an 8% increase. The increase in gross margin was driven by higher selling prices, which more than offset a decline in unit volume as discussed above. The Company's gross margin as a percentage of sales increased from 44.2% in 1999 to 46.7% in 2000. On a per unit basis, gross margin increased 13% in 2000 over 1999.

Cost of Sales and Operating Expenses

Cost of sales on a per unit basis increased by approximately 2% in 2000. This increase was due to significantly higher costs for concentrate and increased packaging costs, offset somewhat by decreases in manufacturing labor and overhead expenses.

Selling, general and administrative ("S,G&A") expenses increased by $31.3 million or 11% in 2000 over 1999 levels primarily due to a reduction in marketing funding received from The Coca-Cola Company. Total marketing funding support from The Coca-Cola Company and other beverage companies declined from $63.5 million in 1999 to $49.0 million in 2000. The Company anticipates that marketing funding support in 2001 will be more consistent with amounts received in 2000 than amounts received in 1999. The balance of the increase in S,G&A expenses was due to enhancements in employee compensation programs, higher fuel costs, costs associated with a strike by employees in certain branches of the Company's West Virginia territory (primarily security costs to protect Company personnel and assets) and compensation expense related to a restricted stock award for the Company's Chairman and Chief Executive Officer.

The Company relies extensively on advertising and sales promotion in the marketing of its products. The Coca-Cola Company and other beverage companies that supply concentrates, syrups and finished products to the Company make substantial marketing and advertising expenditures to promote sales in the local territories served by the Company. The Company also benefits from national advertising programs conducted by The Coca-Cola Company and other beverage companies. Certain of the marketing expenditures by The Coca-Cola Company and other beverage companies are made pursuant to annual arrangements. Although The Coca-Cola Company has advised the Company that it intends to provide marketing funding support in 2001, it is not obligated to do so under the Company's master bottle contract. A portion of the marketing funding and infrastructure support from The Coca-Cola Company is subject to annual performance requirements. The Company is in compliance with all current performance requirements, as amended. Significant decreases in marketing support from The Coca-Cola Company or other beverage companies could adversely impact operating results of the Company.

Depreciation expense in 2000 increased $4.2 million or 7%. The increase for 2000 was due to significant capital expenditures in 1999 of $264.1 million, of which approximately $155 million related to the purchase of equipment that was previously leased. Capital expenditures in 2000 totaled $49.2 million. Depreciation expense should increase at a lower rate in future years than it has in the past three years due to anticipated lower levels of capital spending.

Investment in Partnership

The Company's share of Piedmont's net income in 2000 was $2.5 million. This compares to the Company's share of Piedmont's net loss of $2.6 million in 1999. The increase in income from Piedmont of $5.1 million reflects improved operating results at Piedmont primarily due to higher gross margin resulting from increased net selling prices.

Interest Expense

Interest expense increased by $2.8 million or 5.5% in 2000. The increase was primarily due to higher interest rates on the Company's floating rate debt. The Company's overall weighted average borrowing rate for 2000 was 7.3% compared to 6.8% in 1999. During 2000, the Company repaid approximately $60 million of its long-term debt. This reduction in long-term debt should reduce interest expense in 2001.

Other Income/Expense

Other income for 2000 was approximately $1 million, a change of $6.4 million versus other expense of $5.4 million in 1999. The change in other income (expense) in 2000 is primarily due to a gain on the sale of bottling territory of $8.8 million, before tax, as previously discussed, offset somewhat by a provision for impairment of certain fixed assets of $3.1 million, before tax.

Income Taxes

The effective tax rate for federal and state income taxes was approximately 36% in 2000 versus approximately 35% in 1999.

1999 Compared to 1998

Net Income

The Company reported net income of $3.2 million or basic net income per share of $.38 for fiscal year 1999 compared to $14.9 million or $1.78 basic net income per share for fiscal year 1998. Diluted net income per share for 1999 was $.37 compared to $1.75 in 1998. The decline in net income was primarily attributable to lower than anticipated volume growth and higher expenses related to the Company's investment in the infrastructure considered necessary to support accelerated long-term growth. Investments in additional personnel, vehicles and cold drink equipment resulted in cost increases that the Company anticipated would be offset by higher sales volume. Soft drink industry growth levels slowed significantly during 1999 and the Company's higher cost structure negatively impacted 1999 earnings. The Company reduced its workforce by approximately 5% in the fourth quarter of 1999 to reduce staffing costs.

Net Sales

Net sales for 1999 grew by approximately 5% to $973 million, compared to $929 million in 1998. The increase was due to volume growth of 2%, an increase in net selling price of 3% and acquisitions of additional bottling territories in South Carolina, North Carolina and Virginia. Also, the Company's 1998 fiscal year included a 53rd week. Sales growth in noncarbonated beverages, including POWERaDE, Fruitopia and Dasani bottled water remained strong in 1999. Sales to other bottlers decreased by 11% during 1999 over 1998 levels, primarily due to lower sales to Piedmont.

Cost of Sales and Operating Expenses

Cost of sales on a per case basis increased by approximately 1% in 1999. This increase was due to higher raw material costs, including concentrate and packaging costs, as well as increases in manufacturing labor and overhead resulting from wage rate increases and an increase in the number of stockkeeping units.

S,G&A expenses increased by approximately $16 million or 6% in 1999 over 1998 levels. Lease expense declined significantly in 1999 as compared to 1998 as a result of the purchase of approximately $155 million of equipment in January 1999 that had been previously leased. Excluding lease expense, S,G&A expenses increased by approximately $31 million or 12% in 1999. Increased S,G&A expenses resulted from higher employment costs for additional personnel to support anticipated volume growth and higher costs in certain of the Company's labor markets, offset somewhat by lower incentive accruals, as well as additional marketing expenses and higher costs for sales development programs. In addition, S,G&A expenses increased due to remediation and testing of Year 2000 issues of approximately $1 million and an increase in bad debt expense of $.4 million. Increased marketing funding support from The Coca-Cola Company of approximately $2 million mitigated a portion of the increase in S,G&A expenses.

Depreciation expense in 1999 increased $23.5 million or 63% over 1998. The increase was due to significant capital expenditures over the past several years, including $264.1 million in 1999, of which approximately $155 million related to the purchase of equipment that was previously leased.

A pre-tax restructuring charge of $2.2 million was recorded in the fourth quarter of 1999 consisting of employee termination benefit costs of $1.8 million and facility lease costs and other related expenses of $.4 million. The objectives of the restructuring were to consolidate and streamline sales divisions and reduce the overall operating expense base.

Investment in Partnership

The Company's share of Piedmont's net loss of $2.6 million increased from a loss of $.5 million in 1998. The increase in the loss reflected the impact of lower than expected volume growth in 1999 and higher infrastructure costs.

Interest Expense

Interest expense increased by $10.6 million or 27% in 1999 over 1998. The increase was due to additional debt related to the purchase of approximately $155 million of equipment that was previously leased, additional borrowings to fund acquisitions and capital expenditures. The Company's overall weighted average borrowing rate for 1999 was 6.8% compared to 7.1% in 1998.

Other Income/Expense

Other expense increased from $4.1 million in 1998 to $5.4 million in 1999. Approximately half of the increase in other expense from 1998 to 1999 related to net losses of Data Ventures LLC, in which the Company held a 31.25% equity interest. Data Ventures LLC provided

certain computerized data management products and services to the Company related to inventory control and marketing program support.

Income Taxes

The effective tax rate for federal and state income taxes was approximately 35% in 1999 versus approximately 36% in 1998.

FINANCIAL CONDITION

Total assets decreased from $1.11 billion at January 2, 2000 to $1.06 billion at December 31, 2000. The decrease was primarily due to depreciation of property, plant and equipment exceeding capital expenditures and amortization of intangible assets, principally acquired franchise rights.

Working capital increased by $21.3 million to $14.3 million at December 31, 2000 from a deficit of $7.0 million at January 2, 2000. The change in working capital was primarily due to decreases in the current portion of long-term debt of $18.7 million, accounts payable and accrued liabilities of $15.0 million and accrued interest of $6.3 million, partially offset by an increase of $13.7 million in amounts due to Piedmont. The increase in amounts due to Piedmont reflected the improved operating results and the timing of cash flows at Piedmont in 2000.

Total long-term debt decreased by $60.4 million to $692.2 million at December 31, 2000 compared to $752.6 million at January 2, 2000. Repayment of long-term debt during 2000 resulted from free cash flow from operations of approximately $40 million and approximately $20 million from the sale of bottling territory, as previously discussed.

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 stockholders.

Investing Activities

Additions to property, plant and equipment during 2000 were $49.2 million. Capital expenditures during 2000 were funded with cash flow from operations. Leasing is used for certain capital additions when considered cost effective related to other sources of capital. The Company currently leases approximately $50 million of its cold drink equipment in addition to two production facilities and certain distribution and administrative facilities. Total lease expense in 2000 was $15.7 million compared to $13.7 million in 1999.

At the end of 2000, the Company had no material commitments for the purchase of capital assets other than those related to normal replacement of equipment. The Company considers the acquisition of bottling territories on an ongoing basis.

Financing Activities

In January 1999, the Company filed an $800 million shelf registration for debt and equity securities. This shelf registration included $200 million of unused availability from a $400 million shelf registration filed in October 1994.

In April 1999, the Company issued $250 million of 10-year debentures at a fixed rate of 6.375% under its shelf registration. The Company subsequently entered into interest rate swap agreements totaling $100 million related to the newly issued debentures. The net proceeds from the issuance of debentures were used to refinance borrowings related to the purchase of assets previously leased, as discussed above, repay certain maturing Medium-Term Notes and repay other corporate borrowings.

The Company borrows from time to time under lines of credit from various banks. On December 31, 2000, the Company had $170 million available under these lines, of which $12.9 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 facility to December 2002 for borrowings of up to $170 million. There were no amounts outstanding under this facility as of December 31, 2000.

Interest Rate Hedging

The Company periodically uses interest rate hedging products to modify risk from interest rate fluctuations in its underlying debt. The Company has historically altered its fixed/floating rate mix based upon anticipated cash flows from operations relative to the Company's debt level and the potential impact of increases in interest rates on the Company's overall financial condition. Sensitivity analyses are performed to review the

impact on the Company's financial position and coverage of various interest rate movements. The Company does not use derivative financial instruments for trading purposes.

The weighted average interest rate of the debt portfolio as of December 31, 2000 was 7.1% compared to 7.0% at the end of 1999. The Company's overall weighted average borrowing rate on its long-term debt in 2000 increased to 7.3% from 6.8% in 1999. Approximately 41% of the Company's debt portfolio of $692.2 million as of December 31, 2000 was subject to changes in short-term interest rates.

FORWARD-LOOKING STATEMENTS

This Annual Report to Stockholders, as well as information included in, or incorporated by reference from, future filings by the Company with the Securities and Exchange Commission and information contained in written material, press releases and oral statements issued by or on behalf of the Company, contains, or may contain several forward-looking management comments and other statements that reflect management's current outlook for future periods. These statements include, among others, statements relating to: our expectations concerning increasing long-term stockholder value, per capita consumption and operating cash flow; the sufficiency of our financial resources to fund our operations; our expectations concerning marketing support payments from The Coca-Cola Company and other beverage companies; our expectations about higher profitability and better returns in our West Virginia territory; our expectations about interest expense; our acquisition strategy and our capital expenditure requirements. These statements and expectations are based on the current available competitive, financial and economic data along with the Company's operating plans, and are subject to future events and uncertainties. Among the events or uncertainties which could adversely affect future periods are: lower than expected net pricing resulting from increased marketplace competition, an inability to meet performance requirements for expected levels of marketing support payments from The Coca-Cola Company, an inability to meet requirements under bottling contracts, the inability of our aluminum can or PET bottle suppliers to meet our demand, material changes from expectations in the cost of raw materials, higher than expected fuel prices, an inability to meet projections for performance in acquired bottling territories and unfavorable interest rate fluctuations.

Report of Independent Accountants

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of cash flows and of changes in stockholders' equity present fairly, in all material respects, the financial position of Coca-Cola Bottling Co. Consolidated and its subsidiaries (the "Company") at December 31, 2000 and January 2, 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Charlotte, North Carolina
February 14, 2001

Report of Management

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

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

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

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

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

William B. Elmore
President and Chief Operating Officer

David V. Singer
Executive Vice President and Chief Financial Officer

Consolidated Balance Sheets

(In thousands except share data)	**Dec. 31, 2000**	Jan. 2, 2000
ASSETS		
Current assets:		
Cash	**$ 8,425**	$ 9,050
Accounts receivable, trade, less allowance for doubtful accounts of $918 and $850	**62,661**	60,367
Accounts receivable from The Coca-Cola Company	**5,380**	6,018
Accounts receivable, other	**8,247**	13,938
Inventories	**40,502**	41,411
Prepaid expenses and other current assets	**14,026**	13,275
Total current assets	**139,241**	144,059
Property, plant and equipment, net	**429,978**	468,110
Leased property under capital leases, net	**7,948**	10,785
Investment in Piedmont Coca-Cola Bottling Partnership	**62,730**	60,216
Other assets	**60,846**	61,312
Identifiable intangible assets, net	**284,842**	305,783
Excess of cost over fair value of net assets of businesses acquired, less accumulated amortization of $35,585 and $33,141	**76,512**	58,127
Total	**$1,062,097**	$1,108,392

See Accompanying Notes to Consolidated Financial Statements.

	Dec. 31, 2000	Jan. 2, 2000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Portion of long-term debt payable within one year	**$ 9,904**	$ 28,635
Current portion of obligations under capital leases	**3,325**	4,483
Accounts payable and accrued liabilities	**80,999**	96,008
Accounts payable to The Coca-Cola Company	**3,802**	2,346
Due to Piedmont Coca-Cola Bottling Partnership	**16,436**	2,736
Accrued interest payable	**10,483**	16,830
Total current liabilities	**124,949**	151,038
Deferred income taxes	**148,655**	124,171
Other liabilities	**76,061**	73,900
Obligations under capital leases	**1,774**	4,468
Long-term debt	**682,246**	723,964
Total liabilities	**1,033,685**	1,077,541
Commitments and Contingencies (Note 11)		
Stockholders' 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 — 9,454,651 and 9,454,626 shares	**9,454**	9,454
Class B Common Stock, $1 par value: Authorized — 10,000,000 shares; Issued — 2,969,166 and 2,969,191 shares	**2,969**	2,969
Class C Common Stock, $1 par value: Authorized — 20,000,000 shares; Issued — None		
Capital in excess of par value	**99,020**	107,753
Accumulated deficit	**(21,777)**	(28,071)
	89,666	92,105
Less — Treasury stock, at cost:		
Common — 3,062,374 shares	**60,845**	60,845
Class B Common — 628,114 shares	**409**	409
Total stockholders' equity	**28,412**	30,851
Total	**$1,062,097**	$1,108,392

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Operations

(In thousands except per share data)	**2000**	Fiscal Year 1999	1998
Net sales (includes sales to Piedmont of $69,539, $68,046 and $69,552)	**$995,134**	$972,551	$928,502
Cost of sales, excluding depreciation shown below (includes $53,463, $56,439 and $55,800 related to sales to Piedmont)	**530,241**	543,113	534,919
Gross margin	**464,893**	429,438	393,583
Selling, general and administrative expenses, excluding depreciation shown below	**323,223**	291,907	276,245
Depreciation expense	**64,751**	60,567	37,076
Amortization of goodwill and intangibles	**14,712**	13,734	12,972
Restructuring expense		2,232	
Income from operations	**62,207**	60,998	67,290
Interest expense	**53,346**	50,581	39,947
Other income (expense), net	**974**	(5,431)	(4,098)
Income before income taxes	**9,835**	4,986	23,245
Income taxes	**3,541**	1,745	8,367
Net income	**$ 6,294**	$ 3,241	$ 14,878
Basic net income per share	**$ .72**	$ .38	$ 1.78
Diluted net income per share	**$ .71**	$ .37	$ 1.75
Weighted average number of common shares outstanding	**8,733**	8,588	8,365
Weighted average number of common shares outstanding — assuming dilution	**8,822**	8,708	8,495

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(In thousands)	Fiscal Year 2000	1999	1998
Cash Flows from Operating Activities			
Net income	**$ 6,294**	$ 3,241	$ 14,878
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	**64,751**	60,567	37,076
Amortization of goodwill and intangibles	**14,712**	13,734	12,972
Deferred income taxes	**3,541**	1,745	8,367
Gain on sale of bottling territory	**(8,829)**		
Provision for impairment of property, plant and equipment	**3,066**		
Losses on sale of property, plant and equipment	**2,284**	2,755	2,586
Amortization of debt costs	**938**	836	595
Amortization of deferred gain related to terminated interest rate swaps	**(819)**	(563)	(563)
Undistributed (earnings) losses of Piedmont Coca-Cola Bottling Partnership	**(2,514)**	2,631	479
(Increase) decrease in current assets less current liabilities	**(2,554)**	9,639	570
Increase in other noncurrent assets	**(506)**	(8,451)	(8,441)
Increase in other noncurrent liabilities	**3,868**	9,702	2,180
Other	**58**	334	79
Total adjustments	**77,996**	92,929	55,900
Net cash provided by operating activities	**84,290**	96,170	70,778
Cash Flows from Financing Activities			
Proceeds from the issuance of long-term debt		251,165	
Repayment of current portion of long-term debt	**(26,750)**	(30,115)	(10,540)
Proceeds from (repayment of) lines of credit, net	**(33,700)**	10,200	26,100
Cash dividends paid	**(8,733)**	(8,549)	(8,365)
Payments on capital lease obligations	**(4,528)**	(4,938)	
Termination of interest rate swap agreements	**(292)**		6,480
Debt fees paid		(3,266)	(102)
Other	**(387)**	(468)	(390)
Net cash provided by (used in) financing activities	**(74,390)**	214,029	13,183
Cash Flows from Investing Activities			
Additions to property, plant and equipment	**(49,168)**	(264,139)	(47,946)
Proceeds from the sale of property, plant and equipment	**16,366**	753	1,255
Acquisitions of companies, net of cash acquired	**(723)**	(44,454)	(35,006)
Proceeds from sale of bottling territory	**23,000**		
Net cash used in investing activities	**(10,525)**	(307,840)	(81,697)
Net increase (decrease) in cash	**(625)**	2,359	2,264
Cash at beginning of year	**9,050**	6,691	4,427
Cash at end of year	**$ 8,425**	$ 9,050	$ 6,691
Significant non-cash investing and financing activities			
Issuance of Common Stock in connection with acquisition		$ 21,961	
Capital lease obligations incurred	**$ 1,313**	14,225	

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Stockholders' Equity

(In thousands)	Common Stock	Class B Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Treasury Stock
Balance on December 28, 1997	$10,107	$1,948	$103,074	$(46,190)	$61,254
Net income				14,878	
Cash dividends paid			(8,365)		
Exchange of Common Stock for Class B Common Stock	(1,021)	1,021			
Balance on January 3, 1999	9,086	2,969	94,709	(31,312)	61,254
Net income				3,241	
Cash dividends paid			(8,549)		
Issuance of Common Stock in connection with acquisition	368		21,593		
Balance on January 2, 2000	9,454	2,969	107,753	(28,071)	61,254
Net income				6,294	
Cash dividends paid			(8,733)		
Balance on December 31, 2000	**$ 9,454**	**$2,969**	**$ 99,020**	**$(21,777)**	**$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 11 states, principally in the southeastern region of the United States.

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

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

The fiscal years presented are the 52-week periods ended December 31, 2000, January 2, 2000 and the 53-week period ended January 3, 1999. 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, determined on the first-in, first-out method ("FIFO"), 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.

Software: The Company adopted the provisions of the American Institute of Certified Public Accountants' Statement of Position 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use" in the first quarter of 1999. This statement requires capitalization of certain costs incurred in the development of internal-use software. Software is amortized using the straight-line method over its estimated useful life.

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 3 and Note 15 for additional information.

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

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

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

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

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.

Impairment of Long-lived Assets: The Company continually monitors conditions that may affect the carrying value of its intangible or other long-lived assets. When conditions indicate potential impairment of an intangible or other long-lived asset, the Company will undertake necessary market studies and reevaluate projected future cash flows associated with the asset. When projected future cash flows, not discounted for the time value of money, are less than the carrying value of the asset, the asset will be written down to its estimated net realizable value.

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

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. Deferred gains or losses on interest rate swap terminations are amortized over the lives of the initial agreements as an adjustment 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.

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

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

2 ACQUISITIONS AND DIVESTITURES

On May 28, 1999, the Company acquired substantially all of the outstanding capital stock of Carolina Coca-Cola Bottling Company, Inc. ("Carolina") in exchange for 368,482 shares of the Company's Common Stock, installment notes and cash. The total purchase price was approximately $37 million. Carolina was a Coca-Cola bottler with operations in central South Carolina.

On October 29, 1999, the Company acquired substantially all of the outstanding capital stock of Lynchburg Coca-Cola Bottling Company, Inc. ("Lynchburg") for approximately $24 million. Lynchburg was a Coca-Cola bottler with operations in central Virginia.

The Company used its lines of credit for the cash portion of the acquisitions described above. These acquisitions have been accounted for under the purchase method of accounting.

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

3 INVESTMENT IN PIEDMONT COCA-COLA BOTTLING PARTNERSHIP

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont to distribute and market 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.

Summarized financial information for Piedmont was as follows:

(In thousands)	**Dec. 31, 2000**	Jan. 2, 2000
Current assets	**$ 48,068**	$ 31,094
Noncurrent assets	**319,788**	331,979
Total assets	**$367,856**	$363,073
Current liabilities	**$ 17,342**	$ 15,370
Noncurrent liabilities	**225,054**	227,271
Total liabilities	**242,396**	242,641
Partners' equity	**125,460**	120,432
Total liabilities and partners' equity	**$367,856**	$363,073
Company's equity investment	**$ 62,730**	$ 60,216

(In thousands)	Fiscal Year **2000**	1999	1998
Net sales	**$286,781**	$278,202	$269,312
Cost of sales	**147,671**	152,042	151,480
Gross margin	**139,110**	126,160	117,832
Income from operations	**18,948**	7,803	11,974
Net income (loss)	**$ 5,028**	$ (5,262)	$ (958)
Company's equity in net income (loss)	**$ 2,514**	$ (2,631)	$ (479)

4 INVENTORIES

Inventories were summarized as follows:

(In thousands)	**Dec. 31, 2000**	Jan. 2, 2000
Finished products	**$22,907**	$26,240
Manufacturing materials	**13,330**	10,476
Plastic pallets and other	**4,265**	4,695
Total inventories	**$40,502**	$41,411

5 PROPERTY, PLANT AND EQUIPMENT

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

(In thousands)	**Dec. 31, 2000**	Jan. 2, 2000	Estimated Useful Lives
Land	**$ 11,311**	$ 12,251	
Buildings	**97,012**	96,072	10-50 years
Machinery and equipment	**94,652**	89,068	5-20 years
Transportation equipment	**122,083**	126,562	4-10 years
Furniture and fixtures	**35,206**	37,002	4-10 years
Vending equipment	**285,772**	291,844	6-13 years
Leasehold and land improvements	**39,597**	41,379	5-20 years
Software for internal use	**17,207**	10,523	3-7 years
Construction in progress	**1,162**	3,389	
Total property, plant and equipment, at cost	**704,002**	708,090	
Less: Accumulated depreciation and amortization	**274,024**	239,980	
Property, plant and equipment, net	**$429,978**	$468,110	

On January 15, 1999, the Company purchased approximately $155 million of equipment (principally vehicles and vending equipment) previously leased under various operating lease agreements. The assets purchased will continue to be used in the distribution and sale of the Company's products and will be depreciated over their remaining useful lives, which range from three years to 12.5 years. The Company used a combination of its revolving credit facility and its lines of credit with certain banks to finance this purchase.

In the third quarter of 2000, the Company recorded a provision for impairment of certain fixed assets for $3.1 million, which was classified in "Other income (expense), net."

6 LEASED PROPERTY UNDER CAPITAL LEASES

The category and terms of the leased property under capital leases were as follows:

(In thousands)	**Dec. 31, 2000**	Jan. 2, 2000	Terms
Transportation and other equipment	**$13,058**	$13,434	1-4 years
Less: Accumulated amortization	**5,110**	2,649	
Leased property under capital leases, net	**$ 7,948**	$10,785	

7 IDENTIFIABLE INTANGIBLE ASSETS

The principal categories and estimated useful lives of identifiable intangible assets were as follows:

(In thousands)	**Dec. 31, 2000**	Jan. 2, 2000	Estimated Useful Lives
Franchise rights	**$353,036**	$361,710	40 years
Customer lists	**54,864**	54,864	17-23 years
Other	**16,668**	16,668	17-23 years
Identifiable intangible assets	**424,568**	$433,242	
Less: Accumulated amortization	**139,726**	127,459	
Identifiable intangible assets, net	**$284,842**	$305,783	

8 LONG-TERM DEBT

Long-term debt was summarized as follows:

(In thousands)	Maturity	Interest Rate	Fixed(F) or Variable(V) Rate	Interest Paid	**Dec. 31, 2000**	Jan. 2, 2000
Lines of Credit	2002	6.99%	V	Varies	**$ 12,900**	$ 46,600
Term Loan Agreement	2004	7.14%	V	Varies	**85,000**	85,000
Term Loan Agreement	2005	7.14%	V	Varies	**85,000**	85,000
Medium-Term Notes	2000	10.00%	F	Semi-annually		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**	100,000
Debentures	2009	6.38%	F	Semi-annually	**250,000**	250,000
Other notes payable	2001-2006	5.75%-10.00%	F	Varies	**12,250**	13,499
					692,150	752,599
Less: Portion of long-term debt payable within one year					**9,904**	28,635
Long-term debt					**$682,246**	$723,964

The principal maturities of long-term debt outstanding on December 31, 2000 were as follows:

(In thousands)	
2001	$ 9,904
2002	62,121
2003	25
2004	85,020
2005	85,000
Thereafter	450,080
Total long-term debt	$692,150

In December 1997, the Company extended the maturity date of the revolving credit facility to December 2002 for borrowings of up to $170 million. 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 31, 2000.

The Company borrows from time to time under lines of credit from various banks. On December 31, 2000, the Company had approximately $170 million of credit available under these lines, of which $12.9 million was outstanding. Loans under these lines are made at the sole discretion of the banks at rates negotiated at the time of borrowing. The Company intends to renew such borrowings as they mature. To the extent that these borrowings and the borrowings under the revolving credit facility do not exceed the amount available under the Company's $170 million revolving credit facility, they are classified as noncurrent liabilities.

On January 22, 1999, the Company filed an $800 million shelf registration for debt and equity securities (which included $200 million of unused availability from a prior shelf registration). On April 26, 1999 the Company issued $250 million of 10-year debentures at a fixed interest rate of 6.375%. The Company subsequently entered into interest rate swap agreements totaling $100 million related to the newly issued debentures. The net proceeds from this issuance were used principally for refinancing of short-term debt related to the purchase of leased assets, with the remainder used to repay other bank debt.

After taking into account all of the interest rate hedging activities, the Company had a weighted average interest rate of 7.1% for the debt portfolio as of December 31, 2000 compared to 7.0% at January 2, 2000. The Company's overall weighted average borrowing rate on its long-term debt was 7.3%, 6.8% and 7.1% for 2000, 1999 and 1998, respectively.

As of December 31, 2000, after taking into account all of the interest rate hedging activities, approximately $284 million or 41% 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 for the year ended December 31, 2000 would have increased by approximately $3 million and net income would have been reduced by approximately $1.9 million.

9 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 cash flows from operations relative to the Company's debt level and the potential impact of increases in interest rates on the Company's overall financial condition.

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 were summarized as follows:

	December 31, 2000		January 2, 2000	
(In thousands)	**Notional Amount**	**Remaining Term**	Notional Amount	Remaining Term
Interest rate swaps-floating			$ 60,000	3.75 years
Interest rate swaps-fixed			60,000	3.75 years
Interest rate swaps-fixed			50,000	5 years
Interest rate swaps-floating	**$100,000**	**8.25 years**	100,000	9.25 years
Interest rate cap			35,000	0.5 years

The Company had interest rate swaps with a notional amount of $100 million at December 31, 2000, compared to $270 million as of January 2, 2000. In September 2000, the Company terminated three interest rate swaps with a total notional amount of $170 million. The gains or losses on the termination of these swaps are being amortized over the remaining term of the initial swap agreements.

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

10 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:

(In thousands)	December 31, 2000		January 2, 2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Balance Sheet Instruments				
Public debt	**$497,000**	**$480,687**	$522,500	$484,354
Non-public variable rate long-term debt	**182,900**	**182,900**	216,600	216,600
Non-public fixed rate long-term debt	**12,250**	**12,433**	13,499	13,670
Off-Balance-Sheet Instruments				
Interest rate swaps		**(1,669)**		(12,174)

The fair values of the interest rate swaps at December 31, 2000 and January 2, 2000, represent the estimated amounts the Company would have had to pay to terminate these agreements.

11 COMMITMENTS AND CONTINGENCIES

Operating lease payments are charged to expense as incurred. Such rental expenses included in the consolidated statements of operations were $15.7 million, $13.7 million and $28.9 million for 2000, 1999 and 1998, respectively.

The following is a summary of future minimum lease payments for all capital and operating leases as of December 31, 2000.

(In thousands)	Capital Leases	Operating Leases	Total
2001	$3,325	$16,481	$19,806
2002	1,290	11,859	13,149
2003	671	9,954	10,625
2004	208	8,997	9,205
2005		8,549	8,549
Thereafter		35,749	35,749
Total minimum lease payments	$5,494	$91,589	$97,083
Less: Amounts representing interest	395		
Present value of minimum lease payments	5,099		
Less: Current portion of obligations under capital leases	3,325		
Long-term portion of obligations under capital leases	$1,774		

The Company is a member of South Atlantic Canners, Inc. ("SAC"), a manufacturing cooperative, from which it is obligated to purchase a specified number of cases of finished product on an annual basis. The minimal annual purchases are 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 SAC. See Note 15 to the consolidated financial statements for additional information concerning these financial guarantees. The total of all debt guarantees on December 31, 2000 was $35.7 million.

The Company has entered into a purchase agreement for aluminum cans on an annual basis through 2003. The estimated annual purchases under this agreement are approximately $100 million for 2001, 2002 and 2003.

On August 3, 1999, North American Container, Inc. ("NAC") filed a Complaint For Patent Infringement and Jury Demand (the "Complaint") against the Company and a number of other defendants in the United States District Court for the Northern District of Texas, Dallas Division, alleging that certain unspecified blow-molded plastic containers used, made, sold, offered for sale and/or used by the Company and other defendants infringe certain patents owned by the plaintiff. NAC seeks an unspecified amount of compensatory damages for prior infringement, seeks to have those damages trebled, seeks pre-judgment and post-judgment interest, seeks attorneys fees and seeks an injunction prohibiting future infringement and ordering the destruction of all infringing containers and machinery used in connection with the manufacture of the infringing products. The original Complaint names forty-two other defendants and additional defendants have been added by amendment. The Company has obtained partial indemnification from its suppliers for all damages it may incur in connection with this proceeding. The Company has filed an answer to the Complaint, as amended, and has denied the material allegations of NAC and seeks recovery of attorney fees by having the case declared exceptional. The Company has also filed a counterclaim seeking a declaration of invalidity and non-infringement. A claims construction hearing was held in December 2000. The Court-appointed Special Master has advised the Company to expect a ruling in April 2001.

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

12 INCOME TAXES

The provision for income taxes consisted of the following:

(In thousands)	Fiscal Year 2000	1999	1998
Current:			
Federal	**$ —**	$ —	$ —
Total current provision	**—**	—	—
Deferred:			
Federal	**865**	206	6,378
State	**2,676**	1,539	1,989
Total deferred provision	**3,541**	1,745	8,367
Income tax expense	**$3,541**	$1,745	$8,367

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. 31, 2000	Jan. 2, 2000
Intangible assets	**$ 105,746**	$ 90,577
Depreciation	**83,943**	66,257
Investment in Piedmont Coca-Cola Bottling Partnership	**27,428**	25,855
Lease obligations	**19,775**	19,775
Other	**8,666**	8,340
Gross deferred income tax liabilities	**245,558**	210,804
Net operating loss carryforwards	**(45,399)**	(32,413)
Leased assets	**(15,820)**	(15,820)
AMT credits	**(12,030)**	(9,978)
Deferred compensation	**(13,822)**	(12,881)
Postretirement benefits	**(11,858)**	(12,071)
Interest rate swap terminations	**(2,624)**	(3,196)
Other	**(5,020)**	(9,831)
Gross deferred income tax assets	**(106,573)**	(96,190)
Deferred income tax liability	**$ 138,985**	$114,614

Net current deferred tax assets of $9.7 million and $9.6 million were included in prepaid expenses and other current assets on December 31, 2000 and January 2, 2000, respectively.

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

(In thousands)	Fiscal Year 2000	1999	1998
Statutory expense	**$3,442**	$1,745	$8,135
Amortization of franchise and goodwill assets	**418**	373	369
State income taxes, net of federal benefit	**9**	(281)	463
Other	**(328)**	(92)	(600)
Income tax expense	**$3,541**	$1,745	$8,367

On December 31, 2000, the Company had $114 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 2020.

13 CAPITAL TRANSACTIONS

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. This option has not been exercised with respect to any such shares.

Effective November 23, 1998, J. Frank Harrison, Jr. exchanged 792,796 shares of the Company's Common Stock for 792,796 shares of Class B Common Stock in a transaction previously approved by the Company's Board of Directors (the "Harrison Exchange"). Mr. Harrison already owned the shares of Common Stock used to make this exchange. This exchange took place in connection with a series of simultaneous transactions related to Mr. Harrison Jr.'s personal estate planning, the net effect of which was to transfer the entire ownership interest in the Company previously held by Mr. Harrison and certain Harrison family trusts into three Harrison family limited partnerships. J. Frank Harrison, Jr., in his capacity of Manager for J. Frank Harrison Family, LLC (the general partner of the three family limited partnerships), exercises sole voting and investment power with respect to the shares of the Company's Common Stock and Class B Common Stock held by the family limited partnerships.

Pursuant to a Stock Rights and Restriction Agreement dated January 27, 1989, between the Company and The Coca-Cola Company, in the event that the Company issues new shares of Class B Common Stock upon the exchange or exercise of any security, warrant or option of the Company which results in The Coca-Cola Company owning less than 20% of the outstanding shares of Class B Common Stock and less than 20% of the total votes of all outstanding shares of all classes of the Company, The Coca-Cola Company has the right to exchange shares of Common Stock for shares of Class B Common Stock in order to maintain its ownership of 20% of the outstanding shares of Class B Common Stock and 20% of the total votes of all outstanding shares of all classes of the Company. Under the Stock Rights and Restrictions Agreement, The Coca-Cola Company also has a preemptive right to purchase a percentage of any newly issued shares of any class as necessary to allow it to maintain ownership of both 29.67% of the outstanding shares of Common Stock of all classes and 22.59% of the total votes of all outstanding shares of all classes. Effective November 23, 1998, in connection with the Harrison Exchange and the related Harrison family limited partnership transactions, The Coca-Cola Company, in the exercise of its rights under the Stock Rights and Restrictions Agreement, exchanged 228,512 shares of the Company's Common Stock which it held for 228,512 shares of the Company's Class B Common Stock.

On May 12, 1999, the stockholders of the Company approved a restricted stock award for J. Frank Harrison, III, the Company's Chairman of the Board of Directors and Chief Executive Officer, consisting of 200,000 shares of the Company's Class B Common Stock. The award provides that the shares of restricted stock would vest at the rate of 20,000 shares per year over a ten-year period. The vesting of each annual installment is contingent upon the Company achieving at least 80% of the Overall Goal Achievement Factor for the six selected performance indicators used in determining bonuses for all officers under the Company's Annual Bonus Plan. In 2000, the Company achieved more than 80% of the Overall Goal Achievement Factor which resulted in the vesting of 20,000 shares, effective as of January 1, 2001. Compensation expense in 2000 related to the restricted stock award was $1.4 million. In 1999, the Company did not achieve at least 80% of the Overall Goal Achievement Factor and thus, the 20,000 shares of restricted stock for 1999 did not vest.

14 BENEFIT PLANS

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

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

(In thousands)	Fiscal Year **2000**	 1999
Projected benefit obligation at beginning of year	**$81,121**	$82,898
Service cost	**3,606**	3,375
Interest cost	**6,180**	5,508
Actuarial gain	**(1,732)**	(9,499)
Acquisition		1,500
Benefits paid	**(2,855)**	(2,661)
Other	**33**	
Projected benefit obligation at end of year	**$86,353**	$81,121
Fair value of plan assets at beginning of year	**$88,609**	$74,624
Actual return on plan assets	**(1,100)**	12,489
Employer contributions	**3,069**	2,222
Acquisition		1,935
Benefits paid	**(2,855)**	(2,661)
Fair value of plan assets at end of year	**$87,723**	$88,609

(In thousands)	**Dec. 31, 2000**	Jan. 2, 2000
Funded status of the plans	**$1,370**	$7,489
Unrecognized prior service cost	**(324)**	(491)
Unrecognized net loss	**8,012**	680
Prepaid pension cost	**$9,058**	$7,678

Prepaid pension costs are included in other assets.

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

(In thousands)	Fiscal Year **2000**	 1999	 1998
Service cost	**$ 3,606**	$ 3,375	$ 2,586
Interest cost	**6,180**	5,508	4,934
Estimated return on plan assets	**(7,963)**	(6,659)	(6,303)
Amortization of unrecognized transitional assets			(70)
Amortization of prior service cost	**(133)**	(135)	(150)
Recognized net actuarial loss		965	7
Net periodic pension cost	**$ 1,690**	$ 3,054	$ 1,004

The weighted average rate assumptions used in determining pension costs and the projected benefit obligation were:

	2000	1999
Weighted average discount rate used in determining the actuarial present value of the projected benefit obligation	**7.75%**	7.75%
Weighted average expected long-term rate of return on plan assets	**9.00%**	9.00%
Weighted average rate of compensation increase	**4.00%**	4.00%

The Company provides a 401(k) Savings Plan for substantially all of its employees who are not part of collective bargaining agreements. Under provisions of the Savings Plan, an employee is vested with respect to Company contributions upon the completion of two years of service with the Company. The total cost for this benefit in 2000, 1999 and 1998 was $3.1 million, $3.2 million and $2.0 million, respectively.

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

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

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

(In thousands)	Fiscal Year 2000	1999
Benefit obligation at beginning of year	**$36,501**	$39,779
Service cost	**852**	954
Interest cost	**2,816**	2,608
Plan participants' contributions	**607**	614
Actuarial (gain) loss	**10,251**	(4,994)
Benefits paid	**(3,067)**	(2,460)
Benefit obligation at end of year	**$47,960**	$36,501
Fair value of plan assets at beginning of year	**$ —**	$ —
Employer contributions	**2,460**	1,846
Plan participants' contributions	**607**	614
Benefits paid	**(3,067)**	(2,460)
Fair value of plan assets at end of year	**$ —**	$ —

(In thousands)	Dec. 31, 2000	Jan. 2, 2000
Funded status of the plan	**$(47,960)**	$(36,501)
Unrecognized net loss	**21,414**	11,656
Unrecognized prior service cost	**(271)**	(295)
Contributions between measurement date and fiscal year-end	**864**	483
Accrued liability	**$(25,953)**	$(24,657)

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

(In thousands)	Fiscal Year 2000	1999	1998
Service cost	**$ 852**	$ 954	$ 604
Interest cost	**2,816**	2,608	2,350
Amortization of unrecognized transitional assets	**(25)**	(25)	(25)
Recognized net actuarial loss	**493**	745	422
Net periodic postretirement benefit cost	**$4,136**	$4,282	$3,351

The weighted average discount rate used to estimate the postretirement benefit obligation was 7.75% as of December 31, 2000 and January 2, 2000.

The weighted average health care cost trend used in measuring the postretirement benefit expense was 5.25% in 2000 and is projected to remain at that level thereafter. A 1% increase or decrease in this annual cost trend would have impacted the postretirement benefit obligation and net periodic postretirement benefit cost as follows:

Impact on	In Thousands 1% Increase	1% Decrease
Postretirement benefit obligation at December 31, 2000	$5,213	$(4,280)
Net periodic postretirement benefit cost in 2000	663	(525)

15 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 $237 million, $258 million and $225 million in 2000, 1999 and 1998, 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 bottling territories operated by the Company. Direct marketing funding support provided to the Company by The Coca-Cola Company was approximately $51 million, $55 million and $52 million in 2000, 1999 and 1998, respectively. Additionally, the Company earned approximately $1 million, $15 million and $16 million in 2000, 1999 and 1998, respectively, related to cold drink infrastructure support. The marketing funding related to cold drink infrastructure support is covered under a multi-year agreement which includes certain annual performance requirements. The Company is in compliance with all such performance requirements, as amended. In addition, the Company paid approximately $26 million, $29 million and $28 million in 2000, 1999 and 1998, 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 products at cost. The Coca-Cola Company has significant equity interests in the Company and CCE. As of December 31, 2000, CCE has a 7.0% equity interest in the Company's total outstanding stock. Sales to CCE under this agreement were $20.0 million, $21.0 million and $24.0 million in 2000, 1999 and 1998, respectively. Purchases from CCE under this arrangement were $15.0 million, $15.3 million and $15.3 million in 2000, 1999 and 1998, respectively.

In December 1996, the Board of Directors awarded a retirement benefit to J. Frank Harrison, Jr., Chairman-Emeritus of the Board of Directors of the Company, for, among other things, 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 2000, 1999 and 1998 related to the consulting services agreement totaled $200,000 each year.

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 at cost to Piedmont during 2000, 1999 and 1998 totaling $53.5 million, $56.4 million and $55.8 million, respectively.

The Company received $13.6 million, $14.2 million and $14.2 million for management services pursuant to its management agreement with Piedmont for 2000, 1999 and 1998, respectively.

The Company also subleases various fleet and vending equipment to Piedmont at cost. These sublease rentals amounted to $11.0 million, $10.0 million and $7.1 million in 2000, 1999 and 1998, respectively. In addition, Piedmont subleases various fleet and vending equipment to the Company at cost. These sublease rentals amounted to $.2 million, $.2 million and $1.6 million in 2000, 1999 and 1998, respectively.

On November 30, 1992, the Company and the previous 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 ("HLP") purchased the property contemporaneously with the termination of the lease, and the Company leased its Snyder Production Center from HLP pursuant to a ten-year lease that was to expire on November 30, 2002. HLP's sole general partner is a corporation of which J. Frank Harrison, Jr. is the sole shareholder. HLP's sole limited partner is a trust of which J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and Reid M. Henson, Director of the Company are co-trustees. On August 9, 2000, a Special Committee of the Board of Directors approved the sale of property and improvements adjacent to the Snyder Production Center to HLP and a new lease of both the conveyed property and the Snyder Production Center from HLP, which expires on December 31, 2010. The sale closed on December 15, 2000 at a price of $10.5 million. The annual base rent the Company is obligated to pay for its lease of this property is subject to adjustment for an inflation factor and for increases or decreases in interest rates, using LIBOR as the measurement device. Rent expense for this property totaled $2.9 million, $2.6 million and $2.7 million in 2000, 1999 and 1998, respectively.

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

On June 1, 1993, the Company entered into a lease agreement with Beacon Investment Corporation related to the Company's headquarters office building. Beacon Investment Corporation's sole shareholder is J. Frank Harrison, III. On January 5, 1999, the Company entered into a new 10-year lease agreement with Beacon Investment Corporation which includes the Company's headquarters office building and an adjacent office facility. The annual base rent the Company is obligated to pay under this lease is subject to adjustment for increases in the Consumer Price Index and for increases or decreases in interest rates using the Adjusted Eurodollar Rate as the measurement device. Rent expense under this lease totaled $3.6 million and $3.1 million in 2000 and 1999, respectively. Rent expense under the previous lease totaled $2.1 million in 1998.

The Company is a shareholder in two cooperatives from which it purchases substantially all its requirements for plastic bottles. Net purchases from these entities were approximately $49 million, $45 million and $50 million in 2000, 1999 and 1998, respectively. In connection with its participation in one of these cooperatives, the Company has guaranteed a portion of the cooperative's debt. Such guarantee amounted to $20.4 million as of December 31, 2000.

The Company is a member of 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 $1.0 million, $1.3 million and $1.2 million in 2000, 1999 and 1998, respectively. Also, the Company has guaranteed a portion of debt for SAC. Such guarantee was $15.0 million as of December 31, 2000.

The Company purchases certain computerized data management products and services related to inventory control and marketing program support from Data Ventures LLC ("Data Ventures"), a Delaware limited liability company in which the Company holds a 31.25% equity interest. Also, J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, holds a 32.5% equity interest in Data Ventures. On September 30, 1997, Data Ventures obtained a $1.9 million unsecured line of credit from the Company. In December 1999, this line of credit was increased to $3.0 million. Data Ventures was indebted to the Company for $2.8 million and $2.1 million as of December 31, 2000 and January 2, 2000, respectively. The Company purchased products and services from Data Ventures for $414,000, $154,000 and $237,000 in 2000, 1999 and 1998, respectively.

16 RESTRUCTURING

In November 1999, the Company announced a plan to restructure its operations by consolidating sales divisions and reducing its workforce. Approximately 300 positions were eliminated as a result of the restructuring. The Company recorded a pre-tax restructuring charge of $2.2 million in the fourth quarter of 1999, which was funded by cash flow from operations. The restructuring has been completed and substantially all amounts have been paid.

17 EARNINGS PER SHARE

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

(In thousands except per share data)	**2000**	1999	1998
Numerator:			
Numerator for basic net income and diluted net income	**$6,294**	$3,241	$14,878
Denominator:			
Denominator for basic net income per share — weighted average common shares	**8,733**	8,588	8,365
Effect of dilutive securities — Stock options	**89**	120	130
Denominator for diluted net income per share — adjusted weighted average common shares	**8,822**	8,708	8,495
Basic net income per share	**$ .72**	$ .38	$ 1.78
Diluted net income per share	**$ .71**	$ .37	$ 1.75

18 RISKS AND UNCERTAINTIES

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. The remaining 10% of the Company's sales are products of various other beverage companies. The Company has bottling contracts under which it has various requirements to meet. Failure to meet the requirements of these bottling contracts could result in the loss of distribution rights for the respective product.

The Company currently obtains all of its aluminum cans from one domestic supplier. The Company currently obtains all of its PET bottles from two domestic cooperatives. The inability of either of these aluminum can or PET bottle suppliers to meet the Company's requirement for containers could result in short-term shortages until alternative sources of supply could be located. The Company attempts to mitigate these risks by working closely with key suppliers and by purchasing business interruption insurance where appropriate.

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

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

Less than 10% of the Company's labor force is currently covered by collective bargaining agreements. Three collective bargaining contracts covering approximately 1% of the Company's employees expire during 2001.

In March 2000, at the end of a collective bargaining agreement in Huntington, West Virginia, the Company and Teamsters Local Union 505 were unable to reach agreement on wages and benefits. The union elected to strike and other Teamster-represented sales centers in West Virginia joined in a sympathy strike. As of August 7, 2000, the Company and the respective local unions settled all outstanding issues.

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

19 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

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

(In thousands)	Fiscal Year 2000	1999	1998
Accounts receivable, trade, net	**$ (2,294)**	$ (1,017)	$ (1,304)
Accounts receivable from The Coca-Cola Company	**638**	4,073	(5,401)
Accounts receivable, other	**5,691**	(5,419)	862
Inventories	**712**	(2,487)	(1,612)
Prepaid expenses and other assets	**(757)**	2,542	(2,778)
Accounts payable and accrued liabilities	**(15,353)**	10,989	5,986
Accounts payable to The Coca-Cola Company	**1,456**	(2,848)	1,086
Accrued interest payable	**(6,347)**	1,505	1,287
Due to (from) Piedmont Coca-Cola Bottling Partnership	**13,700**	2,301	2,444
(Increase) decrease in current assets less current liabilities	**$ (2,554)**	$ 9,639	$ 570

Cash payments for interest and income taxes were as follows:

(In thousands)	Fiscal Year 2000	1999	1998
Interest	**$ 58,736**	$ 48,221	$ 38,046
Income taxes (net of refunds)	**2,830**	1,939	1,925

20 NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") has issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." As subsequently amended by FASB Statement No. 138, Statement No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. Statement No. 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company will adopt the provisions of Statement No. 133 in the first quarter of 2001. The adoption of Statement No. 133 will not have a material impact on the earnings and financial position of the Company.

21 QUARTERLY FINANCIAL DATA (UNAUDITED)

Set forth below are unaudited quarterly financial data for the fiscal years ended December 31, 2000 and January 2, 2000.

(In thousands except per share data)	Quarter			
Year Ended December 31, 2000	1	2	3	4
Net sales	**$228,184**	**$270,933**	**$258,565**	**$237,452**
Gross margin	**105,941**	**127,931**	**121,006**	**110,015**
Net income (loss)	**(1,957)**	**6,317**	**6,398**	**(4,464)**
Basic net income (loss) per share	**(.22)**	**.72**	**.73**	**(.51)**
Diluted net income (loss) per share	**(.22)**	**.71**	**.73**	**(.51)**

(In thousands except per share data)	Quarter			
Year Ended January 2, 2000	1	2	3	4
Net sales	$220,263	$261,037	$260,284	$230,967
Gross margin	92,152	115,646	117,356	104,284
Restructuring expense				2,232
Net income (loss)	(4,480)	6,166	5,827	(4,272)
Basic net income (loss) per share	(.54)	.72	.67	(.49)
Diluted net income (loss) per share	(.54)	.71	.66	(.49)

Selected Financial Data*

(In thousands except per share data)	2000	1999	1998	1997	1996
			Fiscal Year**		
Summary of Operations					
Net sales	**$ 995,134**	$ 972,551	$ 928,502	$ 802,141	$ 773,763
Cost of sales	**530,241**	543,113	534,919	452,893	435,959
Selling, general and administrative expenses	**323,223**	291,907	276,245	239,901	236,527
Depreciation expense	**64,751**	60,567	37,076	33,783	28,608
Amortization of goodwill and intangibles	**14,712**	13,734	12,972	12,221	12,158
Restructuring expense		2,232			
Total costs and expenses	**932,927**	911,553	861,212	738,798	713,252
Income from operations	**62,207**	60,998	67,290	63,343	60,511
Interest expense	**53,346**	50,581	39,947	37,479	30,379
Other income (expense), net	**974**	(5,431)	(4,098)	(1,594)	(4,433)
Income before income taxes	**9,835**	4,986	23,245	24,270	25,699
Income taxes	**3,541**	1,745	8,367	9,004	9,535
Net income	**$ 6,294**	$ 3,241	$ 14,878	$ 15,266	$ 16,164
Basic net income per share	**$ .72**	$ .38	$ 1.78	$ 1.82	$ 1.74
Diluted net income per share	**$ .71**	$ .37	$ 1.75	$ 1.79	$ 1.73
Cash dividends per share:					
Common	**$ 1.00**	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Class B Common	**$ 1.00**	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Other Information					
Weighted average number of common shares outstanding	**8,733**	8,588	8,365	8,407	9,280
Weighted average number of common shares outstanding — assuming dilution	**8,822**	8,708	8,495	8,509	9,330
Year-End Financial Position					
Total assets	**$1,062,097**	$1,108,392	$ 822,702	$ 775,507	$ 699,870
Long-term debt	**682,246**	723,964	491,234	493,789	439,453
Stockholders' equity	**28,412**	30,851	14,198	7,685	20,681

* See Management's Discussion and Analysis for additional information.

** All years presented are 52-week years except 1998 which is a 53-week year. See Note 3 and Note 15 to the consolidated financial statements for additional information about Piedmont Coca-Cola Bottling Partnership.

Summary of Quarterly Stock Prices

	Fiscal Year					
	2000 Sales Price			1999 Sales Price		
	High	Low	Period End	High	Low	Period End
First quarter	$53.00	$46.50	$52.94	$59.50	$54.50	$56.00
Second quarter	52.75	41.38	45.50	57.63	52.88	56.13
Third quarter	47.75	36.50	41.94	60.00	55.75	56.13
Fourth quarter	45.00	32.05	37.88	56.94	45.00	47.38

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

The quarterly dividend rate of $.25 per share on both Common Stock and Class B Common Stock shares was maintained throughout 1998, 1999 and 2000.

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

The number of stockholders of record of the Common Stock and Class B Common Stock, as of February 15, 2001, was 3,225 and 12, respectively.

Board of Directors

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

J. Frank Harrison, Jr.
Chairman — Emeritus
Coca-Cola Bottling Co. Consolidated

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

John M. Belk
Chairman and Chief Executive Officer
Belk, Inc. and Belk Stores Services, Inc.

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

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

H. Reid Jones
Private Investor

Ned R. McWherter
Former Governor of the State of Tennessee

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

John W. Murrey, III
Member
Witt, Gaither & Whitaker, P.C.
Attorneys at Law

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

Executive Officers

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Chairman of the Board of Directors and Chief Executive Officer

William B. Elmore
President and Chief Operating Officer

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

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

David V. Singer
Executive Vice President, Chief Financial Officer

M. Craig Akins
Vice President, Field Sales

Clifford M. Deal, III
Vice President, Treasurer

Norman C. George
Vice President, Marketing and National Sales

Ronald J. Hammond
Vice President, Value Chain

Kevin A. Henry
Vice President, Human Resources

Umesh M. Kasbekar
Vice President, Planning and Administration

C. Ray Mayhall, Jr.
Vice President, Distribution and Technical Services

Lauren C. Steele
Vice President, Corporate Affairs

Steven D. Westphal
Vice President, Controller

Jolanta T. Zwirek
Vice President, Chief Information Officer

Corporate Information

Transfer Agent and Dividend Disbursing Agent
First Union National Bank
Corporate Trust Client Services NC-1153
1525 West W.T. Harris Blvd. 3C3
Charlotte, North Carolina 28288-1153

Stock Listing
Nasdaq National Market System
Nasdaq Symbol - COKE

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

Annual Meeting
The Annual Meeting of Stockholders of Coca-Cola Bottling Co. Consolidated will be held at Snyder Production Center, 4901 Chesapeake Drive, Charlotte, North Carolina 28216, at 10:00 a.m., on May 9, 2001.

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Coca-Cola
Bottling Co.
CONSOLIDATED

4100 Coca-Cola Plaza

Charlotte, NC 28211

Mailing Address:

Post Office Box 31487

Charlotte, NC 28231

704/557-4400