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

FORM 10-Q

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

For the quarterly period ended April 1, 2007

Commission File Number 0-9286

COCA-COLA BOTTLING CO. CONSOLIDATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

56-0950585
(I.R.S. Employer
Identification No.)

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

Class	Outstanding at April 30, 2007
Common Stock, \$1.00 Par Value	6,643,677
Class B Common Stock, \$1.00 Par Value	2,479,652

COCA-COLA BOTTLING CO. CONSOLIDATED
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED APRIL 1, 2007

INDEX

	<u>Page</u>
<u>PART I – FINANCIAL INFORMATION</u>	
Item 1. Financial Statements (Unaudited)	
Consolidated Statements of Operations	3
Consolidated Balance Sheets	4
Consolidated Statements of Changes in Stockholders' Equity	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	32
Item 3. Quantitative and Qualitative Disclosures About Market Risk	52
Item 4. Controls and Procedures	52
<u>PART II – OTHER INFORMATION</u>	
Item 1. Legal Proceedings	53
Item 1A. Risk Factors	53
Item 6. Exhibits	54
Signature	55

PART I - FINANCIAL INFORMATION

Item I. Financial Statements.

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

	First Quarter	
	2007	2006
Net sales	\$ 337,556	\$ 333,179
Cost of sales	186,065	187,153
Gross margin	151,491	146,026
Selling, delivery and administrative expenses	130,831	131,728
Amortization of intangibles	111	148
Income from operations	20,549	14,150
Interest expense	12,218	12,220
Minority interest	681	556
Income before income taxes	7,650	1,374
Income taxes	2,999	559
Net income	<u>\$ 4,651</u>	<u>\$ 815</u>
Basic net income per share:		
Common Stock	<u>\$.51</u>	<u>\$.09</u>
Weighted average number of Common Stock shares outstanding	6,643	6,643
Class B Common Stock	<u>\$.51</u>	<u>\$.09</u>
Weighted average number of Class B Common Stock shares outstanding	2,480	2,460
Diluted net income per share:		
Common Stock	<u>\$.51</u>	<u>\$.09</u>
Weighted average number of Common Stock shares outstanding – assuming dilution	9,131	9,112
Class B Common Stock	<u>\$.51</u>	<u>\$.09</u>
Weighted average number of Class B Common Stock shares outstanding – assuming dilution	2,488	2,469
Cash dividends per share:		
Common Stock	\$.25	\$.25
Class B Common Stock	\$.25	\$.25

See Accompanying Notes to Consolidated Financial Statements

[Table of Contents](#)

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

	Unaudited April 1, 2007	Dec. 31, 2006	Unaudited April 2, 2006
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 55,039	\$ 61,823	\$ 17,914
Accounts receivable, trade, less allowance for doubtful accounts of \$1,328, \$1,334 and \$1,513, respectively	102,356	91,299	92,482
Accounts receivable from The Coca-Cola Company	16,724	4,915	11,257
Accounts receivable, other	8,801	8,565	5,626
Inventories	63,746	67,055	62,694
Prepaid expenses and other current assets	17,543	13,485	12,455
Total current assets	<u>264,209</u>	<u>247,142</u>	<u>202,428</u>
Property, plant and equipment, net	376,185	384,464	388,467
Leased property under capital leases, net	73,962	69,851	72,341
Other assets	36,108	35,542	41,725
Franchise rights, net	520,672	520,672	520,672
Goodwill, net	102,049	102,049	102,049
Other identifiable intangible assets, net	4,636	4,747	4,906
Total	<u>\$ 1,377,821</u>	<u>\$ 1,364,467</u>	<u>\$ 1,332,588</u>

See Accompanying Notes to Consolidated Financial Statements

[Table of Contents](#)

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

	Unaudited April 1, 2007	Dec. 31, 2006	Unaudited April 2, 2006
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Current portion of debt	\$ 103,000	\$ 100,000	\$ 39
Current portion of obligations under capital leases	2,476	2,435	1,606
Accounts payable, trade	42,615	44,050	40,530
Accounts payable to The Coca-Cola Company	23,111	21,748	17,889
Other accrued liabilities	51,827	51,030	44,813
Accrued compensation	10,416	19,671	9,413
Accrued interest payable	18,562	10,008	17,642
Total current liabilities	<u>252,007</u>	<u>248,942</u>	<u>131,932</u>
Deferred income taxes	158,192	162,694	167,477
Pension and postretirement benefit obligations	57,276	57,757	58,228
Other liabilities	95,722	88,598	88,275
Obligations under capital leases	79,581	75,071	77,120
Long-term debt	591,450	591,450	691,450
Total liabilities	<u>1,234,228</u>	<u>1,224,512</u>	<u>1,214,482</u>
Commitments and Contingencies (Note 14)			
Minority interest	46,683	46,002	43,340
Stockholders' Equity:			
Common Stock, \$1.00 par value:			
Authorized – 30,000,000 shares; Issued – 9,705,551, 9,705,551 and 9,705,451 shares, respectively	9,705	9,705	9,705
Class B Common Stock, \$1.00 par value:			
Authorized – 10,000,000 shares; Issued – 3,108,266, 3,088,266 and 3,088,366 shares, respectively	3,108	3,088	3,088
Capital in excess of par value	101,418	101,145	100,448
Retained earnings	70,865	68,495	52,895
Accumulated other comprehensive loss	(26,932)	(27,226)	(30,116)
	<u>158,164</u>	<u>155,207</u>	<u>136,020</u>
Less-Treasury stock, at cost:			
Common – 3,062,374 shares	60,845	60,845	60,845
Class B Common – 628,114 shares	409	409	409
Total stockholders' equity	<u>96,910</u>	<u>93,953</u>	<u>74,766</u>
Total	<u>\$1,377,821</u>	<u>\$1,364,467</u>	<u>\$1,332,588</u>

See Accompanying Notes to Consolidated Financial Statements

[Table of Contents](#)

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
In Thousands

	Common Stock	Class B Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance on January 1, 2006	\$ 9,705	\$ 3,068	\$ 99,376	\$54,355	\$ (30,116)	\$ (61,254)	\$75,134
Comprehensive income:							
Net income				815			815
Total comprehensive income							815
Cash dividends paid							
Common (\$.25 per share)				(1,660)			(1,660)
Class B Common (\$.25 per share)				(615)			(615)
Issuance of 20,000 shares of Class B Common Stock		20	840				860
Stock compensation expense			232				232
Balance on April 2, 2006	<u>\$ 9,705</u>	<u>\$ 3,088</u>	<u>\$100,448</u>	<u>\$52,895</u>	<u>\$ (30,116)</u>	<u>\$ (61,254)</u>	<u>\$74,766</u>
Balance on December 31, 2006	\$ 9,705	\$ 3,088	\$101,145	\$68,495	\$ (27,226)	\$ (61,254)	\$93,953
Comprehensive income:							
Net income				4,651			4,651
Foreign currency translation adjustments					2		2
Pension and postretirement benefit adjustments					292		292
Total comprehensive income							4,945
Cash dividends paid							
Common (\$.25 per share)				(1,661)			(1,661)
Class B Common (\$.25 per share)				(620)			(620)
Issuance of 20,000 shares of Class B Common Stock		20	(20)				—
Stock compensation expense			293				293
Balance on April 1, 2007	<u>\$ 9,705</u>	<u>\$ 3,108</u>	<u>\$101,418</u>	<u>\$70,865</u>	<u>\$ (26,932)</u>	<u>\$ (61,254)</u>	<u>\$96,910</u>

See Accompanying Notes to Consolidated Financial Statements

[Table of Contents](#)

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

	First Quarter	
	2007	2006
Cash Flows from Operating Activities		
Net income	\$ 4,651	\$ 815
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	16,944	16,679
Amortization of intangibles	111	148
Deferred income taxes	754	559
Losses on sale of property, plant and equipment	679	430
Amortization of debt costs	768	665
Amortization of deferred gain related to terminated interest rate agreements	(424)	(421)
Stock compensation expense	293	232
Minority interest	681	556
Increase in current assets less current liabilities	(21,518)	(20,203)
Increase in other noncurrent assets	(285)	(3,109)
Increase (decrease) in other noncurrent liabilities	(142)	6,680
Other	(92)	—
Total adjustments	(2,231)	2,216
Net cash provided by operating activities	2,420	3,031
Cash Flows from Investing Activities		
Additions to property, plant and equipment	(8,415)	(15,564)
Proceeds from the sale of property, plant and equipment	197	90
Investment in plastic bottle manufacturing cooperative	(758)	—
Net cash used in investing activities	(8,976)	(15,474)
Cash Flows from Financing Activities		
Proceeds from (payment of) lines of credit, net	3,000	(6,500)
Cash dividends paid	(2,281)	(2,275)
Principal payments on capital lease obligations	(593)	(476)
Other	(354)	—
Net cash used in financing activities	(228)	(9,251)
Net decrease in cash	(6,784)	(21,694)
Cash at beginning of period	61,823	39,608
Cash at end of period	\$ 55,039	\$ 17,914
Significant non-cash investing and financing activities:		
Issuance of Class B Common Stock in connection with stock award	\$ 929	\$ 860
Capital lease obligations incurred	5,144	—

See Accompanying Notes to Consolidated Financial Statements

[Table of Contents](#)

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

1. Significant Accounting Policies

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

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

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

The accounting policies followed in the presentation of interim financial results are consistent with those followed on an annual basis. These policies are presented in Note 1 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 filed with the United States Securities and Exchange Commission.

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

2. Seasonality of Business

Operating results for the first quarter of 2007 ("Q1 2007") are not indicative of results that may be expected for the fiscal year ending December 30, 2007 because of business seasonality. Business seasonality results primarily from higher unit sales of the Company's products in the second and third quarters versus the first and fourth quarters of the fiscal year. Fixed costs, such as depreciation and interest expense, are not significantly impacted by business seasonality.

3. Piedmont Coca-Cola Bottling Partnership

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

[Table of Contents](#)

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

Minority interest as of April 1, 2007, December 31, 2006 and April 2, 2006 represents the portion of Piedmont owned by The Coca-Cola Company. The Coca-Cola Company's interest in Piedmont was 22.7% for all periods presented.

4. Inventories

Inventories were summarized as follows:

<u>In Thousands</u>	<u>April 1, 2007</u>	<u>Dec. 31, 2006</u>	<u>April 2, 2006</u>
Finished products	\$38,279	\$32,934	\$37,795
Manufacturing materials	9,700	19,333	9,672
Plastic shells, plastic pallets and other inventories	15,767	14,788	15,227
Total inventories	<u>\$63,746</u>	<u>\$67,055</u>	<u>\$62,694</u>

5. Property, Plant and Equipment

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

<u>In Thousands</u>	<u>April 1, 2007</u>	<u>Dec. 31, 2006</u>	<u>April 2, 2006</u>	<u>Estimated Useful Lives</u>
Land	\$ 12,455	\$ 12,455	\$ 12,605	
Buildings	111,533	110,444	110,321	10-50 years
Machinery and equipment	101,118	100,519	98,342	5-20 years
Transportation equipment	185,475	184,861	176,064	4-13 years
Furniture and fixtures	39,841	39,184	39,110	4-10 years
Cold drink dispensing equipment	328,404	331,174	339,360	6-13 years
Leasehold and land improvements	58,119	57,837	56,913	5-20 years
Software for internal use	36,677	36,665	32,904	3-10 years
Construction in progress	16,603	13,464	6,442	
Total property, plant and equipment, at cost	890,225	886,603	872,061	
Less: Accumulated depreciation and amortization	514,040	502,139	483,594	
Property, plant and equipment, net	<u>\$ 376,185</u>	<u>\$ 384,464</u>	<u>\$ 388,467</u>	

Depreciation and amortization expense was \$16.9 million and \$16.7 million in Q1 2007 and the first quarter of 2006 ("Q1 2006"), respectively. These amounts included amortization expense for leased property under capital leases.

[Table of Contents](#)

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

6. Leased Property Under Capital Leases

Leased property under capital leases was summarized as follows:

<u>In Thousands</u>	<u>April 1, 2007</u>	<u>Dec. 31, 2006</u>	<u>April 2, 2006</u>	<u>Estimated Useful Lives</u>
Leased property under capital leases	\$88,619	\$83,475	\$84,035	3-29 years
Less: Accumulated amortization	14,657	13,624	11,694	
Leased property under capital leases, net	<u>\$73,962</u>	<u>\$69,851</u>	<u>\$72,341</u>	

As of April 1, 2007, real estate represented all of the leased property under capital leases, net and \$67.7 million of this real estate is leased from related parties as described in Note 19 to the consolidated financial statements.

7. Franchise Rights and Goodwill

There was no change in franchise rights and goodwill in the periods presented.

8. Other Identifiable Intangible Assets

Other identifiable intangible assets were summarized as follows:

<u>In Thousands</u>	<u>April 1, 2007</u>	<u>Dec. 31, 2006</u>	<u>April 2, 2006</u>	<u>Estimated Useful Lives</u>
Other identifiable intangible assets	\$6,599	\$6,599	\$8,994	1-18 years
Less: Accumulated amortization	1,963	1,852	4,088	
Other identifiable intangible assets, net	<u>\$4,636</u>	<u>\$4,747</u>	<u>\$4,906</u>	

Other identifiable intangible assets primarily represent customer relationships.

[Table of Contents](#)Coca-Cola Bottling Co. Consolidated
Notes to Consolidated Financial Statements (Unaudited)

9. Other Accrued Liabilities

Other accrued liabilities were summarized as follows:

<u>In Thousands</u>	<u>April 1, 2007</u>	<u>Dec. 31, 2006</u>	<u>April 2, 2006</u>
Accrued marketing costs	\$ 4,656	\$ 6,659	\$ 5,252
Accrued insurance costs	11,562	12,495	10,788
Accrued taxes (other than income taxes)	2,208	2,068	2,262
Employee benefit plan accruals	8,752	8,427	8,388
Checks and transfers yet to be presented for payment from zero balance cash account	9,681	10,199	12,654
All other accrued liabilities	14,968	11,182	5,469
Total other accrued liabilities	<u>\$51,827</u>	<u>\$51,030</u>	<u>\$ 44,813</u>

10. Debt

Debt was summarized as follows:

<u>In Thousands</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Interest Paid</u>	<u>April 1, 2007</u>	<u>Dec. 31, 2006</u>	<u>April 2, 2006</u>
Lines of Credit	2007	5.87%	Varies	\$ 3,000	\$ —	\$ —
Debentures	2007	6.85%	Semi-annually	100,000	100,000	100,000
Debentures	2009	7.20%	Semi-annually	57,440	57,440	57,440
Debentures	2009	6.375%	Semi-annually	119,253	119,253	119,253
Senior Notes	2012	5.00%	Semi-annually	150,000	150,000	150,000
Senior Notes	2015	5.30%	Semi-annually	100,000	100,000	100,000
Senior Notes	2016	5.00%	Semi-annually	164,757	164,757	164,757
Other notes payable				—	—	39
				<u>694,450</u>	<u>691,450</u>	<u>691,489</u>
Less: Current portion of debt				103,000	100,000	39
Long-term debt				<u>\$591,450</u>	<u>\$591,450</u>	<u>\$691,450</u>

[Table of Contents](#)

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

10. Debt

On March 8, 2007, the Company entered into a \$200 million revolving credit facility (“\$200 million facility”), replacing its \$100 million facility. The \$200 million facility matures in March 2012 and includes an option to extend the term for an additional year at the discretion of the participating banks. The \$200 million facility bears interest at a floating base rate or a floating rate of LIBOR plus an interest rate spread of .35%. In addition, there is a fee of .10% required for this facility. Both the interest rate spread and the facility fee are determined from a commonly-used pricing grid based on the Company’s long-term senior unsecured debt rating. The \$200 million facility contains two financial covenants related to ratio requirements for interest coverage and long-term debt to cash flow, each as defined in the credit agreement. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources.

The Company borrows periodically under its available lines of credit. These lines of credit, in the aggregate amount of \$60 million at April 1, 2007, are made available at the discretion of two participating banks at rates negotiated at the time of borrowing and may be withdrawn at any time by such banks. On April 1, 2007, the Company had \$3.0 million in outstanding borrowings on the lines of credit.

After taking into account all of its interest rate hedging activities, the Company had a weighted average interest rate of 6.8%, 6.9% and 6.5% for its debt and capital lease obligations as of April 1, 2007, December 31, 2006 and April 2, 2006, respectively. The Company’s overall weighted average interest rate on its debt and capital lease obligations was 6.6% for Q1 2007 compared to 6.5% for Q1 2006. As of April 1, 2007, approximately 52% of the Company’s debt and capital lease obligations of \$776.5 million was subject to changes in short-term interest rates. The Company considers all floating rate debt and fixed rate debt with a maturity of less than one year to be subject to changes in short-term interest rates.

The Company’s public debt is not subject to financial covenants but does limit the incurrence of certain liens and encumbrances as well as the incurrence of indebtedness by the Company’s subsidiaries in excess of certain amounts.

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

[Table of Contents](#)

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

11. Derivative Financial Instruments

The Company periodically uses interest rate hedging products to mitigate risk from interest rate fluctuations. 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 changes 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 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:

<u>In Thousands</u>	<u>April 1, 2007</u>		<u>December 31, 2006</u>		<u>April 2, 2006</u>	
	<u>Notional Amount</u>	<u>Remaining Term</u>	<u>Notional Amount</u>	<u>Remaining Term</u>	<u>Notional Amount</u>	<u>Remaining Term</u>
Interest rate swap agreement - floating	\$ 25,000	0.67 years	\$ 25,000	0.92 years	\$ 25,000	1.67 years
Interest rate swap agreement - floating	25,000	0.67 years	25,000	0.92 years	25,000	1.67 years
Interest rate swap agreement - floating	50,000	2.17 years	50,000	2.42 years	50,000	3.17 years
Interest rate swap agreement - floating	50,000	0.67 years	50,000	0.92 years	50,000	1.67 years
Interest rate swap agreement - floating	50,000	2.33 years	50,000	2.58 years	50,000	3.33 years
Interest rate swap agreement - floating	50,000	5.67 years	50,000	5.92 years	50,000	6.67 years
Interest rate swap agreement - floating	25,000	2.08 years				
Interest rate swap agreement - floating	25,000	8.00 years				
Interest rate swap agreement - floating	25,000	5.67 years				

The Company had nine interest rate swap agreements as of April 1, 2007 with varying terms that effectively converted \$325 million of the Company's fixed rate debt to floating rate debt. All of the interest rate swap agreements have been accounted for as fair value hedges.

The counterparties to these contractual arrangements are major financial institutions with which the Company also has other financial relationships. The Company uses several different financial institutions for interest rate derivative contracts to minimize the concentration of credit risk. While the Company is exposed to credit loss in the event of nonperformance by these counterparties, the Company does not anticipate nonperformance by these parties. The Company has master agreements with the counterparties to its derivative financial agreements that provide for net settlement of the derivative transactions.

During Q1 2007, the Company began using derivative instruments to hedge a portion of the Company's vehicle fuel purchases. These derivative instruments relate to diesel fuel and unleaded gasoline used in the Company's delivery fleet. Derivative instruments used include puts and calls which effectively establish an upper and lower limit on the Company's price of fuel within periods covered by the instruments. The Company pays a fee for these instruments which is amortized over the corresponding period of the instrument. The Company currently accounts for its fuel hedges on a mark-to-market basis with any expense or income being reflected as an adjustment of fuel costs.

[Table of Contents](#)

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

12. Fair Values of Financial Instruments

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

Cash and Cash Equivalents, Accounts Receivable and Accounts Payable

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

Public Debt Securities

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

Non-Public Variable Rate 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 other notes payable are estimated using discounted cash flow analyses based on the Company's current borrowing rates for similar types of borrowing arrangements.

Derivative Financial Instruments

The fair values for the Company's interest rate swap and fuel hedging agreements are based on current settlement values.

Letters of Credit

The fair values of the Company's letters of credit, obtained from financial institutions, are based on the notional amounts of the instruments. These letters of credit primarily relate to the Company's property and casualty insurance programs.

The carrying amounts and fair values of the Company's debt, derivative financial instruments and letters of credit were as follows:

<u>In Thousands</u>	<u>April 1, 2007</u>		<u>December 31, 2006</u>		<u>April 2, 2006</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Public debt securities	\$691,450	\$681,014	\$691,450	\$679,991	\$691,450	\$678,153
Non-public variable rate debt	3,000	3,000	—	—	—	—
Non-public fixed rate long-term debt	—	—	—	—	39	39
Interest rate swap agreements	8,883	8,883	6,950	6,950	10,469	10,469
Fuel hedging agreements	—	(667)	—	—	—	—
Letters of credit	—	21,252	—	22,068	—	18,645

The fair values of the interest rate swap agreements at April 1, 2007, December 31, 2006 and April 2, 2006 represent the estimated amounts the Company would have paid upon termination of these agreements, which are the current settlement values. The fair value of the fuel hedging agreements at April 1, 2007 represents the estimated amount the Company would have received upon termination of these agreements, which are the current settlement values.

[Table of Contents](#)

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

13. Other Liabilities

Other liabilities were summarized as follows:

<u>In Thousands</u>	<u>April 1, 2007</u>	<u>Dec. 31, 2006</u>	<u>April 2, 2006</u>
Accruals for executive benefit plans	\$71,945	\$69,547	\$ 65,613
Other	23,777	19,051	22,662
Total other liabilities	<u>\$95,722</u>	<u>\$88,598</u>	<u>\$ 88,275</u>

14. Commitments and Contingencies

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

The Company guarantees a portion of SAC's and Southeastern's debt and lease obligations. The amounts guaranteed were \$45.3 million, \$42.9 million and \$44.5 million as of April 1, 2007, December 31, 2006 and April 2, 2006, respectively. The Company has not recorded any liability associated with these guarantees. The Company holds no assets as collateral against these guarantees and no contractual recourse exists that would enable the Company to recover amounts guaranteed. The guarantees relate to the debt and lease obligations of SAC and Southeastern, which resulted primarily from the purchase of production equipment and facilities. These guarantees expire at various times through 2021. The members of both cooperatives consist solely of Coca-Cola bottlers. The Company does not anticipate either of these cooperatives will fail to fulfill their commitments under these agreements. The Company further believes each of these cooperatives has sufficient assets, including production equipment, facilities and working capital, and the ability to adjust selling prices of their products to adequately mitigate the risk of material loss.

The Company has identified SAC and Southeastern as variable interest entities and has determined it is not the primary beneficiary of either of the cooperatives. The Company's variable interest in these cooperatives includes an equity ownership in each of the entities and the guarantee of certain indebtedness. As of April 1, 2007, SAC had total assets of approximately \$46 million and total debt of approximately \$22 million. SAC had total revenue for Q1 2007 of approximately \$42 million. As of April 1, 2007, Southeastern had total assets of approximately \$392 million and total debt of approximately \$280 million. Southeastern had total revenue for Q1 2007 of approximately \$134 million. In the event either of these cooperatives fails to fulfill its commitments under the related debt and lease obligations, the Company would be responsible for payments to the lenders up to the level of the guarantees. If these cooperatives had borrowed up to their borrowing capacity, the Company's maximum exposure under these guarantees on April 1, 2007 would have been \$57.4 million and the Company's maximum total exposure including its equity investment, would have been \$36.2 million for SAC and \$31.1 million for Southeastern. The Company has been purchasing plastic bottles and finished products from these cooperatives for more than ten years.

[Table of Contents](#)

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

14. Commitments and Contingencies

The Company has standby letters of credit, primarily related to its property and casualty insurance programs. On April 1, 2007, these letters of credit totaled \$21.3 million.

The Company participates in long-term marketing contractual arrangements with certain prestige properties, athletic venues and other locations. The future payments related to these contractual arrangements as of April 1, 2007 amounted to \$27.0 million and expire at various dates through 2014.

On February 14, 2006, forty-eight Coca-Cola bottler plaintiffs filed suit in the United States District Court for the Western District of Missouri against The Coca-Cola Company and Coca-Cola Enterprises Inc. ("CCE"). On February 24, 2006, the plaintiffs filed an amended complaint adding twelve bottlers as plaintiffs. In the lawsuit, *Ozarks Coca-Cola/Dr Pepper Bottling Company, et al. vs. The Coca-Cola Company and Coca-Cola Enterprises Inc.*, the bottler plaintiffs purported to bring claims for breach of contract and breach of duty and other related claims arising out of CCE's plan to offer warehouse delivery of POWERade to Wal-Mart Stores, Inc. ("Wal-Mart") within CCE's territory. The bottler plaintiffs sought preliminary and permanent injunctive relief prohibiting the warehouse delivery of POWERade and unspecified compensatory and punitive damages. On March 17, 2006, the Missouri District Court transferred the case, for the convenience of the parties, to the United States District Court for the Northern District of Georgia (the "District Court").

In April 2006, warehouse delivery of POWERade commenced in the Company's exclusive bottling territory. On September 5, 2006, the District Court granted the Company's motion to intervene as defendant for the limited purpose of opposing the injunctive relief sought by the bottler plaintiffs. The District Court found that the Company had a legally protectable interest at stake in the litigation in that the relief requested would preclude the Company from warehouse delivery of POWERade within its exclusive bottling territory.

In February 2007, The Coca-Cola Company, CCE, the Company and many of the plaintiffs entered into a series of agreements that resulted in the dismissal without prejudice of the lawsuit and the implementation of a program to test various new route-to-market service systems. The new alternative route-to-market program provides, among other things, that during the next two years, through December 31, 2008, any Coca-Cola bottler that desires to implement an alternative route-to-market delivery plan shall present the plan for advance discussion and approval by representatives of The Coca-Cola Company and the Coca-Cola bottling system. The agreements preserve all parties' rights, and afford the Coca-Cola bottling system an opportunity to meet to discuss whether the new route-to-market service system should be continued. The lawsuit was dismissed on March 2, 2007 without prejudice.

[Table of Contents](#)

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

14. Commitments and Contingencies

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

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

15. Income Taxes

The Company's effective income tax rate for Q1 2007 and Q1 2006 was 39.2% and 40.7%, respectively.

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

<u>In Thousands</u>	<u>First Quarter</u>	
	<u>2007</u>	<u>2006</u>
Statutory expense	\$2,677	\$481
State income taxes, net of federal benefit	333	65
Manufacturing deduction benefit	(224)	(14)
Meals and entertainment	83	25
Other, net	130	2
Income tax expense	<u>\$2,999</u>	<u>\$559</u>

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), an interpretation of FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 clarifies the accounting for uncertainty in income taxes recognized by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The Company adopted the provisions of FIN 48 on January 1, 2007. As a result of the implementation of FIN 48, the Company recognized no material adjustment in the liability for unrecognized income tax benefits. At the adoption date of January 1, 2007, the Company had \$13.0 million of unrecognized tax benefits, of which \$7.6 million would affect the Company's effective tax rate if recognized. As of April 1, 2007, the Company had \$13.1 million of unrecognized tax benefits including accrued interest. It is expected that the amount of unrecognized tax benefits will change in the next 12 months, however, the Company does not expect the change to have a significant impact on the consolidated financial statements.

[Table of Contents](#)

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

15. Income Taxes

The Company recognizes potential interest and penalties related to uncertain tax positions in income tax expense. As of April 1, 2007, the Company had approximately \$1.7 million of accrued interest related to uncertain tax positions.

The tax years 2003 through 2006 remain open to examination by taxing jurisdictions to which the Company is subject. In addition, various tax years from 1988 remain open due to loss carryforwards.

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

16. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is comprised of net income and adjustments relative to the Company's pension and postretirement medical benefit plans and foreign currency translation adjustments. The Company adopted Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Pension and Other Postretirement Plans" ("SFAS 158") at the end of 2006.

A summary of accumulated other comprehensive loss is as follows:

<u>In Thousands</u>	<u>Dec. 31, 2006</u>	<u>Pre-tax Activity</u>	<u>Tax Effect</u>	<u>April 1, 2007</u>
Net pension activity:				
Actuarial loss	\$ (24,673)	\$ 623	\$ (246)	\$ (24,296)
Prior service costs	(31)	6	(2)	(27)
Net postretirement benefits activity:				
Actuarial loss	(13,512)	305	(119)	(13,326)
Prior service costs	10,915	(446)	175	10,644
Transition asset	75	(6)	2	71
Foreign currency translation adjustment	—	3	(1)	2
Total	<u>\$ (27,226)</u>	<u>\$ 485</u>	<u>\$ (191)</u>	<u>\$ (26,932)</u>

There were no changes in accumulated other comprehensive loss in Q1 2006.

17. Capital Transactions

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

[Table of Contents](#)

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

17. Capital Transactions

Pursuant to the Company's Certificate of Incorporation, no cash dividend or dividend of property or stock other than stock of the Company, as specifically described in the Certificate of Incorporation, may be declared and paid on the Class B Common Stock unless an equal or greater dividend is declared and paid on the Common Stock. During Q1 2007 and Q1 2006, dividends of \$.25 per share were declared and paid on both Common Stock and Class B Common Stock.

Each share of Common Stock is entitled to one vote per share at all meetings of stockholders and each share of Class B Common Stock is entitled to 20 votes per share at such meetings. Except to the extent otherwise required by law, holders of the Common Stock and Class B Common Stock vote together as a single class on all matters brought before the Company's stockholders.

In the event of liquidation, there is no preference between the two classes of common stock.

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 fair value of the restricted stock award, when approved, was approximately \$11.7 million based on the market price of the Common Stock on the effective date of the award. The award provides the shares of restricted stock 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 in the Company's Annual Bonus Plan. The restricted stock award does not entitle Mr. Harrison, III to participate in dividend or voting rights until each installment has vested and the shares are issued.

On February 22, 2006, the Compensation Committee of the Board of Directors determined 20,000 shares of restricted Class B Common Stock vested and should be issued, pursuant to the performance-based award discussed above, to Mr. Harrison, III in connection with his services as Chairman of the Board of Directors and Chief Executive Officer of the Company for the fiscal year ended January 1, 2006. On February 28, 2007, the Compensation Committee determined an additional 20,000 shares of restricted Class B Common Stock vested and should be issued to Mr. Harrison, III in connection with his services for the fiscal year ended December 31, 2006.

The Company's only share based compensation is the restricted stock award to Mr. Harrison, III, as described above. Each annual 20,000 share tranche has an independent performance requirement as it is not established until the Company's Annual Bonus Plan targets are approved each year by the Company's Board of Directors. As a result, each 20,000 share tranche is considered to have its own service inception date, grant-date fair value and requisite service period.

[Table of Contents](#)

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

17. Capital Transactions

The Company's Annual Bonus Plan targets, which establish the performance requirement for the restricted stock awards, are approved by the Board of Directors in the first quarter of each year.

A summary of restricted stock awards is as follows:

<u>Year</u>	<u>Shares Awarded</u>	<u>Grant- Date Price</u>	<u>Annual Compensation Expense</u>	<u>First Quarter Compensation Expense</u>
2006	20,000	\$46.45	\$ 929,000	\$ 232,250
2007	20,000	58.53	1,170,600	292,650

In addition, the Company reimburses Mr. Harrison, III for income taxes to be paid on the shares if the performance requirement is met and the shares are issued. The Company accrues the estimated cost of the income tax reimbursement over the one-year service period.

The increase in the number of shares outstanding in Q1 2007 and Q1 2006 was due to the issuance of 20,000 shares of Class B Common Stock related to the restricted stock award in each quarter.

18. Benefit Plans

Recently Adopted Pronouncement

The Company adopted SFAS No. 158 at the end of fiscal 2006. The Company applied the modified prospective transition method and prior periods were not restated. The impact of the adoption was to increase pension and postretirement benefit obligations by \$4.2 million with a corresponding adjustment to other comprehensive loss, net of tax effect, of \$1.6 million. The adoption does not impact periodic benefit costs.

Pension Plans

Retirement benefits under the two Company-sponsored pension plans 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 plans are based on the projected unit credit actuarial funding method and are limited to the amounts currently deductible for income tax purposes.

On February 22, 2006, the Board of Directors of the Company approved an amendment to the principal Company-sponsored pension plan to cease further benefit accruals under the plan effective June 30, 2006. The plan amendment was accounted for as a plan "curtailment" under SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits

[Table of Contents](#)

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

18. Benefit Plans

(as amended).” The curtailment resulted in a reduction of the Company’s projected benefit obligation which was offset against the Company’s unrecognized net loss. As a result of the curtailment, the impact on net income and on net pension expense prior to the effective date of June 30, 2006 were immaterial. Periodic pension expense was reduced beginning in the third quarter of 2006 and current service cost no longer accrues.

The components of net periodic pension cost were as follows:

<u>In Thousands</u>	<u>First Quarter</u>	
	<u>2007</u>	<u>2006</u>
Service cost	\$ 20	\$ 2,044
Interest cost	2,634	2,842
Expected return on plan assets	(3,225)	(2,961)
Amortization of prior service cost	6	6
Recognized net actuarial loss	623	1,559
Net periodic pension cost	<u>\$ 58</u>	<u>\$ 3,490</u>

The Company did not contribute to its pension plans during Q1 2007 and does not expect to make contributions to its principal Company-sponsored pension plan during the remainder of 2007.

Postretirement Benefits

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

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

<u>In Thousands</u>	<u>First Quarter</u>	
	<u>2007</u>	<u>2006</u>
Service cost	\$ 106	\$ 83
Interest cost	552	557
Amortization of unrecognized transitional assets	(6)	(6)
Recognized net actuarial loss	305	339
Amortization of prior service cost	(446)	(446)
Net periodic postretirement benefit cost	<u>\$ 511</u>	<u>\$ 527</u>

401(k) Savings Plan

In conjunction with the change to the principal Company-sponsored pension plan discussed above, the Company’s Board of Directors also approved an amendment to the 401(k) Savings Plan to increase the Company’s matching contribution under the 401(k) Savings Plan effective January 1, 2007. The amendment to

[Table of Contents](#)

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

18. Benefit Plans

the 401(k) Savings Plan provided for fully vested matching contributions equal to one hundred percent of a participant's elective deferrals to the 401(k) Savings Plan up to a maximum of 5% of a participant's eligible compensation. Total costs for this benefit in Q1 2007 and Q1 2006 were \$2.1 million and \$1.2 million, respectively.

19. Related Party Transactions

The Company's business consists primarily of the production, marketing and distribution of nonalcoholic beverages of The Coca-Cola Company, which is the sole owner of the secret formulas under which the primary components (either concentrate or syrup) of its soft drink products are manufactured. As of April 1, 2007, The Coca-Cola Company had a 27.2% interest in the Company's total outstanding Common Stock and Class B Common Stock on a combined basis.

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

<u>In Millions</u>	<u>First Quarter</u>	
	<u>2007</u>	<u>2006</u>
Payments by the Company for concentrate, syrup, sweetener and other purchases	\$75.4	\$78.3
Marketing funding support payments to the Company	6.8	3.9
Payments net of marketing funding support	\$68.6	\$74.4
Payments by the Company for customer marketing programs	\$10.0	\$ 9.8
Payments by the Company for cold drink equipment parts	1.3	1.9
Fountain delivery and equipment repair fees paid to the Company	2.3	2.2
Presence marketing funding support provided by The Coca-Cola Company on the Company's behalf	1.1	1.6
Sales of finished products to The Coca-Cola Company	10.9	8.4

The Company has a production arrangement with CCE to buy and sell finished products at cost. Sales to CCE under this arrangement were \$10.7 million and \$14.0 million in Q1 2007 and Q1 2006, respectively. Purchases from CCE under this arrangement were \$3.1 million and \$4.1 million in Q1 2007 and Q1 2006, respectively. The Coca-Cola Company has significant equity interests in the Company and CCE. As of April 1, 2007, CCE held 10.5% of the Company's outstanding Common Stock but held no shares of the Company's Class B Common Stock, giving CCE a 7.6% interest in the Company's total outstanding Common Stock and Class B Common Stock on a combined basis.

Along with all other Coca-Cola bottlers in the United States, the Company is a member in Coca-Cola Bottlers' Sales and Services Company, LLC ("CCBSS"), which was formed in 2003 for the purposes of

[Table of Contents](#)

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

19. Related Party Transactions

facilitating various procurement functions and distributing certain specified beverage products of The Coca-Cola Company with the intention of enhancing the efficiency and competitiveness of the Coca-Cola bottling system in the United States. CCBSS negotiates the procurement for the majority of the Company's raw materials (excluding concentrate). The Company pays an administrative fee to CCBSS for its services. CCE is also a member of CCBSS.

The Company provides a portion of the finished 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 Q1 2007 and Q1 2006 totaling \$18.5 million and \$15.5 million, respectively. The Company received \$4.8 million and \$4.7 million for management services pursuant to its management agreement with Piedmont for Q1 2007 and Q1 2006, respectively. The Company provides financing for Piedmont at the Company's average cost of funds plus 0.50%. As of April 1, 2007, the Company had loaned \$90.1 million to Piedmont. The loan has a December 31, 2010 maturity date. The Company also subleases various fleet and vending equipment to Piedmont at cost. These sublease rentals amounted to \$1.9 million and \$2.1 million in Q1 2007 and Q1 2006, respectively. All intercompany accounts and transactions between the Company and Piedmont have been eliminated.

The Company is a shareholder in two cooperatives from which it purchases substantially all its requirements for plastic bottles. Net purchases from these cooperatives were \$16.2 million and \$15.7 million in Q1 2007 and Q1 2006, 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 \$23.4 million as of April 1, 2007.

The Company is a member of SAC, a manufacturing cooperative. SAC sells finished products to the Company and Piedmont at cost. Purchases from SAC by the Company and Piedmont for finished products were \$32.6 million and \$32.4 million in Q1 2007 and Q1 2006, respectively. The Company also manages the operations of SAC pursuant to a management agreement. Management fees earned from SAC were \$.4 million in both Q1 2007 and Q1 2006. The Company has also guaranteed a portion of debt for SAC. Such guarantee amounted to \$21.9 million as of April 1, 2007.

The Company leases from Harrison Limited Partnership One ("HLP") the Snyder Production Center and an adjacent sales facility, which are located in Charlotte, North Carolina. HLP is directly and indirectly owned by trusts of which J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and Deborah S. Harrison, a director of the Company, are trustees and beneficiaries. The principal balance outstanding under this capital lease as of April 1, 2007 was \$38.9 million. Rental payments related to this lease were \$1.1 million and \$1.0 million in Q1 2007 and Q1 2006, respectively.

The Company leases from Beacon Investment Corporation ("Beacon"), the Company's headquarters office facility and an adjacent office facility. Beacon's sole shareholder is J. Frank Harrison, III. On December 18, 2006, the Company modified this lease agreement (effective January 1, 2007) with Beacon which expires in December 2021. The modified lease would not have changed the classification of the existing lease had it been

[Table of Contents](#)

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

19. Related Party Transactions

in effect on March 1, 2004 when the lease was capitalized and did not extend the term of the lease (remaining lease term was reduced from 21 years to 15 years). Accordingly, the present value of the leased property under capital lease and capital lease obligations was adjusted by an amount equal to the difference between the future minimum lease payments under the modified lease agreement and the present value of the existing obligation on the commencement date of the modified lease (January 1, 2007). The obligations under capital leases and leased property under capital leases were increased by \$5.1 million on January 1, 2007. The principal balance outstanding as of April 1, 2007 was \$35.5 million. Rental payments related to the lease were \$.9 million in both Q1 2007 and Q1 2006.

In March 2005, the Company entered into a two-year consulting agreement with Robert D. Pettus, Jr. Mr. Pettus served as an officer of the Company in various capacities from 1984 and is currently the Vice Chairman of the Board of Directors of the Company. Mr. Pettus received \$350,000 per year plus additional benefits during the term of this consulting agreement. The agreement terminated on February 28, 2007 in accordance with its terms.

In June 2005, the Company entered into a two-year consulting agreement with David V. Singer. Mr. Singer served the Company as Executive Vice President and Chief Financial Officer until his resignation on May 11, 2005. The Company agreed to waive the 50% reduction in Mr. Singer's accrued benefits under the Company's Officer Retention Plan due to the termination of his employment before age 55. Under the consulting agreement, Mr. Singer agreed to certain non-compete restrictions for a five-year period following his resignation.

20. Net Sales by Product Category

Net sales by product category were as follows:

<u>In Thousands</u>	<u>First Quarter</u>	
	<u>2007</u>	<u>2006</u>
Bottle/can sales:		
Sparkling beverages (including energy products)	\$ 238,549	\$ 239,339
Still beverages	45,823	38,793
Total bottle/can sales	284,372	278,132
Other sales:		
Sales to other Coca-Cola bottlers	34,883	37,364
Post-mix	18,301	17,683
Total other sales	53,184	55,047
Total net sales	\$ 337,556	\$ 333,179

Sparkling beverages are primarily carbonated beverages while still beverages are primarily noncarbonated beverages.

[Table of Contents](#)

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

21. Net Income Per Share

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

In Thousands (Except Per Share Data)	First Quarter	
	2007	2006
Numerator for basic and diluted net income per Common Stock and Class B Common Stock share:		
Net income	\$4,651	\$ 815
Less dividends:		
Common Stock	1,661	1,660
Class B Common Stock	620	615
Total undistributed earnings	<u>\$2,370</u>	<u>\$(1,460)</u>
Common Stock undistributed earnings – basic	\$1,726	\$(1,065)
Class B Common Stock undistributed earnings – basic	644	(395)
Total undistributed earnings – basic	<u>\$2,370</u>	<u>\$(1,460)</u>
Common Stock undistributed earnings – diluted	\$1,724	\$(1,064)
Class B Common Stock undistributed earnings – diluted	646	(396)
Total undistributed earnings – diluted	<u>\$2,370</u>	<u>\$(1,460)</u>
Numerator for basic net income per Common Stock share:		
Dividends on Common Stock	\$1,661	\$ 1,660
Common Stock undistributed earnings – basic	1,726	(1,065)
Numerator for basic net income per Common Stock share	<u>\$3,387</u>	<u>\$ 595</u>
Numerator for basic net income per Class B Common Stock share:		
Dividends in Class B Common Stock	\$ 620	\$ 615
Class B Common Stock undistributed earnings – basic	644	(395)
Numerator for basic net income per Class B Common Stock share	<u>\$1,264</u>	<u>\$ 220</u>

[Table of Contents](#)

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

21. Net Income Per Share

In Thousands (Except Per Share Data)	First Quarter	
	2007	2006
Numerator for diluted net income per Common Stock share:		
Dividends on Common Stock	\$1,661	\$ 1,660
Dividends on Class B Common Stock assumed converted to Common Stock	620	615
Common Stock undistributed earnings – diluted	2,370	(1,460)
Numerator for diluted net income per Common Stock share	<u>\$4,651</u>	<u>\$ 815</u>
Numerator for diluted net income per Class B Common Stock share:		
Dividends on Class B Common Stock	620	615
Class B Common Stock undistributed earnings – diluted	646	(396)
Numerator for diluted net income per Class B Common Stock share	<u>\$1,266</u>	<u>\$ 219</u>

[Table of Contents](#)

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

21. Net Income Per Share

In Thousands (Except Per Share Data)	First Quarter	
	2007	2006
Denominator for basic net income per Common Stock and Class B Common Stock share:		
Common Stock weighted average shares outstanding – basic	6,643	6,643
Class B Common Stock weighted average shares outstanding – basic	2,480	2,460
Denominator for diluted net income per Common Stock and Class B Common Stock share:		
Common Stock weighted average shares outstanding – diluted (assumes conversion of Class B Common Stock to Common Stock)	9,131	9,112
Class B Common Stock weighted average shares outstanding – diluted	2,488	2,469
Basic net income per share:		
Common Stock	<u>\$.51</u>	<u>\$.09</u>
Class B Common Stock	<u>\$.51</u>	<u>\$.09</u>
Diluted net income per share:		
Common Stock	<u>\$.51</u>	<u>\$.09</u>
Class B Common Stock	<u>\$.51</u>	<u>\$.09</u>

NOTES TO TABLE

- (1) For purposes of the diluted net income per share computation for Common Stock, shares of Class B Common Stock are assumed to be converted; therefore, 100% of undistributed earnings is allocated to Common Stock.
- (2) For purposes of the diluted net income per share computation for Class B Common Stock, weighted average shares of Class B Common Stock are assumed to be outstanding for the entire period and not converted.
- (3) Denominator for diluted net income per share for Common Stock and Class B Common Stock includes the diluted effect of shares relative to the restricted stock award.

[Table of Contents](#)

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

22. Risks and Uncertainties

Approximately 88% of the Company's bottle/can volume to retail customers are products of The Coca-Cola Company, which is the sole supplier of the concentrates or syrups required to manufacture these products. The remaining 12% of the Company's bottle/can volume to retail customers are products of 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's products are sold and distributed directly by its employees to retail stores and other outlets. During Q1 2007, approximately 67% of the Company's bottle/can volume to retail customers was sold for future consumption. The remaining bottle/can volume to retail customers of approximately 33% was sold for immediate consumption. The Company's largest customers, Wal-Mart Stores, Inc. and Food Lion, LLC, accounted for approximately 17% and 13% of the Company's total bottle/can volume to retail customers during Q1 2007, respectively. Wal-Mart Stores, Inc. accounted for approximately 12% of the Company's total net sales during Q1 2007.

The Company obtains all of its aluminum cans from one domestic supplier. The Company currently obtains all of its plastic bottles from two domestic cooperatives.

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

Approximately 7% of the Company's labor force is currently covered by collective bargaining agreements. One collective bargaining contract covering less than .5% of the Company's employees will expire during the remainder of 2007.

[Table of Contents](#)

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

23. Supplemental Disclosures of Cash Flow Information

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

<u>In Thousands</u>	<u>First Quarter</u>	
	<u>2007</u>	<u>2006</u>
Accounts receivable, trade, net	\$ (11,057)	\$ 2,094
Accounts receivable from The Coca-Cola Company	(11,809)	(8,538)
Accounts receivable, other	(236)	2,762
Inventories	3,309	(4,461)
Prepaid expenses and other current assets	(3,994)	(3,639)
Accounts payable, trade	(1,435)	5,197
Accounts payable to The Coca-Cola Company	1,363	2,373
Other accrued liabilities	3,042	(15,266)
Accrued compensation	(9,255)	(8,696)
Accrued interest payable	8,554	7,971
Increase in current assets less current liabilities	<u>\$ (21,518)</u>	<u>\$ (20,203)</u>

24. New Accounting Pronouncements

Recently Adopted Pronouncements

In September 2006, FASB issued SFAS No. 158, which required the following for defined pension and other postretirement plans:

- (1) Recognition in the statement of financial position of the overfunded or underfunded status of the plans.
- (2) Recognition as a component of other comprehensive income, net of tax, the actuarial gains and losses and the prior service costs and credits that arise during the period but are not recognized as components of net periodic benefit costs.
- (3) Recognition as an adjustment to retained earnings, net of tax, any remaining transition asset or transition obligation.
- (4) Measurement of defined benefit plan assets and obligations as of the date of the employer's statement of financial position.
- (5) Disclosure of additional information in the notes to the consolidated financial statements about certain effects on periodic benefit costs in the upcoming fiscal year that arise from delayed recognition of the actuarial gains and losses and the prior service costs and credits.

This Statement was effective for fiscal years ending after December 15, 2006, except for the requirement that the benefit plan assets and obligations be measured as of the date of the employer's statement of financial position, which is effective for fiscal years ending after December 15, 2008. The impact of the adoption of this Statement was to increase the Company's pension and postretirement liabilities by \$4.2 million with a corresponding adjustment to other comprehensive loss, net of tax effect, of \$1.6 million. The Company anticipates changing the measurement date to its fiscal year end date in fiscal 2008.

[Table of Contents](#)

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

24. New Accounting Pronouncements

In June 2006, FASB issued FIN 48. FIN 48 clarifies the accounting for uncertainty in income taxes recognized by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. FIN 48 was effective as of January 1, 2007. The adoption of FIN 48 did not have a material impact on the consolidated financial statements. See Note 15 of the consolidated financial statements for additional information.

In June 2006, the Emerging Issues Task Force (“EITF”) reached a consensus on Issue No. 06-03, “How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)” (“EITF 06-03”). EITF 06-03 provides that the presentation of taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions (e.g. sales, use, value added and excise taxes) between a seller and a customer on either a gross basis (included in revenues and costs) or on a net basis (excluded from revenues) is an accounting policy decision that should be disclosed. In addition, for any such taxes that are reported on a gross basis, the amounts of those taxes should be disclosed in interim and annual financial statements for each period for which an income statement is presented if those amounts are significant. EITF 06-03 was effective January 1, 2007. The Company records substantially all of the taxes within the scope of EITF 06-03 on a net basis.

Recently Issued Pronouncements

In September 2006, FASB issued SFAS No. 157, “Fair Value Measurement.” This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosures about fair value measurements. The Statement does not require any new fair value measurements but could change the current practices in measuring current fair value measurements. The Statement is effective for fiscal years beginning after November 15, 2007. The Company is in the process of determining the impact of this Statement on the consolidated financial statements.

In February 2007, FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities.” This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. This Statement is effective for fiscal years beginning after November 15, 2007. The Company is in the process of determining the impact of this Statement on the consolidated financial statements.

[Table of Contents](#)

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

25. Restructuring Expenses

On February 2, 2007, the Company initiated plans to simplify its operating management structure and reduce its workforce in order to improve operating efficiencies across the Company's business. The restructuring expenses consist primarily of one-time termination benefits and other associated costs, primarily relocation expenses for certain employees. During Q1 2007, the Company incurred \$2.2 million in restructuring expenses, which are included in selling, delivery and administrative expenses. The Company anticipates the total restructuring expenses will be in the range of \$2.5 million to \$3.5 million and anticipates substantially all of the cash expenditures occurring prior to 2007 fiscal year end.

The following summarizes restructuring activity for Q1 2007:

<u>In Thousands</u>	<u>Severance Pay and Benefits</u>	<u>Relocation and Other</u>	<u>Total</u>
Balance at December 31, 2006	\$ —	\$ —	\$ —
Provision	1,668	483	2,151
Cash payment	1,557	483	2,040
Balance at April 1, 2007	<u>\$ 111</u>	<u>\$ —</u>	<u>\$ 111</u>

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

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

- Our Business and the Nonalcoholic Beverage Industry – a general description of the Company's business and the nonalcoholic beverage industry.
- Areas of Emphasis – a summary of the Company's key priorities.
- Overview of Operations and Financial Condition – a summary of key information and trends concerning the financial results for the first quarter of 2007 ("Q1 2007") and changes from the first quarter of 2006 ("Q1 2006").
- Discussion of Critical Accounting Policies, Estimates and New Accounting Pronouncements – a discussion of accounting policies that are most important to the portrayal of the Company's financial condition and results of operations and that require critical judgments and estimates and the expected impact of new accounting pronouncements.
- Results of Operations – an analysis of the Company's results of operations for Q1 2007 compared to Q1 2006.
- Two-Class Method for Net Income Per Share.
- Financial Condition – an analysis of the Company's financial condition as of the end of Q1 2007 compared to year-end 2006 and the end of Q1 2006 as presented in the consolidated financial statements.
- Liquidity and Capital Resources – an analysis of capital resources, cash sources and uses, investing activities, financing activities, off-balance sheet arrangements, aggregate contractual obligations and hedging activities.
- Cautionary Information Regarding Forward-Looking Statements.

The consolidated statements of operations and consolidated statements of cash flows for the quarters ended April 1, 2007 and April 2, 2006 and the consolidated balance sheets at April 1, 2007, December 31, 2006 and April 2, 2006 include the consolidated operations of the Company and its majority-owned subsidiaries including Piedmont Coca-Cola Bottling Partnership ("Piedmont"). Minority interest consists of The Coca-Cola Company's interest in Piedmont, which was 22.7% for all periods presented.

Our Business and the Nonalcoholic Beverage Industry

The Company produces, markets and distributes nonalcoholic beverages, primarily products of The Coca-Cola Company, which include some of the most recognized and popular beverage brands in the world. The Company is the second largest bottler of products of The Coca-Cola Company in the United States, operating in eleven states primarily in the Southeast. The Company also distributes several other beverage brands. These product offerings include both sparkling and still beverages. Sparkling beverages are primarily carbonated beverages including energy products. Still beverages are primarily noncarbonated beverages such as bottled water, tea, juices and sports drinks. The Company had net sales of approximately \$1.4 billion in 2006.

The nonalcoholic beverage market is highly competitive. The Company's competitors in these markets include bottlers and distributors of nationally and regionally advertised and marketed products and private label products. In each region in which the Company operates, between 75% and 95% of sparkling beverage sales in bottles,

Table of Contents

cans and other containers are accounted for by the Company and its principal competitors, which in each region includes the local bottler of Pepsi-Cola and, in some regions, the local bottler of Dr Pepper, Royal Crown and/or 7-Up products. During the last three years, industry sales of sugar sparkling beverages, other than energy products, have declined. The decline in sugar sparkling beverages has generally been offset by volume growth in other nonalcoholic product categories. The sparkling beverage category (including energy products) represents 84% of the Company's Q1 2007 bottle/can net sales.

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

Operating results for Q1 2007 are not indicative of results that may be expected for the fiscal year ending December 30, 2007 because of business seasonality. Business seasonality results primarily from higher unit sales of the Company's products in the second and third quarters versus the first and fourth quarters of the fiscal year. Fixed costs, such as depreciation and interest expense, are not significantly impacted by business seasonality.

Net sales by product category were as follows:

<u>In Thousands</u>	<u>First Quarter</u>	
	<u>2007</u>	<u>2006</u>
Bottle/can sales:		
Sparkling beverages (including energy products)	\$ 238,549	\$ 239,339
Still beverages	45,823	38,793
Total bottle/can sales	284,372	278,132
Other sales:		
Sales to other Coca-Cola bottlers	34,883	37,364
Post-mix	18,301	17,683
Total other sales	53,184	55,047
Total net sales	\$ 337,556	\$ 333,179

On April 10, 2007, certain workers at U.S. plants of Rexam PLC, our supplier of aluminum cans, went on strike. On May 5, 2007, the workers approved a new five-year labor agreement and have agreed to return to work. No significant shortage of aluminum cans is expected.

Areas of Emphasis

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

Revenue Management

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

Table of Contents

Product Innovation

Sparkling beverages volume, other than energy products, has declined over the past several years. Innovation of both new brands and packages has been and will continue to be critical to the Company's overall revenue. The Company introduced two new tea products from The Coca-Cola Company, Gold Peak and Enviga, during Q1 2007. During Q1 2007, the Company also introduced two of its own products, Respect and Tum-E Yummies. In addition, the Company has developed specialty packaging for customers in certain channels over the past several years.

Distribution Cost Management

Distribution costs represent the costs of transporting finished goods from Company locations to customer outlets. Total distribution costs amounted to \$45.8 million and \$46.7 million in Q1 2007 and Q1 2006, respectively. Over the past several years, the Company has focused on converting its distribution system from a conventional routing system to a predictive system. This conversion to a predictive system has allowed the Company to more efficiently handle increasing numbers of brands and packages. In addition, the Company has closed a number of smaller sales distribution centers reducing its fixed warehouse-related costs.

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

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

In 2006, the Company began changing its delivery method for its pre-sell delivery system. Historically, the Company loaded its trucks at a warehouse with products the route delivery employee would deliver. The delivery employee was responsible for pulling the required products off a side load truck at each customer location to fill the customer's order. The Company began using a new Coolift® delivery system in 2006 which involves pre-building orders in the warehouse on a small pallet the delivery employee can roll off a truck directly into the customer's location. The Coolift® delivery system involves the use of a rear loading truck rather than conventional side loading truck. The Company anticipates the implementation of this delivery system will continue over the next several years. This rollout will continue to require additional capital spending for the new type of delivery vehicle. The Company anticipates that this change in delivery methodology will result in significant savings in future years, more efficient delivery of a greater number of products and improved employee safety.

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

Productivity

A key driver in the Company's selling, delivery and administrative ("S,D&A") expense management relates to ongoing improvements in labor productivity and asset productivity. On February 2, 2007, the Company initiated a restructuring plan to simplify and streamline its operating management structure, which included a separation of the sales function from the delivery function to provide dedicated focus on each function and enhanced productivity in the future. The Company continues to focus on its supply chain and distribution functions for opportunities to improve productivity.

[Table of Contents](#)

Overview of Operations and Financial Condition

The following overview provides a summary of key information concerning the Company's financial results for Q1 2007 compared to Q1 2006.

In Thousands (Except Per Share Data)	First Quarter		Change	% Change
	2007	2006		
Net sales	\$337,556	\$333,179	\$4,377	1.3
Gross margin	151,491	146,026	5,465	3.7
S,D&A expenses	130,831	131,728	(897)	(.7)
Income from operations	20,549	14,150	6,399	45.2
Interest expense	12,218	12,220	(2)	—
Income before income taxes	7,650	1,374	6,276	456.8
Net income	4,651	815	3,836	470.7
Basic net income per share:				
Common Stock	\$.51	\$.09	\$.42	466.7
Class B Common Stock	\$.51	\$.09	\$.42	466.7
Diluted net income per share:				
Common Stock	\$.51	\$.09	\$.42	466.7
Class B Common Stock	\$.51	\$.09	\$.42	466.7

The Company's net sales grew 1.3% in Q1 2007 from Q1 2006. The net sales increase was primarily due to a 1.2% increase in bottle/can volume and a .4% increase in average revenue per case offset by an approximate 6.6% or \$2.5 million decrease in sales to other Coca-Cola bottlers ("bottler sales"). The increase in bottle/can volume was due to increases in water and tea sales partially offset by a decline in sugar sparkling beverage sales. The decrease in bottler sales was due to a decrease in sparkling beverages partially offset by increases in tea volume.

The Company has seen declines in the demand for sugar sparkling beverages over the past several years and expects this trend will continue. The Company anticipates overall bottle/can revenue will be primarily dependent upon continued growth in diet products, sports drinks, bottled water, tea and energy products; the introduction of new beverage products and the appropriate pricing of brands and packaging within sales channels.

Gross margin increased 3.7% in Q1 2007 compared to Q1 2006. The Company's gross margin percentage increased to 44.9% in Q1 2007 from 43.8% in Q1 2006 primarily due to a decrease in bottler sales, which have lower margins than the Company's bottle/can sales to retail customers. Bottler sales accounted for .7% of the 1.1% increase in gross margin percentage. Increases in gross margin and gross margin percentage were also the result of increases in marketing funding from The Coca-Cola Company and reduced manufacturing overhead costs, partially offset by higher raw material costs.

S,D&A expenses decreased .7% in Q1 2007 from Q1 2006. The decrease in S,D&A expenses was primarily attributable to decreases in property and casualty insurance costs of approximately 18% and fuel costs of approximately 22%, partially offset by increases in employee related expenses of approximately 3%.

Interest expense was flat in Q1 2007 compared to Q1 2006. Interest expense was unchanged as additional interest expense from a slightly higher overall weighted average interest rate was offset by a \$.5 million increase in interest earned on short-term cash investments in Q1 2007. The Company's overall weighted average interest rate increased to 6.6% during Q1 2007 from 6.5% during Q1 2006. See the "Liquidity and Capital Resources – Hedging Activities – Interest Rate Hedging" section of M,D&A for additional information.

[Table of Contents](#)

Net debt and capital lease obligations were summarized as follows:

<u>In Thousands</u>	<u>April 1, 2007</u>	<u>December 31, 2006</u>	<u>April 2, 2006</u>
Debt	\$694,450	\$ 691,450	\$691,489
Capital lease obligations	82,057	77,506	78,726
Total debt and capital lease obligations	776,507	768,956	770,215
Less: Cash and cash equivalents	55,039	61,823	17,914
Total net debt and capital lease obligations ⁽¹⁾	<u>\$721,468</u>	<u>\$ 707,133</u>	<u>\$752,301</u>

⁽¹⁾ The non-GAAP measure "Total net debt and capital lease obligations" is used to provide investors with additional information to more clearly evaluate the Company's capital structure and financial leverage.

The Company continues to focus on reducing its net debt and capital lease obligations over time.

Discussion of Critical Accounting Policies, Estimates and New Accounting Pronouncements

Critical Accounting Policies

In the ordinary course of business, the Company has made a number of estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. The Company included in its Annual Report on Form 10-K for the year ended December 31, 2006 a discussion of the Company's most critical accounting policies, which are those most important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

The Company has not made changes in any critical accounting policies during Q1 2007. Any changes in critical accounting policies and estimates are discussed with the Audit Committee of the Board of Directors of the Company during the quarter in which a change is made.

[Table of Contents](#)

New Accounting Pronouncements

Recently Adopted Pronouncements

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Pension and Other Postretirement Plans” (“SFAS No. 158”). SFAS No. 158 required the following for defined pension and other postretirement plans:

- (1) Recognition in the statement of financial position of the overfunded or underfunded status of the plans.
- (2) Recognition as a component of other comprehensive income, net of tax, the actuarial gains and losses and the prior service costs and credits that arise during the period but are not recognized as components of net periodic benefit costs.
- (3) Recognition as an adjustment to retained earnings, net of tax, any remaining transition asset or transition obligation.
- (4) Measurement of defined benefit plan assets and obligations as of the date of the employer’s statement of financial position.
- (5) Disclosure of additional information in the notes to the consolidated financial statements about certain effects on periodic benefit costs in the upcoming fiscal year that arise from delayed recognition of the actuarial gains and losses and the prior service costs and credits.

This Statement was effective for fiscal years ending after December 15, 2006, except for the requirement that the benefit plan assets and obligations be measured as of the date of the employer’s statement of financial position, which is effective for fiscal years ending after December 15, 2008. The impact of the adoption of this Statement was to increase the Company’s pension and postretirement liabilities by \$4.2 million with a corresponding adjustment to other comprehensive loss, net of tax effect, of \$1.6 million. The Company anticipates changing the measurement date to its fiscal year end date in fiscal 2008.

In June 2006, FASB issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”). FIN 48 clarifies the accounting for uncertainty in income taxes recognized by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. FIN 48 was effective as of January 1, 2007. The adoption of FIN 48 did not have a material impact on the consolidated financial statements. See Note 15 of the consolidated financial statements for additional information.

In June 2006, the Emerging Issues Task Force (“EITF”) reached a consensus on Issue No. 06-03, “How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)” (“EITF 06-03”). EITF 06-03 provides that the presentation of taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions (e.g. sales, use, value added and excise taxes) between a seller and a customer on either a gross basis (included in revenues and costs) or on a net basis (excluded from revenues) is an accounting policy decision that should be disclosed. In addition, for any such taxes that are reported on a gross basis, the amounts of those taxes should be disclosed in interim and annual financial statements for each period for which an income statement is presented if those amounts are significant. EITF 06-03 was effective January 1, 2007. The Company records substantially all of the taxes within the scope of EITF 06-03 on a net basis.

[Table of Contents](#)

Recently Issued Pronouncements

In September 2006, FASB issued SFAS No. 157, "Fair Value Measurement." This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosures about fair value measurements. The Statement does not require any new fair value measurements but could change the current practices in measuring current fair value measurements. The Statement is effective for fiscal years beginning after November 15, 2007. The Company is in the process of determining the impact of this Statement on the consolidated financial statements.

In February 2007, FASB issued SFAS No. 159, "Fair Value Option for Financial Assets and Financial Liabilities." This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. This Statement is effective for fiscal years beginning after November 15, 2007. The Company is in the process of determining the impact of this Statement on the consolidated financial statements.

Results of Operations

Q1 2007 Compared to Q1 2006

Net Sales

Net sales increased \$4.4 million, or approximately 1.3%, to \$337.6 million in Q1 2007 compared to \$333.2 million in Q1 2006.

The increase in net sales was a result of the following:

<u>Amount</u> <u>(In Millions)</u>	<u>Attributable to:</u>
\$ 5.1	1.2% increase in bottle/can volume primarily due to an increase in water and tea sales partially offset by a decrease in sugar sparkling sales
(3.9)	10.3% decrease in bottler sales volume primarily due to a decrease in sales of sparkling beverages offset partially by an increase in sales of tea products
1.4	4.1% increase in bottler sales price per unit primarily due to changes in product mix
1.1	Increase in delivery fees to certain customers
0.7	Other
<u>\$ 4.4</u>	Total increase in net sales

In Q1 2007, the Company's bottle/can volume to retail customers accounted for 84% of the Company's total net sales. Bottle/can net pricing is based on the invoice price charged to customers reduced by promotional allowances. Bottle/can net pricing per unit is impacted by the price charged per package, the volume generated in each package and the channels in which those packages are sold. To the extent the Company is able to increase volume in higher margin packages sold through higher margin channels, bottle/can net pricing per unit can increase without an actual increase in wholesale pricing. The Company's bottle/can net pricing per unit in Q1 2007 was flat compared to Q1 2006 primarily due to higher prices for sports drinks offset by a decrease in pricing in the supermarket channel in response to competitive pressures and ongoing pricing pressures in the bottled water category.

[Table of Contents](#)

Product category sales volume in Q1 2007 and Q1 2006 as a percentage of total bottle/can sales volume and the percentage change by product category was as follows:

Product Category	Bottle/Can Sales Volume		Bottle/Can Sales Volume % Increase (Decrease)
	Q1 2007	Q1 2006	
Sparkling beverages (including energy products)	85.6%	87.9%	(1.5)
Still beverages	14.4%	12.1%	20.3
Total bottle/can sales volume	<u>100.0%</u>	<u>100.0%</u>	1.2

Product innovation will continue to be an important factor impacting the Company's overall bottle/can revenue in the future. Beginning in Q1 2007, the Company began distribution of Enviga and Gold Peak, new tea products from The Coca-Cola Company, and distribution of two of its own products, Respect and Tum-E Yummies. Respect is an all-natural vitamin enhanced beverage, while Tum-E Yummies is a flavored noncarbonated drink.

The Company's products are sold and distributed through various channels. These channels include selling directly to retail stores and other outlets such as food markets, institutional accounts and vending machine outlets. During Q1 2007, approximately 67% of the Company's bottle/can volume was sold for future consumption. The remaining bottle/can volume of approximately 33% was sold for immediate consumption. The Company's largest customer, Wal-Mart Stores, Inc., accounted for approximately 17% of the Company's total bottle/can volume during Q1 2007. The Company's second largest customer, Food Lion, LLC, accounted for approximately 13% of the Company's total bottle/can volume in Q1 2007. All of the Company's sales are to customers in the United States.

The Company charges certain customers a delivery fee to offset a portion of the Company's delivery and handling costs. The Company initiated this delivery fee in October 2005. The delivery fee is recorded in net sales and was \$1.8 million and \$.7 million in Q1 2007 and Q1 2006, respectively.

Cost of Sales

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

Table of Contents

Cost of sales decreased .6%, or \$1.1 million, to \$186.1 million in Q1 2007 compared to \$187.2 million in Q1 2006. The decrease in cost of sales was principally attributable to the following:

<u>Amount</u> <u>(In Millions)</u>	<u>Attributable to:</u>
\$ 3.2	Increase in bottle/can volume primarily due to an increase in water and tea sales partially offset by a decrease in sugar sparkling sales
(3.7)	Decrease in bottler sales volume primarily due to a decrease in sales of sparkling beverages offset partially by an increase in sales of tea products
(2.8)	Increase in marketing funding received primarily from The Coca-Cola Company
6.8	Increase in raw material costs (primarily aluminum packaging costs)
(4.1)	Decrease in manufacturing overhead costs
(0.5)	Other
<u>\$ (1.1)</u>	<u>Total decrease in cost of sales</u>

Beginning in Q1 2007, the majority of the Company's aluminum packaging requirements did not have any ceiling price protection. Based upon current market prices for aluminum, the Company anticipates the cost of aluminum cans may increase by 15% to 20% during 2007. High fructose corn syrup costs are also expected to increase significantly during 2007 as a result of increasing demand for corn products around the world and as a result of alternate uses for corn, such as ethanol. Based upon current market prices for corn, the Company anticipates the costs of high fructose corn syrup will increase by 20% to 35% during 2007. The combined impact of increasing costs for aluminum cans and high fructose corn syrup, assuming flat volume, is anticipated to range between \$29 million and \$45 million.

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

Total marketing funding support from The Coca-Cola Company and other beverage companies, which includes direct payments to the Company and payments to customers for marketing programs, was \$8.9 million for Q1 2007 compared to \$6.1 million for Q1 2006 and was recorded as a reduction in cost of sales.

Gross Margin

Gross margin increased \$5.5 million, or 3.7%, to \$151.5 million in Q1 2007 from \$146.0 million in Q1 2006. Gross margin as a percentage of net sales increased to 44.9% in Q1 2007 from 43.8% in Q1 2006.

[Table of Contents](#)

The increase in gross margin was primarily the result of the following:

<u>Amount</u> <u>(In Millions)</u>	<u>Attributable to:</u>
\$ 1.9	1.2% increase in bottle/can volume primarily due to an increase in water and tea sales partially offset by a decrease in sugar sparkling sales
1.4	4.1% increase in bottler sales price per unit primarily due to changes in product mix
2.8	Increase in marketing funding received primarily from The Coca-Cola Company
(6.8)	Increase in raw material costs (primarily aluminum packaging costs)
4.1	Decrease in manufacturing overhead costs
2.1	Other
<u>\$ 5.5</u>	<u>Total increase in gross margin</u>

The 1.1% increase in gross margin as a percentage of net sales was primarily due to a decrease in bottler sales, which have lower margins than the Company's bottle/can sales to retail customers. Increases in gross margin and gross margin percentage were also the result of increases in marketing funding from The Coca-Cola Company and reduced manufacturing overhead costs, partially offset by higher raw material costs.

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

S,D&A Expenses

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

S,D&A expenses decreased by \$.9 million, or .7%, to \$130.8 million in Q1 2007 from \$131.7 million in Q1 2006.

[Table of Contents](#)

The decrease in S,D&A expenses was primarily due to the following:

<u>Amount</u> <u>(In Millions)</u>	<u>Attributable to:</u>
\$ 1.1	Increase in employee related expenses primarily related to wage increases
2.2	Restructuring costs related to the simplification of the Company's operating management structure and reduction in work force in order to improve operating efficiencies
(1.4)	Decrease in employee benefit costs primarily due to the amendment of the principal Company-sponsored pension plan, net of increases in the Company's 401(k) Savings Plan contributions
(0.9)	Decrease in property and casualty insurance costs
(0.9)	Decrease in fuel and other energy costs related to the movement of finished goods from sales distribution centers to customer locations primarily due to fuel hedging activities of \$.7 million
(1.0)	Other
<u>\$ (0.9)</u>	<u>Total decrease in S,D&A expenses</u>

Shipping and handling costs related to the movement of finished goods from manufacturing locations to sales distribution centers are included in cost of sales. Shipping and handling costs related to the movement of finished goods from sales distribution centers to customer locations are included in S,D&A expenses and totaled \$45.8 million and \$46.7 million in Q1 2007 and Q1 2006, respectively.

On February 2, 2007, the Company initiated plans to simplify its operating management structure and reduce its workforce in order to improve operating efficiencies across the Company's business. The restructuring expenses consist primarily of one-time termination benefits and other associated costs, primarily relocation expense for certain employees. The Company incurred \$2.2 million in restructuring expenses in Q1 2007. The Company anticipates that total restructuring expenses will be in the \$2.5 million to \$3.5 million range and anticipates substantially all of the cash expenditures occurring prior to 2007 fiscal year end.

In February 2006, the Company announced an amendment to its principal Company-sponsored pension plan to cease further benefit accruals under the plan effective June 30, 2006. Net periodic pension expense decreased to \$.1 million in Q1 2007 from \$3.5 million in Q1 2006. The Company also announced in February 2006 plans to enhance its 401(k) Savings Plan for eligible employees beginning in the first quarter of 2007. The Company's expense related to its 401(k) Savings Plan increased to \$2.1 million in Q1 2007 from \$1.2 million in Q1 2006.

Amortization of Intangibles

Amortization of intangibles expense for Q1 2007 was flat compared to Q1 2006.

Interest Expense

Interest expense was flat in Q1 2007 compared to Q1 2006. Interest expense was unchanged as additional interest expense from a slightly higher overall weighted average interest rate was offset by a \$.5 million increase in interest earned on short-term cash investments in Q1 2007. The Company's overall weighted average interest rate increased to 6.6% during Q1 2007 from 6.5% during Q1 2006. See the "Liquidity and Capital Resources – Hedging Activities – Interest Rate Hedging" section of M,D&A for additional information.

Minority Interest

The Company recorded minority interest of \$.7 million in Q1 2007 compared to \$.6 million in Q1 2006 related to the portion of Piedmont owned by The Coca-Cola Company. The increased amount in Q1 2007 was due to improved operating results at Piedmont.

Income Taxes

The Company's effective income tax rate for Q1 2007 was 39.2% compared to 40.7% in Q1 2006. The lower effective tax rate in Q1 2007 resulted primarily from an increased manufacturing deduction benefit in 2007 compared to 2006. The manufacturing deduction was enacted as part of the American Jobs Creation Act of 2004, which provides a tax deduction for qualified production activities. The allowed deduction increased to 6% in 2007 from 3% in 2006. The Company's income tax rate for the remainder of 2007 is dependent upon results of operations and may change if the results for 2007 are different from current expectations.

In June 2006, FASB issued FIN 48. FIN 48 clarifies the accounting for uncertainty in income taxes recognized by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. FIN 48 was effective as of January 1, 2007. The adoption of FIN 48 did not have a material impact on the consolidated financial statements. See Note 15 to the consolidated financial statements for additional information related to the implementation of FIN 48.

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

Net Income and Net Income per Share

The Company reported net income for Q1 2007 of \$4.7 million, or \$.51 basic net income per share for both Common Stock and Class B Common Stock, compared with net income for Q1 2006 of \$.8 million, or \$.09 basic net income per share for both Common Stock and Class B Common Stock. The changes in net income and net income per share were the result of the net effect of changes in gross margin, S,D&A expenses, amortization of intangibles, interest expense, minority interest and income taxes as previously described.

Two-Class Method for Net Income Per Share

During 2006, the staff of the Division of Corporation Finance of the Securities and Exchange Commission ("SEC") reviewed the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2006. The review was completed by the SEC in November 2006. The Company considered this review and concluded the application of the two-class method for calculating and presenting net income per share was appropriate for its Common Stock and Class B Common Stock. In determining the relevance of the two-class method, the Company considered dividend, voting and conversion rights of the Class B Common Stock. These aggregated participation rights along with the Company's history of paying dividends equally on a per share basis on Common Stock and Class B Common Stock also led the Company to conclude undistributed earnings (net income less dividends) should be allocated equally on a per share basis between Common Stock and Class B Common Stock. This change had no impact on the income per share amounts previously reported. The Company has applied the two-class method prospectively starting with the third quarter of 2006. See Note 21 of the consolidated financial statements for additional information about the application of the two-class method.

[Table of Contents](#)

Financial Condition

Total assets increased to \$1.38 billion at April 1, 2007 from \$1.36 billion at December 31, 2006 primarily due to an increase in accounts receivable partially offset by a decrease in property, plant and equipment, net. The decrease in property, plant and equipment, net was primarily due to lower levels of capital spending over the last several years.

Net working capital, defined as current assets less current liabilities, increased by \$14.0 million at April 1, 2007 from December 31, 2006 and decreased by \$58.3 million at April 1, 2007 from April 2, 2006.

Significant changes in net working capital from December 31, 2006 were as follows:

- A decrease in cash and cash equivalents of \$6.8 million primarily due to the payment of bonuses under the 2006 bonus and incentive plans.
- An increase in accounts receivable, trade of \$11.1 million primarily due to higher sales in March 2007 compared to December 2006.
- An increase in accounts receivable from The Coca-Cola Company of \$11.8 million primarily due to the timing of payments.
- A decrease in accrued compensation of \$9.3 million due to the payment of bonuses in March of 2007.
- An increase in interest payable of \$8.6 million due to the timing of interest payments on debt.

Significant changes in net working capital from April 2, 2006 were as follows:

- An increase in cash and cash equivalents of \$37.1 million primarily due to cash flows from operating activities.
- An increase in accounts receivable, trade of \$9.9 million primarily due to higher sales in March 2007 compared to March 2006.
- An increase in the current portion of debt of \$103 million primarily due to the reclassification from long-term to current of \$100 million in debentures due in November 2007.
- An increase in other accrued liabilities of \$7.0 million primarily due to an increase in income taxes payable.

Debt and capital lease obligations were \$776.5 million as of April 1, 2007 compared to \$769.0 million as of December 31, 2006 and \$770.2 million as of April 2, 2006. Debt and capital lease obligations as of April 1, 2007 included \$82.1 million of capital lease obligations related primarily to Company facilities.

Liquidity and Capital Resources

Capital Resources

The Company's sources of capital include cash flows from operations, available credit facilities and the issuance of debt and equity securities. Management believes 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 payments and dividends for stockholders. 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.

[Table of Contents](#)

As of April 1, 2007, the Company had \$200 million available under its revolving credit facility to meet its cash requirements. Also, the Company borrows periodically under its available lines of credit. These lines of credit, in the aggregate amount of \$60 million at April 1, 2007, are made available at the discretion of two participating banks at rates negotiated at the time of borrowing and may be withdrawn at any time by such banks.

The Company anticipates using its cash on hand and/or availability under its revolving credit facility to satisfy the \$100 million maturity of debentures in November 2007.

The Company has obtained the majority of its long-term financing, other than capital leases, from public markets. As of April 1, 2007, \$691.5 million of the Company's total outstanding balance of debt and capital lease obligations of \$776.5 million was financed through publicly offered debt. The Company had capital lease obligations of \$82.1 million as of April 1, 2007. The Company's interest rate derivative contracts are with several different financial institutions to minimize the concentration of credit risk. The Company has master agreements with the counterparties to its derivative financial agreements that provide for net settlement of derivative transactions.

Cash Sources and Uses

The primary sources of cash for the Company have been cash provided by operating activities. The primary uses of cash have been for capital expenditures, the payment of debt and capital lease obligations, income tax payments and dividends.

A summary of activity for Q1 2007 and Q1 2006 follows:

<u>In Millions</u>	<u>First Quarter</u>	
	<u>2007</u>	<u>2006</u>
<u>Cash Sources</u>		
Cash provided by operating activities (excluding income tax payments)	\$ 2.4	\$ 8.1
Other	3.2	.1
Total cash sources	<u>\$ 5.6</u>	<u>\$ 8.2</u>
<u>Cash Uses</u>		
Capital expenditures	\$ 8.4	\$ 15.6
Investment in plastic bottle manufacturing cooperative	.7	—
Payment of debt and capital lease obligations	.6	6.9
Dividends	2.3	2.3
Income tax payments	—	5.1
Other	.4	—
Total cash uses	<u>\$12.4</u>	<u>\$ 29.9</u>
Decrease in cash	<u>\$ (6.8)</u>	<u>\$ (21.7)</u>

Based on current projections which include a number of assumptions such as the Company's pre-tax earnings, the Company anticipates its cash requirements for income taxes will be in the range of \$15 million to \$20 million in 2007 as compared to \$17.2 million in 2006. Income tax payments in Q1 2006 included \$5 million related to the settlement of a state tax audit accrued in 2005.

[Table of Contents](#)

Investing Activities

Additions to property, plant and equipment during Q1 2007 were \$8.4 million compared to \$15.6 million during Q1 2006. Capital expenditures during Q1 2007 were funded with cash flows from operations and cash on hand. Leasing is used for certain capital additions when considered cost effective relative to other sources of capital. The Company currently leases its corporate headquarters, two production facilities and several sales distribution facilities and administrative facilities.

The Company anticipates additions to property, plant and equipment in 2007 will be in the range of \$40 million to \$50 million and plans to fund such additions through cash flows from operations, its available lines of credit and cash on hand. Additions to property, plant and equipment during 2006 were \$63.2 million.

Financing Activities

On March 8, 2007, the Company entered into a \$200 million revolving credit facility (“\$200 million facility”), replacing its \$100 million facility. The \$200 million facility matures in March 2012 and includes an option to extend the term for an additional year at the discretion of the participating banks. The \$200 million facility bears interest at a floating rate of LIBOR plus an interest rate spread of .35%. In addition, there is a fee of .10% required for the facility. Both the interest rate spread and the facility fee are determined from a commonly-used pricing grid based on the Company’s long-term senior unsecured debt rating. The \$200 million facility contains two financial covenants related to ratio requirements for interest coverage, and long-term debt to cash flow, each as defined in the credit agreement. These covenants do not currently, and the Company does not anticipate they will, restrict its liquidity or capital resources.

The Company borrows periodically under its available lines of credit. These lines of credit, in the aggregate amount of \$60 million at April 1, 2007, are made available at the discretion of the two participating banks at rates negotiated at the time of borrowing and may be withdrawn at any time by such banks. The Company can utilize its revolving credit facility in the event the lines of credit are not available. On April 1, 2007, the Company had \$3.0 million in outstanding borrowings under the lines of credit. There were no amounts outstanding under the lines of credit at December 31, 2006 and April 2, 2006.

All of the outstanding debt has been issued by the Company with none having been issued by any of the Company’s subsidiaries. There are no guarantees of the Company’s debt.

At April 1, 2007, the Company’s credit ratings were as follows:

Standard & Poor’s	<u>Long-Term Debt</u>
Moody’s	BBB
	Baa2

The Company’s credit ratings are reviewed periodically by the respective rating agencies. Changes in the Company’s operating results or financial position could result in changes in the Company’s credit ratings. Lower credit ratings could result in higher borrowing costs for the Company. There were no changes in these credit ratings from the prior year. It is the Company’s intent to continue to reduce its financial leverage over time.

The Company’s public debt is not subject to financial covenants but does limit the incurrence of certain liens and encumbrances as well as indebtedness by the Company’s subsidiaries in excess of certain amounts.

[Table of Contents](#)

The Company issued 20,000 shares of Class B Common Stock to J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer, with respect to 2006 performance, effective January 1, 2007, under a restricted stock award plan that provides for annual awards of such shares subject to the Company achieving at least 80% of the overall goal achievement factor in the Company's Annual Bonus Plan.

The Company's only share based compensation is the restricted stock award to Mr. Harrison, III. The award provides the shares of restricted stock 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 in the Company's Annual Bonus Plan. Each annual 20,000 share tranche has an independent performance requirement as it is not established until the Company's Annual Bonus Plan targets are approved for each year. As a result, each 20,000 share tranche is considered to have its own service inception date, grant-date fair value and requisite service period.

The Company's Annual Bonus Plan targets, which establish the performance requirement for 2007, were set in Q1 2007 and the Company recorded the 20,000 share award at the grant-date price of \$58.53 per share. Total stock compensation expense will be approximately \$1.2 million over the one-year service period of which \$.3 million was recognized in Q1 2007. In addition, the Company reimburses Mr. Harrison, III for income taxes to be paid on the shares if the performance requirement is met and the shares are issued. The Company accrues the estimated cost of the income tax reimbursement over the one-year service period.

Off-Balance Sheet Arrangements

The Company is a member of two manufacturing cooperatives that are variable interest entities. The Company has guaranteed \$45.3 million of debt and related lease obligations for these cooperatives. As of April 1, 2007, the Company's variable interest in these cooperatives includes an equity ownership in each of the entities and the guarantees. As of April 1, 2007, the Company's maximum exposure, if the cooperatives borrowed up to their borrowing capacity, would have been \$67.3 million including the Company's equity interest. The Company has determined it is not the primary beneficiary of either of the cooperatives. See Note 14 of the consolidated financial statements for additional information about these cooperatives.

[Table of Contents](#)

Aggregate Contractual Obligations

The following table summarizes the Company's contractual obligations and commercial commitments as of April 1, 2007:

In Thousands	Payments Due by Period				
	Total	Apr. 2007- Mar. 2008	Apr. 2008- Mar. 2010	Apr. 2010- Mar. 2012	After Mar. 2012
Contractual obligations:					
Total debt, net of interest	\$ 694,450	\$ 103,000	\$ 176,693	\$ —	\$ 414,757
Capital lease obligations, net of interest	82,057	2,476	5,473	6,257	67,851
Estimated interest on long-term debt and capital lease obligations ⁽¹⁾	317,894	40,147	69,154	55,471	153,122
Purchase obligations ⁽²⁾	619,558	86,450	172,900	172,900	187,308
Other long-term liabilities ⁽³⁾	91,594	5,268	10,327	9,553	66,446
Operating leases	18,943	3,372	5,308	2,712	7,551
Long-term contractual arrangements ⁽⁴⁾	27,003	7,331	11,305	5,473	2,894
Interest rate swap agreements ⁽¹⁾	8,680	3,706	3,293	1,192	489
Purchase orders ⁽⁵⁾	32,503	32,503			
Total contractual obligations	\$ 1,892,682	\$ 284,253	\$ 454,453	\$ 253,558	\$ 900,418

(1) Includes interest payments based on contractual terms and current interest rates for variable rate debt.

(2) Represents an estimate of the Company's obligation to purchase 17.5 million cases of finished product on an annual basis through May 2014 from South Atlantic Canners, a manufacturing cooperative.

(3) Includes obligations under executive benefit plans, non-compete liabilities and other long-term liabilities.

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

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

The Company has \$13.1 million of unrecognized income tax benefits as of April 1, 2007, pursuant to FIN 48, of which \$7.6 million would affect the Company's effective tax rate if recognized. The Company does not anticipate any significant impact on its liquidity and capital resources due to the resolution of income tax positions reserved for as uncertain. See Note 15 of the consolidated financial statements for additional information related to the Company's adoption of FIN 48.

The Company is a member of Southeastern Container, a plastic bottle manufacturing cooperative, from which the Company is obligated to purchase at least 80% of its requirements of plastic bottles for certain designated territories. This obligation is not included in the Company's table of contractual obligations and commercial commitments since there are no minimum purchase requirements.

The Company has \$21.3 million of standby letters of credit, primarily related to its property and casualty insurance programs, as of April 1, 2007. See Note 14 of the consolidated financial statements for additional information related to commercial commitments, guarantees, legal and tax matters.

The Company anticipates there will be no contributions to the principal Company-sponsored pension plan in 2007. Postretirement medical care payments are expected to be approximately \$2.7 million in 2007. See Note 18 to the consolidated financial statements for additional information related to pension and postretirement obligations.

Hedging Activities

Interest Rate Hedging

The Company periodically uses interest rate hedging products to mitigate risk from interest rate fluctuations. 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 changes 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 nor does it use leveraged financial instruments.

The Company currently has nine interest rate swap agreements. These interest rate swap agreements effectively convert \$325 million of the Company's debt from a fixed rate to a floating rate and are accounted for as fair value hedges.

Interest expense was reduced due to the amortization of deferred gains on previously terminated interest rate swap agreements and forward interest rate agreements by \$.4 million during both Q1 2007 and Q1 2006.

The weighted average interest rate of the Company's debt and capital lease obligations after taking into account all of the interest rate hedging activities was 6.8% as of April 1, 2007 compared to 6.9% as of December 31, 2006 and 6.5% as of April 2, 2006. Approximately 52% of the Company's debt and capital lease obligations of \$776.5 million as of April 1, 2007 was maintained on a floating rate basis and was subject to changes in short-term interest rates.

Assuming no changes in the Company's capital structure, if market interest rates average 1% more over the next twelve months than the interest rates as of April 1, 2007, interest expense for the next twelve months would increase by approximately \$4.1 million. This amount is determined by calculating the effect of a hypothetical interest rate increase of 1% on outstanding floating rate debt and capital lease obligations as of April 1, 2007, including the effects of the Company's derivative financial instruments. This calculated, hypothetical increase in interest expense for the following twelve months may be different from the actual increase in interest expense from a 1% increase in interest rates due to varying interest rate reset dates on the Company's floating rate debt and derivative financial instruments.

Fuel Hedging

During Q1 2007, the Company began using derivative instruments to hedge a portion of the Company's vehicle fuel purchases. These derivative instruments relate to diesel fuel and unleaded gasoline used in the Company's delivery fleet. Derivative instruments used include puts and calls which effectively establish an upper and lower limit on the Company's price of fuel within periods covered by the instruments. The Company pays a fee for these instruments which is amortized over the corresponding period of the instrument. The Company currently accounts for its fuel hedges on a mark-to-market basis with any expense or income being reflected as an adjustment of fuel costs.

Cautionary Information Regarding Forward-Looking Statements

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

- potential marketing funding support from The Coca-Cola Company and other beverage companies;
- the Company's belief that disposition of certain claims and legal proceedings will not have a material adverse effect on its financial condition, cash flows or results of operations and that no material amount of loss in excess of recorded amounts is reasonably possible;
- management's belief that the Company has adequately provided for any ultimate amounts that are likely to result from tax audits;
- management's belief that the Company has sufficient financial resources to maintain current operations and provide for its current capital expenditure and working capital requirements, scheduled debt payments, interest and income tax payments and dividends for stockholders;
- the Company's intention to reduce its financial leverage over time;
- the Company's belief that the cooperatives whose debt and lease obligations the Company guarantees have sufficient assets and the ability to adjust selling prices of their products to adequately mitigate the risk of material loss and that the cooperatives will perform their obligations under their debt and lease agreements;
- the Company's belief that its liquidity or capital resources will not be restricted by certain financial covenants in the Company's credit agreements;
- the Company's hypothetical calculation of the impact of a 1% increase in interest rates on outstanding floating rate debt and capital lease obligations for the next twelve months as of April 1, 2007;
- the Company's belief that there will be no contribution to the principal Company-sponsored pension plan in 2007;
- anticipated cash payments for income taxes will be in the range of approximately \$15 million to \$20 million in 2007;
- anticipated additions to property, plant and equipment in 2007 will be in the range of \$40 million to \$50 million;
- the Company's belief that demand for sugar sparkling soft drinks will continue to decline;
- the Company's beliefs and estimates regarding the impact of the adoption of certain new accounting pronouncements;
- the Company's belief that other parties to certain contractual arrangements will perform their obligations;
- the Company's key priorities which are revenue management, product innovation, distribution cost management and productivity;
- the Company's belief that postretirement benefit payments are expected to be approximately \$2.7 million in 2007;
- the Company's expectation that its overall bottle/can revenue will be primarily dependent upon continued growth in diet products, sports drinks, bottled water, tea and energy products, the introduction of new products and the pricing of brands and packages within channels;

[Table of Contents](#)

- the Company's belief that total restructuring expense will be in the \$2.5 million to \$3.5 million range and that substantially all of the cash expenditures will occur prior to 2007 fiscal year end;
- the Company's belief that the implementation of its new pre-sell delivery system will continue over the next several years and should generate significant savings, more efficient delivery of a greater number of products and improved employee safety;
- the Company's belief that the cost of aluminum cans may increase by 15% to 20% during 2007;
- the Company's belief that the cost of high fructose corn syrup may increase by 20% to 35% during 2007; and
- the anticipated impact of increasing costs for aluminum cans and high fructose corn syrup, assuming flat volume, in the range of \$29 million to \$45 million.

These statements and expectations are based on currently available competitive, financial and economic data along with the Company's operating plans, and are subject to future events and uncertainties that could cause anticipated events not to occur or actual results to differ materially from historical or anticipated results. Factors that could impact those differences or adversely affect future periods include, but are not limited to, the factors set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 under Item 1A. Risk Factors.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Raw Material and Commodity Price Risk

Beginning in 2007 the majority of the Company's aluminum packaging requirements did not have any ceiling price protection. Based upon current market prices for aluminum, the Company anticipates the cost of aluminum cans may increase from 15% to 20% during 2007. High fructose corn syrup costs are also expected to increase significantly during 2007 as a result of increasing demand for corn products around the world and as a result of alternative uses for corn, such as ethanol. Based upon current market prices for corn, the Company anticipates the cost of high fructose corn syrup will increase from 20% to 35% during 2007. The combined impact of increasing costs for aluminum cans and high fructose corn syrup, assuming flat volume, is anticipated to range between \$29 million and \$45 million during 2007.

The Company is also subject to commodity price risk arising from price movements for certain other commodities included as part of its raw materials. In addition, there is no limit on the price The Coca-Cola Company and other beverage companies can charge for concentrate. The Company manages this commodity price risk in some cases by entering into contracts with adjustable prices. The Company has not historically used derivative commodity instruments in the management of this risk.

During Q1 2007, the Company began using derivative instruments to hedge a portion of the Company's vehicle fuel purchases. These derivative instruments relate to diesel fuel and unleaded gasoline used in the Company's delivery fleet. Derivative instruments used include puts and calls which effectively establish an upper and lower limit on the Company's price of fuel within periods covered by the instruments. The Company pays a fee for these instruments which is amortized over the corresponding period of the instrument. The Company currently accounts for its fuel hedges on a mark-to-market basis with any expense or income being reflected as an adjustment of fuel costs.

Item 4. Controls and Procedures.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")), pursuant to Rule 13a-15(b) of the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded the Company's disclosure controls and procedures are effective for the purpose of providing reasonable assurance the information required to be disclosed in the reports the Company files or submits under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosures.

There has been no change in the Company's internal control over financial reporting during the quarter ended April 1, 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

On February 14, 2006, forty-eight Coca-Cola bottler plaintiffs filed suit in the United States District Court for the Western District of Missouri against The Coca-Cola Company and Coca-Cola Enterprises Inc. (“CCE”). On February 24, 2006, the plaintiffs filed an amended complaint adding twelve bottlers as plaintiffs. In the lawsuit, *Ozarks Coca-Cola/Dr Pepper Bottling Company, et al. vs. The Coca-Cola Company and Coca-Cola Enterprises Inc.*, the bottler plaintiffs purported to bring claims for breach of contract and breach of duty and other related claims arising out of CCE’s plan to offer warehouse delivery of POWERade to Wal-Mart Stores, Inc. within CCE’s territory. The bottler plaintiffs sought preliminary and permanent injunctive relief prohibiting the warehouse delivery of POWERade and unspecified compensatory and punitive damages. On March 17, 2006, the Missouri District Court transferred the case, for the convenience of the parties, to the United States District Court for the Northern District of Georgia (the “District Court”).

In April 2006, warehouse delivery of POWERade commenced in the Company’s exclusive bottling territory. On September 5, 2006, the District Court granted the Company’s motion to intervene as defendant for the limited purpose of opposing the injunctive relief sought by the bottler plaintiffs. The District Court found that the Company had a legally protectable interest at stake in the litigation in that the relief requested would preclude the Company from warehouse delivery of POWERade within its exclusive bottling territory.

In February 2007, The Coca-Cola Company, CCE, the Company and many of the plaintiffs entered into a series of agreements that resulted in the dismissal without prejudice of the lawsuit and the implementation of a program to test various new route-to-market service systems. The new alternative route-to-market program provides, among other things, that during the next two years, through December 31, 2008, any Coca-Cola bottler that desires to implement an alternative route-to-market delivery plan shall present the plan for advance discussion and approval by representatives of The Coca-Cola Company and the Coca-Cola bottling system. The agreements preserve all parties’ rights, and afford the Coca-Cola bottling system an opportunity to meet to discuss whether the new route-to-market service system should be continued. The lawsuit was dismissed on March 2, 2007 without prejudice.

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

Item 1A. Risk Factors.

There have been no material changes to the factors disclosed in Part I, Item 1A. Risk Factors in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006.

Table of Contents

Item 6. Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
4.1	The registrant, by signing this report, agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument which defines the rights of holders of long-term debt of the registrant and its consolidated subsidiaries which authorizes a total amount of securities not in excess of 10 percent of the total assets of the registrant and its subsidiaries on a consolidated basis.
10.1 *	Amended and Restated Can Supply Agreement, effective as of January 1, 2006, by and between Rexam Beverage Can Company and Coca-Cola Bottlers' Sales & Service Company, LLC, in its capacity as agent for the Company (filed herewith).
10.2	U.S. \$200,000,000 Amended and Restated Credit Agreement, dated as of March 8, 2007, by and among the Company, the banks named therein and Citibank, N.A., as Administrative Agent, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 14, 2007 (File No. 0-9286).
10.3	Supplemental Savings Incentive Plan, amended and restated effective January 1, 2007 (filed herewith).
10.4	Officer Retention Plan, as amended and restated effective January 1, 2007 (filed herewith).
12	Ratio of earnings to fixed charges (filed herewith).
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
*	Certain portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested for such portions of the exhibit.

SIGNATURE

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

COCA-COLA BOTTLING CO. CONSOLIDATED
(REGISTRANT)

Date: May 11, 2007

By: _____ /s/ Steven D. Westphal
Steven D. Westphal
Principal Financial Officer of the Registrant
and
Senior Vice President and Chief Financial Officer

CONFIDENTIAL PORTIONS OF THIS AGREEMENT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR SUCH PORTIONS. ASTERISKS DENOTE OMISSIONS.

AMENDED AND RESTATED CAN SUPPLY AGREEMENT

This Amended and Restated Can Supply Agreement (the "Amended and Restated Agreement") is entered into by and between: (i) Rexam Beverage Can Company ("Rexam"), a Delaware corporation, with its principal place of business at 8770 West Bryn Mawr Avenue, 11th Floor, Chicago, Illinois 60631; and (ii) Coca-Cola Bottlers' Sales & Services Company LLC, a limited liability company organized and existing under the laws of Delaware, with its principal offices at 3200 Windy Hill Road, East Tower, Suite 300, Atlanta, Georgia 30339 ("CCB"), acting solely on behalf of and as agent for the Bottlers (as defined below) (each a "Party" and together, the "Parties," and where applicable, shall be deemed to include the Bottlers, as defined below), and amends and restates that certain Can Supply Agreement entered into on or about January 1, 2004 by and between Rexam and CCB, as agent for certain Bottlers (the "Original CCB Agreement").

RECITALS

WHEREAS, CCB acts as agent for certain Coca-Cola bottlers and other entities, including Coca-Cola Enterprises Inc. ("CCE") and those other duly licensed Coca-Cola bottlers and related cooperative bottling/canning facilities or other entities set forth in Exhibit A attached hereto (each, individually, a "Bottler," and collectively, the "Bottlers"); and

WHEREAS, REXAM owns and operates manufacturing plants throughout the United States which produce aluminum beverage containers; and

WHEREAS, CCE and Rexam are parties to that certain Can Supply Agreement executed by and between CCE and Rexam (at the time known as American National Can Company) and effective as of January 1, 1999, as amended (the "Existing CCE Agreement"); and

WHEREAS, pursuant to a certain Procurement Agency Agreement dated April 14, 2003 and other agency agreements between CCB and the Bottlers (collectively the "Agency Agreements"), CCB has been authorized by the Bottlers, who are in the business of, among other things, filling soft drink beverages into aluminum beverage containers comprised of 12 oz bodies and ends (the "Cans") as specified in Exhibit B, to negotiate and enter into this Can Supply Agreement on their behalf; and

WHEREAS, on or about January 1, 2004 CCB, acting solely as agent for and on behalf of certain Bottlers and Rexam, entered into the Original Agreement, which has an expiration date of December 31, 2006; and

WHEREAS, CCB and Rexam now desire to enter into this Amended and Restated Agreement in order to amend and restate the Original Agreement as set forth herein and to provide for the supply of Cans to certain production facilities operated by Bottlers identified in Exhibit A, all pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants contained herein, the Parties hereby agree as follows:

1. **Authority.**

(a) **CCB's Agency.** This Agreement is executed by CCB solely as agent for the Bottlers. CCB represents and warrants that pursuant to the Agency Agreements it is the authorized agent for the Bottlers, and is authorized to conduct negotiations, execute and manage agreements for the supply of Cans to the Bottlers for use within the Territory (as defined below). By the execution of this Agreement, CCB further represents that the Bottlers listed in Exhibit A consent to and shall be bound by this Agreement. CCB retains the right to add or delete Bottlers as mutually agreed from Exhibit A from time to time during the Term hereof. In the event of a deletion, the Bottlers, through CCB, will make commercially reasonable efforts to provide replacement volumes.

(b) **Rexam's Authority.** Rexam represents and warrants to CCB that it has the authority to enter into and perform this Amended and Restated Agreement.

2. **Effect on Other Agreements.** Upon execution hereof, this Amended and Restated Agreement shall replace and supersede both: (i) the Existing CCE Agreement; and (ii) the Original CCB Agreement, both in their entirety. For the avoidance of doubt, both the Existing CCE Agreement and the Original CCB Agreement shall be deemed terminated by mutual consent without penalty upon the execution hereof.

3. **Term.** The term of this Amended and Restated Agreement (the "Term") shall commence on January 1, 2006, and, unless sooner terminated as provided herein, shall expire on [***] (the "Termination Date").
4. **Description of Product.** This Amended and Restated Agreement relates to Cans with the specifications as shown in Exhibit B (the "Specifications"). Rexam will have the right to place its name and/or logo on the Cans in such size and location as is customary in the industry. Upon request, Rexam will provide CCB with a certificate of conformity with each shipment indicating that the Cans included in the shipment have been inspected by Rexam and comply with the Specifications and all obligations of this Amended and Restated Agreement.
5. **Territory.** The obligation of Rexam to supply Cans, and the obligation of Bottlers to purchase Cans, pursuant to the terms hereof, shall apply only to filling locations owned or operated by the Bottlers that are physically located within the fifty United States or the District of Columbia, Canada, and/or Bermuda (collectively, the "Territory").
6. [***]
7. **Volume.** The Cans will be supplied to the filling locations located within the Territory set forth for each Bottler in Exhibit A (and at any additional or substitute facilities hereafter acquired or otherwise designated by CCB on behalf of any of the Bottlers and agreed to in writing by Rexam which agreement by Rexam will not be unreasonably withheld) (collectively, the "Filling Locations"). During the Term of this Amended and Restated Agreement, each of the Bottlers shall purchase 100% of the Filling Locations' respective individual requirements of Cans from Rexam in the sizes set forth in Exhibit B, except that each Bottler shall be allowed a commercially reasonable time to exhaust any existing supply of non-Rexam supplied Cans kept in inventory during the ordinary course of business as of the beginning of the Term hereof. If requested by Rexam, and not more than once annually, CCB shall provide a certificate from an officer of CCB

attesting that each Bottler has complied with its annual purchase requirements for the Filling Locations as set forth herein. If, for any reason (other than an event of Force Majeure covered in Section 23, or a metal supply issue covered in Section 14, below) Rexam is unable to supply bodies and/or ends, as the case may be, of satisfactory quality, any affected Bottler(s) shall be relieved of any obligation to buy from Rexam the unsatisfactory item under the terms of this Amended and Restated Agreement until Rexam corrects the problem on an ongoing basis to the reasonable satisfaction of the affected Bottler(s). In such event and only for the duration of time that such quality problem exists: (a) Rexam shall provide the relevant Filling Location(s) with fully conforming bodies and/or ends from an alternate Rexam plant and Rexam shall absorb any excess freight involved in shipping from the alternate plant; (b) if Rexam is unable to procure conforming bodies and/or ends from a Rexam plant, the affected Bottler(s) may procure conforming bodies and/or ends from any other source; (c) Rexam shall pay any affected Bottler the difference between the purchase price to such Bottler for such conforming bodies and/or ends and the purchase price such Bottler otherwise would have incurred hereunder; and (d) all bodies and/or ends purchased by affected Bottlers from any alternate source pursuant to this paragraph shall be credited against the relevant Bottler's purchase obligations hereunder.

8. **Orders.**

(a) **Sales Subject to Orders.** All sales of Cans under this Amended and Restated Agreement will be subject to written orders issued by the Bottlers (through CCB or otherwise) to Rexam ("Orders").

(b) **Quantities and Dates.** Orders will specify quantities, delivery dates and points of delivery.

(c) **Special Terms.** Bottlers (through CCB or otherwise) and Rexam may agree in writing to special terms, such as deliveries in a specified manner, for which Rexam may request additional compensation. Rexam agrees that all invoices will include the price of the Cans separate from the compensation for such special terms.

(d) Adjustments. In the event of changes identified in Section 8(c), either Bottler or Rexam may, in writing, request an equitable adjustment in the prices or delivery terms of the relevant Order. Any and all claims and requests by Rexam under this subsection will be deemed waived unless made in writing and received by Bottler within twenty (20) days from the receipt by Rexam of the written notification for such changes.

(e) Order Termination

(i) With or Without Cause. Bottlers (through CCB or otherwise) may terminate, with or without cause, any single Order upon written notice to Rexam. In the event of such termination, Rexam may in writing make claim for the cost of any work in process and finished stocks, but not for any cost of design, engineering, or development, special tooling or general purpose equipment unless such items have been specifically ordered and separately priced in the terminated Order. Other than as specified in the preceding sentence, Rexam will not be entitled to any claim, remedy or damages from Bottler with respect to termination of an Order. Any and all claims or requests by Rexam under this subsection will be deemed waived unless made in writing and received by Bottler within five (5) business days (not including holidays on which Rexam's executive offices are closed) from the date of termination.

(ii) Effect on Other Orders. Termination of any single Order for any reason will not affect any other Order between Bottler and Rexam, or this Amended and Restated Agreement.

(f) Time. Time is of the essence in all Orders. Rexam will promptly advise Bottlers of any delay or anticipated delay in delivery or performance.

(g) Supersede Preprinted Terms in Other Documents. The terms and conditions of this Amended and Restated Agreement will supersede any preprinted or standard terms which may appear on any purchase orders, invoices, acknowledgements, or similar documents exchanged between Rexam and Bottlers and/or CCB as agent for the Bottlers.

9. **Price.** The base price(s) for Cans, and adjustments thereto, under this Amended and Restated Agreement shall be as stated in the Pricing Schedule, attached as Exhibit C to this Amended and Restated Agreement.
10. **Payment; Risk of Loss.** Payment is due [***] days after the date of invoice (if such invoice is sent electronically, which is the method preferred by both Parties); or [***] days from receipt of invoice (if such invoice is not able to be sent electronically). Payment for any services provided pursuant to Exhibit D is due in full [***] days after invoice date. Amounts not paid by the due date shall bear interest at 2% over the prime rate announced from time to time by Bank One, Chicago, Illinois, or such lesser rate as provided by law. Notification of payments due shall be directed as follows: (i) if to Coca-Cola Enterprises Inc (“CCE”) or to The Coca-Cola Bottling Company Consolidated (“Consolidated”) or any other Bottler owned or controlled by Consolidated, bill(s) of lading for Cans shipped or invoices for all other charges (e.g., for services provided pursuant to Section 15 hereof) shall be delivered by the carrier or by Rexam to CCE’s or Consolidated’s respective filling locations; (ii) if, as to hot-filled Cans processed in the Niles, Illinois facility operated by Coca-Cola Bottling Company of Chicago (“Niles”) or such other facilities as designated by CCB in the future, all invoice(s) shall be sent by Rexam to Coca-Cola North America, a division of The Coca-Cola Company, at: Coca-Cola Company, Vender# 1037076, Minute Maid Hot Fill, PO Box 2467, Atlanta, GA 30301; and (iii) if to any other Bottler not listed in subsections (i) or (ii) above (hereinafter the “Participating CCBA Bottlers”), daily electronic reports of shipments made or services provided pursuant to Section 16 to participating CCBA Bottlers, shall be sent by Rexam to The Coca-Cola Bottlers’ Association, Inc. at 3282 Northside Parkway, Atlanta, Georgia 30327. Each individual Bottler, including the Participating CCBA Bottlers, shall be solely responsible for payment of all amounts due from it under this Amended and Restated Agreement. If payments are not received within 60 days, Rexam has the right to offset any rebates Rexam may have paid to CCB that are allocable to such Bottler’s outstanding receivables, from any future rebate payments to CCB, subject to reinstatement once payment is made. CCB shall use reasonable commercial efforts to resolve any payment disputes between Rexam and any of the Bottlers. Title and risk of loss shall pass to each applicable Bottler upon delivery of Cans to the common carrier, even if Rexam may have selected the carrier.

11. Packaging and Shipping.

(a) Packaging Standards. All packing and packaging will comply with good commercial practice and applicable transport regulations, and will consist of suitable containers for optimum protection of the goods and for in-plant handling and storage.

(b) Carrier and Route. Delivery will be made by the carrier and route specified by Rexam.

(c) Labeling. All shipping containers will be labeled in accordance with applicable laws and regulations relating to the transport of goods.

12. Delivery. Delivery will not be deemed complete until the Cans have actually been received and accepted by Bottler following completion of its standard inspection procedures. All inspections will be completed within a reasonable period of time.

13. Non-Conforming Orders.

(a) Inspection and Testing. All Orders of Cans are subject to inspection and rejection by Bottler within a reasonable period of time prior to payment.

(b) Cancellation for Non-Conformance. Bottler may cancel an Order for any nonconformity in any lot or installment delivered and performed hereunder, including, without limitation, failure of Rexam to deliver the Order of Cans when due, delivery of defective or otherwise nonconforming Cans, or delivery of an insufficient quantity of Cans.

(c) Additional Remedies. Without limiting any of Bottler's rights, Bottler may require Rexam, at Rexam's expense:

(i) to promptly repair or replace any or all rejected Orders of Cans, or

(ii) to refund the price of any or all rejected Orders of Cans.

(d) Risk of Loss for Rejected Orders. All rejected Orders of Cans will be held for Rexam's prompt instruction and at Rexam's risk and expense.

14. Metal.

(a) The Parties acknowledge that, subject to the Parties' obligations regarding soft tolling set forth in Section B.1(a) of Exhibit C, soft tolling of metal is a part of this Amended and Restated Agreement. To that extent, CCB, on behalf of the Bottlers, shall provide Rexam with reasonable advance notice of any change in designated aluminum suppliers (and such newly designated supplier shall be a qualified first tier metal sheet producer, or second tier sheet producer reasonably acceptable to Rexam), no later than 120 days prior to implementing such change to this Amended and Restated Agreement (excluding 2006, which has been dealt with as of the date hereof to the Parties' mutual satisfaction). Notwithstanding the foregoing, in the event of an actual, material quality problem or shortfall in the metal supplied to Rexam, Rexam shall retain the right to qualify or disqualify any of CCB's designated aluminum supplier(s) provided, however, that the criteria used to disqualify such supplier(s) was pre-existing (*i.e.*, in effect prior to the execution hereof), was uniformly established for all aluminum suppliers to Rexam, and was disclosed to CCB and agreed upon prior to the execution hereof; and provided further that Rexam provide CCB with reasonable advance written notice of the effective date of any such disqualification. Upon any such notice of disqualification, the Parties will discuss a mutually agreeable aluminum supplier, and the Parties shall agree to use any other aluminum supplier if such supplier is then qualified by Rexam as set forth above (Rexam agrees to provide CCB a listing of all aluminum suppliers qualified to do business with Rexam, which list may be updated quarterly, as needed). In the event a supplier not currently qualified to supply Rexam is required for supply reasons currently unforeseen by Rexam or CCB, and the Parties cannot reach agreement on such an unqualified aluminum supplier within [***] days from the date of such disqualification, Rexam may use any other aluminum supplier so long as such aluminum meets the specifications contained in this Amended and Restated Agreement, and (ii) if, and only if so agreed to by Rexam and CCB, all incremental cost adjustments, if any, to implement such new aluminum supplier are borne by the Bottlers for the anticipated period of time required (not to exceed one hundred and twenty (120) days), or until a mutually agreed to supplier is found.

(b) At any time during the Term of this Amended and Restated Agreement, CCB may elect to direct the disposition of in-plant scrap, provided however, that: (i) Rexam shall not be required to terminate any pre-existing, enforceable annual (i.e., of no greater than one year in length) agreement otherwise requiring disposition of in-plant scrap; and (ii) that, subject to the mutual agreement of CCB and Rexam, there will be commensurate annual economic adjustments (based on periodic changes in the price of ingot) made to Rexam with respect to the remaining Term and subsequent projected volume of this Amended and Restated Agreement, to reflect the impact of implementing this right.

15. **Purchases; Forecasts.** Purchases of Cans will be made via purchase order or alternative electronic means as set forth in Section 8 above. To facilitate such purchases, each individual Bottler, through CCB or otherwise, shall advise Rexam, prior to each October 31, of the Filling Locations' projected annual requirements of Cans under this Amended and Restated Agreement, by location, for the upcoming calendar year (the "Forecasted Volume") and, using commercially reasonable judgment, shall provide rolling 90 day forecasts, by filling location, by size, by label, on a monthly basis throughout the year (a "90 Day Rolling Forecast"). All Forecasted Volume shall be provided for planning purposes only and shall not constitute a firm offer to buy, provided, however, that Rexam may use reasonable judgment to produce Cans pursuant to the relevant 90 Day Rolling Forecast only, in advance of receipt of actual orders, in which event all such Cans shall be purchased by the applicable Bottler within ninety (90) days. Such Forecasted Volume shall remain in effect until adjusted by each Bottler upon reasonable advance notice to Rexam; provided, however, that such adjustments shall not affect each Filling Location's percent purchase requirement set forth above in Section 7. Substantial increases in volume that are not consistent with a Bottler's Forecasted Volume or significant increases in the Forecasted Volume from year to year may require discussion and agreement between Rexam and the applicable Bottler on meeting such increase in volume, and the Parties agree to work in good faith to reach such agreement.

16. **Rexam's Services.** Rexam may perform the services described on Exhibit D attached hereto, as frequently as is reasonably necessary and at the applicable Bottler's specific request, pursuant to the rates for such services as specified on such Exhibit D, which rates may be subject to change from time to time by Rexam. CCB will make Exhibit D available to each Bottler.
17. **Dunnage.** The Parties' obligations with respect to dunnage are set forth in the attached Exhibits E, E-1, E-2, and F, which CCB will make available to each Bottler.
18. **Warranties, Claims and Limitation of Liability.** The Parties' obligations with respect to warranties, claims, and limitation of liability are set forth in the attached Exhibit G.

19. **Termination.**

(a) In addition to any other termination rights available under applicable law or set forth herein, at any time prior to the Termination Date, CCB may immediately terminate this Amended and Restated Agreement with Rexam (as to any Bottler(s) or all Bottlers), or Rexam may terminate this Amended and Restated Agreement with CCB or any of the Bottlers, in either case upon notice to the other Party if such Party, or any of the Bottlers, as the case may be: (i) is deemed bankrupt or shall make an assignment for the benefit of its creditors, or a receiver is appointed for it or for any of its properties or it is adjudged to be insolvent; or (ii) defaulted in the performance of any material term or condition of this Amended and Restated Agreement and such default has not been remedied within thirty (30) days after the giving of written notice with respect to such breach to the defaulting Party. Any such acts of, by or to a Bottler shall give rise to a right to terminate solely as to that Bottler and not as to any other Bottler or CCB. In the event that this Amended and Restated Agreement is terminated with respect to any individual Bottler, the Amended and Restated Agreement shall remain in full force and effect among Rexam, CCB, and the remaining Bottlers.

(b) CCB shall not be responsible or liable for any Bottler's failure to perform its obligations hereunder. The termination of any or all of the Agency Agreements shall have no effect on this Amended and Restated Agreement, provided, however, that any

new or successor agent of the affected Bottler(s) shall notify Rexam that it is the new or successor agent for the Bottlers and such new or successor agent shall agree to be bound by the terms of this Amended and Restated Agreement as if the new or successor agent had been the original agent.

20. **Effect of Termination.** Upon termination of this Amended and Restated Agreement for any reason, each Bottler shall purchase all Cans and otherwise non-usable Bottler - -specific manufacturing supplies and related items previously ordered for the relevant Bottler. The price which each affected Bottler shall pay for Cans and any otherwise non-usable Bottler specific manufacturing supplies and related items as a result of any termination shall be the price in effect hereunder upon the effective date of termination, inclusive of any soft tolling.
21. **Indemnity.** Notwithstanding anything to the contrary set forth in Exhibit G, Rexam will indemnify and hold harmless CCB and Bottlers, their subsidiaries, officers, agents, employees and customers against all claims, costs (including, without limitation, reasonable attorneys' fees) and damages (including, without limitation those resulting from recall of Cans) arising from (i) any defect in the Cans, (ii) breach of any warranties or representations of Rexam set forth in this Amended and Restated Agreement, and (iii) breach of any term or condition set forth in this Amended and Restated Agreement by Rexam.
22. **Insurance.** Rexam will obtain and maintain at its' own expense through a combination of comprehensive general liability insurance and umbrella liability insurance, which includes products liability coverage, with insurance companies that have a minimum A.M. Best Rating of A-VII in the amount of at least five million dollars (\$5,000,000) per occurrence combined single limit, aggregate limit of ten million dollars (\$10,000,000). Rexam will provide CCB and, upon request, the Bottlers with a certificate of insurance evidencing such insurance and naming CCB and the Bottlers listed in Exhibit A as additional insureds within thirty (30) days of execution of this Amended and Restated Agreement. Such certificate will further contain a provision that said policy or policies cannot be cancelled, terminated, non-renewed or materially changed during the Term

without thirty (30) days prior written notice to CCB. The stipulated limits of coverage above will not be construed as a limitation of any potential liability to CCB or the Bottlers, and failure to request evidence of this insurance will in no way be construed as a waiver of Rexam's obligation to provide the insurance coverage specified.

23. Force Majeure.

(a) Except for payment of money due hereunder, Rexam, CCB, and each of the Bottlers, as applicable, shall be excused for failure to perform under this Amended and Restated Agreement where such failure results from circumstances beyond the affected Party's reasonable control including, without limitation, such circumstances as fire, storm, flood, terrorism, acts of war, civil or military authority, insurrection, supply shortage, embargo, earthquake, strikes, work stoppages or slowdowns, lockouts, failure of machinery, delay or failure of transportation, acts of the public enemy, acts of God or acts of any foreign, federal, state or any local government or agents or instrumentalities thereof. The Party (including for purposes of this provision, each of the Bottlers) claiming excuse of performance must give written notice stating the reasons for its failure to perform hereunder, and may claim such excuse of performance only so long as such force majeure condition exists. Both parties will use reasonable efforts to mitigate the effects of such events.

(b) **Remedies.** In case of the occurrence of an event covered by the preceding provision, CCB or Bottlers may at its option:

(i) reject any partial or future performance without liability upon written notice, or

(ii) if such occurrence only affects Rexam's performance, require Rexam to use its best efforts to supply as much of Bottlers' total requirements as possible but in no event less than a pro rata share of its remaining capacity allocated among its customers having written supply contracts of at least one (1) year in duration which were entered into prior to the commencement of the event.

24. **Notices.** Except for notices and correspondence related solely to an individual Order which shall be sent to the addresses and individuals as shown in the Order, all notices that are required or permitted to be given pursuant to this Amended and Restated Agreement, and any requests or other communications shall be in writing, and shall be deemed given when personally delivered or received by facsimile, with confirmation of receipt, or five (5) days after deposited in the United States mail, postage prepaid, or the next business day if sent by overnight courier, at the address set out below for each Party or such other address as either Party may from time to time notify to the other:

If to Rexam at:

Attn: Bill Brandell
Title: Senior VP of Sales & Marketing
Rexam Beverage Can Company
8770 W. Bryn Mawr Ave.,
Chicago, IL 60631

Attn: Patrick Sullivan
Title: Vice President Sales
Rexam Beverage Can Company
11111 Houze Road
Suite 105
Roswell, GA 30076

If to CCB (for itself and on behalf of all or any of the Bottlers) at:

Attn: Ray Malone
Title: Director of Procurement - Packaging
Coca-Cola Bottlers' Sales & Services Company, LLC
3200 Windy Hill Road
Suite 300
Atlanta, GA 30339

With a copy to:

General Counsel
Coca-Cola Bottlers' Sales & Services Company LLC
(at above address)

25. **Entire Amended and Restated Agreement, Amendment, Waiver.** Upon execution, this Amended and Restated Agreement, including the attached Exhibits and other attachments, which are incorporated herein by reference and made a part hereof, shall

constitute the entire agreement between Rexam and CCB on behalf of the Bottlers with respect to the subject matter hereof, and will, as of its date of execution, supersede and cancel any prior agreements between the Parties with respect thereto. This Amended and Restated Agreement may not be amended except in writing, and no amendment will be effective unless executed by an authorized officer or employee of both Parties. The failure of either Party to exercise or enforce any of the terms or conditions of this Amended and Restated Agreement shall not constitute or be deemed a waiver of that Party's right thereafter to enforce each and every term and condition of this Amended and Restated Agreement.

26. **Assignability.** This Amended and Restated Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties (Parties here shall refer to CCB, the Bottlers, and Rexam) hereto including, without limitation, a subsidiary, affiliate, purchaser, transferee or successor by merger of substantially all of the business or assets of either Party, and each Party shall ensure that any succeeding party is bound to the rights and obligations of this Amended and Restated Agreement, provided however, that this Amended and Restated Agreement shall not be assignable or transferable in any fashion unless the Party proposing to assign and/or transfer the Amended and Restated Agreement shall have received prior written consent from the other Party, except that any Bottler or CCB may assign this Amended and Restated Agreement to any of its respective wholly-owned or controlled subsidiaries or affiliates under common ownership. Notwithstanding the foregoing, in the event of any Change in Control of Rexam, then the other Parties shall have the right to terminate this Amended and Restated Agreement. As used herein, a "Change of Control" means (i) the direct or indirect acquisition (by merger, consolidation, business combination or otherwise) by any person or group of persons that is not an affiliated entity, in a transaction or series of related transactions of the beneficial ownership of 50% or more of the outstanding voting stock of another person, or (ii) individuals who were directors of a company immediately prior to a transaction involving that company (or their designees) do not constitute a majority of the board of directors after such transaction, or (iii) the direct or indirect acquisition by any person or group of persons that is not an affiliated entity, in a transaction or series of related transactions of all or substantially all of the assets of another person. As used

herein, an “affiliated entity” is a party that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, a Party. In the event of any Change of Control of a Bottler or any disposition, transfer or sale of any of the Filling Locations covered hereunder by any Bottler to any other entity then engaged, directly or indirectly, in the authorized manufacture or distribution of Coca-Cola products, such Bottler shall require the purchaser or transferee of all or any portion of its can filling operations to assume that portion of this requirements contract that relates to the portion of its operations being sold or transferred.

27. **Confidentiality.**

(a) CCB, the Bottlers, and Rexam agree not to disclose, and to use their best efforts to prevent disclosure of, confidential or proprietary information relating to this Amended and Restated Agreement or to the subject matter thereof (“Confidential Information”). All information furnished to one Party by any other Party shall be considered Confidential Information, unless otherwise indicated by the Party furnishing the information. The Specifications will be deemed Confidential Information disclosed by CCB. This Amended and Restated Agreement shall be deemed Confidential Information disclosed by CCB.

(b) Notwithstanding anything in subsection 27(a), above, Confidential Information may be disclosed by a Party pursuant to court order or other process issued by a court or tribunal, provided, however, that the Party served with such process shall notify the other Party prior to any such disclosure; if the information is in the public domain; the receiving Party can show the information was previously known to it at the time of disclosure; has been disclosed through no fault of the party; if the information is independently developed by the receiving Party as evidenced by the written records of the receiving Party; if the information is required to be disclosed pursuant to the requirement, order or directive of a government agency or by operation of law subject to prior consultation with the disclosing Party’s legal counsel; or if the disclosure is expressly consented to by the other parties, in writing and during the Term of this Amended and Restated Agreement.

(c) A Party may disclose Confidential Information to such Party's direct and indirect parents, subsidiaries and affiliates and to their respective directors, officers and employees, and each of their accountants, lawyers and other professionals (collectively, the "Permitted Recipients") who need to know the confidential or proprietary information; provided, however, that all such Permitted Recipients shall maintain the confidentiality of all such confidential or proprietary information.

(d) CCB will be free to disclose the contents of this Amended and Restated Agreement to TCCC and the entities identified in Exhibit A.

(e) No Party may issue any press release or make any public statement with respect to this Amended and Restated Agreement or any other transaction contemplated herein, without the express written consent of the other Parties, such consent to not be unreasonably withheld.

(f) The foregoing obligations will remain in effect for a period of five (5) years from termination of this Amended and Restated Agreement. Notwithstanding the foregoing, the Performance Criteria will be held in confidence by Rexam forever.

28. **Dispute Resolution.** In the event there is a dispute over any of the terms of this Amended and Restated Agreement or the fulfillment of any of the terms by either Party (including any of the Bottlers), or a disagreement over the resolution of any claim made by any of the Bottlers with respect to product or services received from Rexam, then Rexam and CCB as agent (and the affected Bottler(s), at CCB's option), shall meet within 30 days of the receipt of written notice of the dispute for the purposes of reaching an amicable resolution. If no amicable resolution is reached, the Parties agree that the dispute shall be submitted to final and binding arbitration to be conducted in Atlanta, Georgia on a date and at a time convenient to all Parties by and pursuant to the rules and regulations of the American Arbitration Association ("AAA"). Within 30 days of such submission, each Party shall choose an arbitrator from the list of arbitrators provided by the AAA, and the two chosen arbitrators shall choose a third arbitrator acceptable to them. The Parties shall bear the cost of the arbitrator chosen by each of them, and the costs of the third arbitrator as well as other related costs of the arbitration, shall be borne

equally by each Party. Once the third arbitrator has been selected, a hearing date shall be set within forty-five (45) days thereafter. Written submittals shall be presented and exchanged by the Parties fifteen (15) days before the hearing date, including reports prepared by experts upon whom any Party intends to rely. At such time the Parties shall also exchange copies of all documentary evidence upon which they will rely at the arbitration hearing and a list of the witnesses whom they intend to call to testify at the hearing. Each Party shall also make its respective experts available for deposition by the other Party prior to the hearing date. The arbitrators shall make their award as promptly as practical after conclusion of the hearing. The arbitrators shall not be bound by any rules of evidence or civil procedure, but rather may consider such writings and oral presentations as reasonable businessmen would use in the conduct of their day-to-day affairs, and may require the Parties to submit some or all of their presentation orally or in written form as the arbitrator may deem appropriate. Until a resolution is reached, either by agreement or through arbitration, the terms of this Amended and Restated Agreement shall remain in full force and effect, and in any event, a dispute with one of the Bottlers shall not affect the contractual relationship between Rexam and the other Bottlers.

29. **Governing Law.** The validity, interpretation and enforcement of the terms of this Amended and Restated Agreement, including those set forth in the attached Exhibits and attachments, shall be governed by the laws of the State of Illinois, without application of its choice of law rules.
30. **Severability.** In the event that any of the provisions of this Amended and Restated Agreement are held to be unenforceable, the remaining provisions of this Amended and Restated Agreement will remain in full force and effect.
31. **Counterparts.** This Amended and Restated Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same Amended and Restated Agreement. Facsimile signatures shall be binding as if they were originals.
32. **Independent Contractor Status.** This Amended and Restated Agreement is not intended in any other respect to create, nor should it be construed as creating, an agency,

joint venture, partnership or employer-employee relationship between CCB and Rexam. Each Party shall act solely as an independent contractor and shall have no right to act for or to sign the name of or bind the other Party in any way or to make quotations or to write letters under the name of the other Party or to represent that the Party is in any way responsible for any acts or omissions of such Party.

33. **Manufacturer's Authorization Agreement.** This Amended and Restated Agreement will be conditioned upon Rexam executing a Manufacturer's Authorization Agreement ("MAA") with TCCC. In case of conflict between the MAA and this Amended and Restated Agreement in respect of an issue covered by both agreements, the MAA will take precedence.
34. **Compliance with Other Laws.** In absence of specific instructions, all Cans shall comply with good commercial practice and the applicable carrier's tariffs. To the extent applicable to Rexam in the performance of its obligations hereunder: (a) Rexam shall comply with all applicable state, provincial, federal, and local laws in the manufacture and sale of Cans hereunder (including, to the extent applicable, Section 202, the equal opportunity clause of Executive Order 11246, as amended, Section 60.7415, the affirmative action clause of the regulations under the Rehabilitation Act of 1973, and Section 60.250.5, the affirmative action clause of the regulations under 38 U.S.C. 4212, the Vietnam Era Veterans' Readjustment Assistance Act of 1974); (b) if applicable, Rexam agrees to comply with the provisions of 29 C.F.R. Part 470 and 31 U.S.C.S. Section 1352; and (c) Rexam's possession and control and all reasonable requests for actions that are made by the Bottlers to the extent necessary for the Bottlers to comply with the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. All Cans shall be accompanied by pallet tags, bills of lading or other documentation as required by the Bottlers.
35. **Survival.** The representations, warranties, covenants and obligations contained in Sections 1, 19, 20, 21, 27, 28, 29 and this Section 35 shall survive the termination or expiration of this Amended and Restated Agreement.

36. **Several Liability.** The Bottlers shall be severally as to itself only, and not jointly, liable to Rexam and CCB for any failure by any Bottler to perform its obligations hereunder. Notwithstanding anything in this Amended and Restated Agreement to the contrary, Rexam agrees to look directly and exclusively to each Bottler and not to CCB for remedies for any non-performance in connection with the purchase and sale of Cans and any Services hereunder. Rexam acknowledges that CCB is acting herein solely as agent for the Bottlers and, as such, shall have no liability for any actual purchases of Cans or compliance with any terms of payment.
37. **Third Party Beneficiaries.** All of the entities, subsidiaries, business units and participating affiliates identified in Exhibit A are intended to be third-party beneficiaries of the rights of CCB under this Amended and Restated Agreement.
38. **Set-Off.** Each party will have the right to set off against amounts which may become payable by the other party under this contract or otherwise, any present or future indebtedness of said other party, money, prepaid inventory or otherwise, whether arising under an Order or otherwise.
39. **Supplier Guiding Principles.** Rexam and suppliers authorized by Rexam to provide goods or services for CCB and the Bottlers will be required to meet the following standards with respect to their operations as a whole:

Laws and Regulations	Rexam will comply with all applicable laws, rules, regulations and requirements in the manufacture and distribution of products and supplies and in providing services to CCB and Bottlers.
Child Labor	Rexam will not use child labor as defined by local law
Forced Labor	Rexam will not use forced or compulsory labor
Abuse of Labor	Rexam will not physically abuse labor

Collective Bargaining	Rexam will respect employees' rights to choose whether to be represented by third parties and to bargain collectively in accordance with local law
Wages and Benefits	Wages and benefits will comply with local law
Working Hours & Overtime	Working hours and overtime will comply with local law
Health and Safety	Working conditions will comply with local regulations
Environment	Rexam will comply with all applicable environmental laws

Rexam agrees that it must be able to demonstrate its compliance with these requirements at the request of and to the satisfaction of CCB. This agreement includes, but is not limited to, CCB and its subsidiaries having the right to inspect any site involved in work for CCB and Bottlers. Any supplier that fails to comply with the foregoing is subject to immediate termination and any agreements between it and CCB and Bottlers and their subsidiaries will be terminated without penalty to CCB or Bottlers and their subsidiaries, but with obligations to remedy direct damages suffered by CCB or Bottlers and their subsidiaries remaining. All other policies and guidelines of CCB and its subsidiaries and any other agreements to which Rexam is a party will continue in full force and effect.

IN WITNESS WHEREOF, the Parties, through their authorized representatives, have executed this Amended and Restated Agreement and it shall be effective as of the date set forth above in Section 3.

/s/ Ron Lewis

Name: Ron Lewis
Title: President & CEO

/s/ Harry G. Barto

Harry G. Barto
President and Chief Executive Officer

**COCA-COLA BOTTLERS
SALES & SERVICES COMPANY, LLC**

REXAM BEVERAGE CAN COMPANY

As agent for the Bottlers.

Participating CCBA Bottlers

Barritt & Son
Hamilton, Bermuda

Atlantic Bottling Company
Atlantic, IA 50022

Baton Rouge Coca-Cola Bottling Company
Baton Rouge, LA 70809

The Cleveland Coca-Cola Bottling Company, Inc
Bedford Heights, OH 44146

Gulf State Cannery, Inc
Clinton, MS 39056

Southwest Cannery of Texas, Inc.
Nacogdoches, TX 75961

Swire Coca-Cola
Fruitland, ID 83619

Great Plains Coca-Cola Bottling Company
Oklahoma City, OK 73147

Great Plains Coca-Cola Bottling Company
Okmulgee, OK 74447

Chesterman Co.
Sioux City, IA 51102

Viking Coca-Cola Bottling Company
St Cloud, MN 56303

Bottler Legal Entity

The Coca-Cola Bottling Company Consolidated
4100 Coca-Cola Plaza
Charlotte, NC 28211

Filling Locations

Coca-Cola Bottling Co Consolidated
Charlotte, NC 28216

Coca-Cola Bottling Company of Mobile, LLC
Mobile, AL 36619

Coca-Cola Bottling Co Consolidated
Nashville, TN 37204

Coca-Cola Bottling Company of Roanoke, Inc.
Roanoke, VA 24106

South Atlantic Cannery Inc.
Bishopville, SC 29010

Bottler Legal Entity

Coca-Cola North America
A Division of The Coca-Cola Company

Filling Location

Coca-Cola Bottling Company of Chicago
Niles, IL 6071 [will add 2 more locations]

Bottler Legal Entity

Coca-Cola Enterprises Inc. ("CCE")
P.O. Box 723040
Atlanta, GA 31139

CCE Filling Locations

<u>City</u>	<u>State</u>
Abilene	TX
Alsip	IL
Baltimore	MD
Bellevue	WA
Bismarck	ND
Brampton	Ontario CN
Cincinnati	OH
Cleveland	TN
College Park	GA
Dallas	TX
Detroit	MI
Downey	CA
Eagan	MN
El Paso	TX
Flint	MI
Grand Rapids	MI
Great Falls	MT
Little Rock	AK
Indianapolis	IN
Milwaukee	WI
Montgomery	AL
New Orleans	LA
Niles	IL
Portland	IN
Richmond	British Columbia CN
San Leandro	CA
Sandston	VA
Shawnee Mission	KS
St Louis	MO
Tempe	AZ
Twinsburg	OH
Weston	Ontario CN
West Memphis	TN
Wichita	KS
Wilsonville	OR

EXHIBIT B

202/211x413 12-oz aluminum beverage can bodies, up to 5 non-combination prints, with up to [***]% of the total annual volume in 6 non-combination prints; Reference Drawing No. [***], input gauge [***]

202 diameter aluminum Rexam standard ends; Reference Drawing No. [***]; input gauge [***]; or 202 diameter new design to be designated (subject to mutual agreement of Rexam and CCB)

All Can bodies and ends must meet or exceed specifications, performance and quality criteria as mandated by The Coca-Cola Company (or any other licensor) as they may change from time to time; any such change may result in an upward or downward price adjustment, if mutually agreed upon, such agreement not to be unreasonably withheld by either Party.

EXHIBIT C

PRICING SCHEDULE

A. PRICING (PER THOUSAND)

12-OZ Can Base Prices — Delivered to all Domestic and Canadian Filling Locations (effective 1/1/06)

	<u>12-OZ BODIES</u>	<u>202 ENDS</u>	<u>Total</u>
[***]			
[***]			
[***]			

12-OZ Can Base Prices — Delivered to U.S Port for Shipment to Bermuda (effective 1/1/06)

	<u>12-OZ BODIES</u>	<u>202 ENDS</u>	<u>Total</u>
[***]			
[***]			
[***]			

This Bermuda pricing includes [***] for dunnage which is not returned to or Rexam's designee.

[***]

B. Pricing Components and Adjustments to Price

1. The can body and end pricing are influenced by the following three factors:

The ingot component as determined by Section (a) below; Conversion of ingot to aluminum sheet for body, end and tab stock, as determined by Section (b) below; and Conversion of can sheet to aluminum beverage cans and ends, as determined by Section (c) below.

(a) **Ingot.** CCB and Rexam affirm and acknowledge that soft tolling, as currently in practice between CCB (as agent for Coca-Cola Enterprises Inc. and others) and Rexam, is an integral part of the Amended and Restated Agreement and the Parties will use their best efforts to ensure that soft tolling continues, provided however, that both Parties agree to meet periodically and evaluate the metal purchasing program and address its impact on their respective commercial best interests. The parties acknowledge and agree that: (a) so long as soft tolling is in effect, the ingot price component will be as agreed to from time to time by the course of dealing by and among CCB, Rexam, and CCB's directed metal supplier; and, to the extent such directed metal supplier dictates any future price adjustments to Rexam for any metal-related purchases made on CCB's and/or the Bottler's behalf, Rexam shall have the right to pass through to the Bottlers any such pricing adjustment; and (b) if soft tolling is for any reason eliminated in the provision of can bodies and ends under the Amended and Restated Agreement, the Parties will discuss a mutually agreeable price adjustment, if any, and will mutually agree on how to calculate changes in ingot pricing. The above prices are based on the 1/1/06 ingot price of [***] per pound, determined by the six-month trailing average US Transaction Price (USTP) formula which is comprised of the daily LME cash average for the period plus the daily average of the US Midwest Premium as published in Platts Metals Week, adjusted on April 1 and October 1 each year. Prices effective from April 1 - September 30 will be based on the average monthly USTP for the preceding September - February. Prices effective from October 1 - March 31 will be based on the average monthly USTP for the preceding March - August. At the inception of this Agreement, the price will be subject to an adjustment of [***] for each \$.01/lb. in the USTP.

(b) **Conversion of Ingot to Can Sheet ("ICS").** The Parties acknowledge and agree that: (a) so long as soft tolling is in effect, adjustments in the conversion of ingot to can sheet component will be as agreed to from time to time by the course of dealing by and among CCB, Rexam and CCB's directed metal supplier; and, to the extent such directed metal supplier dictates any future price adjustments to Rexam for any conversion fees relating to metal purchases made on CCB's and/or the Bottlers' behalf, Rexam shall have the right to pass through to the Bottlers any such pricing adjustment; and (b) if soft tolling is for any reason eliminated in the provision of can bodies and ends under the Amended and Restated Agreement, that the Parties will discuss a mutually agreeable price adjustment, if any, and will mutually agree on how to calculate adjustments in the conversion of ingot to can sheet fees. **[The above prices are based on the 4/1/05 Ingot to Can Sheet Conversion prices of [***] per pound for 12-oz bodies at [***], [***] per pound for 202 lids at [***] input gauge, and [***] per pound for 202 tabs at [***] input gauge.]** The gross weight factor used to compute price adjustments of containers at inception of this agreement is [***] lbs./M. The gross weight factors by component are as follows:

Body	[***] lbs./M
End	[***] lbs./M
Tab	[***] lbs./M

(c) Conversion of Can Sheet to Cans (“CCP”). The Conversion of Can Sheet to Cans “CCP” is calculated by subtracting the sum of (a) and (b) in Section B. of Exhibit C from the total base price outlined in Section A of Exhibit C. Effective April 1st of each year during the term of the Amended and Restated Agreement, a can sheet to cans conversion factor will be increased (or decreased) by a percentage equal to [***], if any, (commencing on April 1, 2005) in the Producer Price Index for Intermediate Materials, Supplies and Components (“PPI”) (Index Code WPUSOP 2000) for the period ending December 31st of the preceding year. The 1/1/06 can sheet to cans conversion price per thousand factor, used to compute the PPI price adjustment, is \$[***] (\$[***] for 12-oz bodies and \$[***] for 202 ends.)

2. **Adjustments resulting from other cost increases or decreases and/or changes in market conditions.** (a) In the event of changes in the cost of items which are either not reflected in, or are in excess of, the then most recent year over year upward or downward movement of the PPI, or (b) in the event of general increases or decreases in the price of the Cans in the marketplace not otherwise covered hereunder, Rexam will discuss such changes with CCB. (c) Any reduction in Rexam’s manufacturing costs resulting from the directions of Bottlers, CCB or The Coca-Cola Company, or driven by mutually beneficial programs, will be passed through to Bottlers as a price reduction as mutually agreed between Rexam and CCB, as agent for Bottlers.

3. [***]

4. [***]

5. [***]

6. [***]

EXHIBIT D
CUSTOMER EQUIPMENT SERVICE CHARGE POLICY

Rexam's Customer Equipment Service (CES) personnel are available for mechanical assistance (both scheduled and emergency), training and trouble shooting in addition to product quality and line efficiency improvement assistance. Many of our services are supplied at no additional cost, however Bottlers are integral to managing service cost effectively. The below policy will not become effective until 1/1/07:

BILLING CHARGES

Regular Time (Monday - Friday, 8:00 am - 5:00 pm)	[***/hr
Overtime Time (Monday - Friday, before 8:00 am & after 5:00 pm)	[***/hr
Saturday, Sunday or Holiday	[***/hr
Travel Time (overtime, weekends and holidays only)	[***/hr

Note: Rexam Beverage Can Company does not charge for any travel related expenses, e.g., air fare, hotel, rental car, meals, etc. except in those cases in which additional assistance is required from CES Reps out of their normal service area. In these cases, estimates of such expenses and labor costs shall be approved in advance by the relevant Bottler(s) and actual expenditures will be billed for the additional Service Rep(s) upon completion of service.

NON-CHARGEABLE SERVICES

All services rendered during normal business hours, Monday through Friday, 8:00 am to 5:00 pm with the exception of the noted chargeable services below.

CHARGEABLE SERVICES

Services rendered for the purpose of closing machine overhauls, tooling changes, audits, emergency breakdowns, new equipment installations, size conversion, and any product performance related services deemed to be solely equipment related.

PROCEDURE

All aspects of the proposed work will be discussed by the Rexam Beverage Can Company Customer Equipment Service representative with either the plant manager, maintenance manager or production supervisor, arriving at a mutually agreed upon and documented scope of work. A customer purchase order will be required prior to work initiation and a customer signature on the representative's charge report is also requested upon the satisfactory completion of the work.

* Rates may be adjusted annually in January of each year by mutual agreement of the parties.

EXHIBIT E

Return of all packaging materials delivered to Bottler by Rexam, including plastic pallets, end pallets, top frames and separator sheets (collectively, "Dunnage"), shall be arranged by Rexam or Rexam's designee at Rexam's expense, provided however, that in the event that Bottler provides its own carrier for return of Dunnage, such Bottler shall receive a credit from Rexam, for full truckload quantities only, that shall be based upon mutually agreed backhaul rates. Such Dunnage shall be returned in not less than commercially usable condition, normal wear and tear excepted, acceptable by Rexam in full truckload quantities only, to the location designated by Rexam in writing, in accordance with Rexam's reasonable requirements as set out in the Dunnage Return Instruction Sheets attached hereto as Exhibits E-1 and E-2. Rexam may from time to time update such Dunnage Return Instruction Sheets. Rexam or Rexam's designee will promptly notify Bottler of any discrepancies in the amount of Dunnage returned when compared with the amount delivered and will provide written reconciliation no less frequently than quarterly. To the extent that Rexam or Rexam's designee reasonably determines that Dunnage has been returned in unusable condition, normal wear and tear excepted; or in amounts less than amounts delivered to Bottler, Bottler will be billed no less than quarterly for such damage or shortfall at the rates set forth on Exhibit F attached hereto.

DUNNAGE RETURN INSTRUCTION SHEETS

To be attached.

DUNNAGE RETURN INSTRUCTION SHEETS

To be attached.

EXHIBIT F

DUNNAGE MATERIALS LIST*

<u>ITEM</u>	<u>COST</u>
PALLETS	[***] EACH
TOPFRAME	[***] EACH
SEPARATOR SHEET	[***] EACH

* Rexam reserves the right to adjust these rates periodically by mutual agreement not unreasonably withheld.

EXHIBIT G

WARRANTY AND LIMITED LIABILITY

(a) Rexam hereby warrants that the cans (bodies and ends) shall be free from defects in workmanship and materials, shall be merchantable and fit for their intended use as beverage containers, and shall conform to the specifications set forth in Exhibit B attached hereto.

(b) Rexam warrants that the production and packaging of Cans will comply with all applicable national, regional and local laws, rules, regulations, ordinances and orders, and that Rexam has obtained the necessary approvals from all certification bodies.

(c) Rexam warrants that the Cans, as of the date of shipment and/or delivery are not adulterated or misbranded within the meaning of any applicable national, regional and local laws, rules, regulations, ordinances and orders of the country where the Cans are manufactured and delivered.

(d) Rexam warrants that the packaging of the Cans, and the labeling on the packaging will comply with all applicable national, regional and local laws, rules, regulations, norms, ordinances and orders, relating to the transport of Cans.

(e) Coding and Scannability. Unless otherwise authorized by CCB, all labeled Cans will bear coding for pricing and inventory tracking. Rexam warrants that all coding will be properly encoded, applied and scannable in accordance with all applicable national, regional and local laws, rules, regulations, ordinances and orders and applicable industry standards. For Cans intended for use in the United States, labeled Cans will bear Universal Product Codes in accordance with the standards of the Uniform Code Council, which will be scannable to an ANSI grade of B or better.

(f) Rexam warrants that neither the design, manufacture and function of the Cans nor the provision, use or sale thereof will in any way infringe upon or violate any patent, trademark, trade secret, copyright or other rights of any party; provided, however, that Rexam will not be liable for such infringement in respect of infringing features specified by CCB over the written objections of Rexam unless Rexam actually knew, or should have known, of the infringement and did not notify CCB.

(g) Rexam warrants that Rexam will have and transfer to Bottlers good and marketable title to all Cans delivered hereunder.

EXCEPT AS EXPRESSLY STATED ABOVE, THERE ARE NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED.

(h) Rexam shall not be liable to any Bottler or to any other person where the claimed damages result from: (i) Bottler's faulty assembly or closure of the can body and loose end; (ii) rust or outside corrosion on containers occurring after Bottler's receipt, except when caused by Rexam's faulty workmanship or imperfect materials; (iii) the failure of Bottler (or any other party excluding Rexam, from time to time having custody or control of allegedly defective

goods) to exercise reasonable care in conveying, warehousing, using, packing, handling, distributing or storing filled or unfilled containers; or (iv) the failure of empty or filled containers exported to or used in foreign countries unless a special warranty has been specifically approved by Rexam to cover such exported containers; (v) defects in metal or failure of Bottler's supplier to deliver metal to Rexam where Bottler (or CCB) is supplying such metal to Rexam.

(i) Rexam shall give immediate consideration to settlement of a Bottler's claims, but in no event shall Rexam be liable on any claim unless notice thereof is received by Rexam promptly following a Bottler's discovery of an alleged defect in a container.

(j) In the event of Rexam's breach of warranty, Rexam shall be liable for, and Rexam's liability to any Bottler hereunder shall be limited to, such Bottler's cost of the defective containers, cost of the contents of the containers lost as a direct result of the defect, and the reasonable cost of recovery and disposition of defective containers (but as to the latter, only to the extent reasonably required). Rexam shall in no event be liable to Bottler for indirect or consequential damages including but not limited to lost profits or lost business. However, except as set forth in subsection (h) hereof, Rexam shall be responsible for claims by third parties (including governmental entities) to the extent arising out of a breach of warranty provided that Rexam is given adequate notice of such claim and the opportunity to defend such claim by counsel of its own choosing.

(k) All warranties will survive inspection, testing and acceptance of the goods by Bottler and expiration or termination of this Amended and Restated Agreement.

**COCA-COLA BOTTLING CO. CONSOLIDATED
SUPPLEMENTAL SAVINGS INCENTIVE PLAN**

(AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2007)

**COCA-COLA BOTTLING CO. CONSOLIDATED
SUPPLEMENTAL SAVINGS INCENTIVE PLAN
(Amended and Restated Effective January 1, 2007)**

Table of Contents

ARTICLE I DEFINITIONS		<u>Page</u>
1.1	Adjustment Date	1
1.2	Affiliate	1
1.3	Authorized Leave of Absence	1
1.4	Beneficiary	1
1.5	Board	1
1.6	Bonus	1
1.7	Bonus Deferral Election	2
1.8	Change in Control	2
1.9	Class Year Deferral	3
1.10	Code	4
1.11	Committee	4
1.12	Company	4
1.13	Deferral Election	4
1.14	Deferred Retirement	4
1.15	Disability Retirement-Regular	4
1.16	Disability Retirement-Special	4
1.17	Early Retirement-Regular	5
1.18	Early Retirement-Special	5
1.19	Earnings	5
1.20	Effective Date	5
1.21	Employee	5
1.22	ERISA	5
1.23	Fixed Benefit Option Account	5
1.24	Investment Option	5
1.25	Investment Subaccount	5
1.26	Net Gain (Loss) Equivalent	6
1.27	Normal Retirement	6
1.28	Normal Retirement Age	6
1.29	Participant	6
1.30	Participating Company	6
1.31	Plan	7
1.32	Plan Administrator	7
1.33	Plan Year	7
1.34	Post-2005 Company Contributions	7
1.35	Post-2005 Company Contribution Subaccount	7
1.36	Post-2005 Deferrals	7
1.37	Post-2005 Deferral Subaccount	7
1.38	Post-2005 Discretionary Contributions	7

1.39	Post-2005 Discretionary Contribution Subaccount	7
1.40	Post-2005 Matching Contributions	8
1.41	Post-2005 Matching Contribution Subaccount	8
1.42	Post-2005 Supplemental Account	8
1.43	Pre-2006 Company Contributions	8
1.44	Pre-2006 Company Contribution Subaccount	8
1.45	Pre-2006 Deferrals	8
1.46	Pre-2006 Deferral Subaccount	8
1.47	Pre-2006 Discretionary Contributions	8
1.48	Pre-2006 Discretionary Contribution Subaccount	8
1.49	Pre-2006 Matching Contributions	9
1.50	Pre-2006 Matching Contribution Subaccount	9
1.51	Pre-2006 Supplemental Account	9
1.52	Retire	9
1.53	Retirement	9
1.54	Salary	9
1.55	Salary Deferral Election	9
1.56	Severance	9
1.57	Surviving Spouse	10
1.58	Termination of Employment	10
1.59	Total Disability	10
1.60	Transition Contributions	10
1.61	Transition Contribution Account	10
1.62	Unforeseeable Emergency	10
1.63	Vested Percentage	11
1.64	Year of Service	12
ARTICLE II ELIGIBILITY AND PARTICIPATION		13
2.1	Eligibility	13
2.2	Participation	13
2.3	Duration of Participation	13
2.4	Deferral Elections	13
2.5	Deemed Investment Elections	14
2.6	Effect of Change in Status	16
ARTICLE III COMPANY CONTRIBUTIONS		18
3.1	Matching Contributions	18
3.2	Discretionary Contributions	18
3.3	Transition Contributions	19
ARTICLE IV DISTRIBUTION PROVISIONS WITH RESPECT TO THE FIXED BENEFIT OPTION ACCOUNT AND THE PRE-2006 SUPPLEMENTAL ACCOUNT		21
4.1	General	21
4.2	In-Service Distribution During 2005	21
4.3	Special Payment Elections for Amounts Not Withdrawn Pursuant to Section 4.2	21
4.4	Timing of Monthly Installments	22
4.5	Death of Participant Following Commencement of Monthly Installments	23
4.6	Special Provisions for "Specified Employees"	23
4.7	Amount of Benefit under the Fixed Benefit Option Account	23

4.8	Amount of Benefit from a Participant’s Pre-2006 Supplemental Account	25
4.9	Reemployment	25
ARTICLE V DISTRIBUTION PROVISIONS WITH RESPECT TO THE POST-2005 SUPPLEMENTAL ACCOUNT		26
5.1	General	26
5.2	Payment Elections	26
5.3	Timing of Lump Sum Payments	27
5.4	Timing of Monthly Installments	27
5.5	Death of Participant Following Commencement of Monthly Installments	28
5.6	Special Provisions for “Specified Employees”	28
5.7	Amount of Benefit from a Participant’s Post-2005 Supplemental Account	28
5.8	Reemployment	29
ARTICLE VI DISTRIBUTION PROVISIONS WITH RESPECT TO THE TRANSITION CONTRIBUTION ACCOUNT		30
6.1	General	30
6.2	Payment Elections	30
6.3	Timing of Monthly Installments	31
6.4	Death of Participant Following Commencement of Monthly Installments	31
6.5	Special Provisions for “Specified Employees”	31
6.6	Amount of Benefit from a Participant’s Transition Contribution Account	31
6.7	Reemployment	32
ARTICLE VII ADVANCE PAYMENT FOR UNFORESEEABLE EMERGENCIES		33
7.1	Advance Payment for Unforeseeable Emergencies	33
7.2	Payments from Accounts for Advance Payment for Unforeseeable Emergencies	33
ARTICLE VIII PRE-RETIREMENT DEATH BENEFIT		34
8.1	Eligibility	34
8.2	Method of Payment	34
8.3	Timing of Payment	34
8.4	Amount of Benefit under the Fixed Benefit Option Account	34
8.5	Amount of Benefit from a Participant’s Pre-2006 Supplemental Account	36
8.6	Amount of Benefit from a Participant’s Post-2005 Supplemental Account	36
8.7	Amount of Benefit from a Participant’s Transition Contribution Account	37
ARTICLE IX CHANGE IN CONTROL BENEFIT		38
9.1	Eligibility	38
9.2	Method of Payment	38
9.3	Timing of Payment	38
9.4	Amount of Benefit under the Fixed Benefit Option Account	38
9.5	Amount of Benefit from the Participant’s Pre-2006 Supplemental Account	39
9.6	Amount of Benefit from the Post-2005 Supplemental Account	39
9.7	Amount of Benefit from the Transition Contribution Account	40
9.8	Payments to Beneficiary	40
9.9	Benefits Pending or in Progress	40
ARTICLE X ACCOUNTS		42
10.1	Establishment of Accounts	42
10.2	Accounting	42

ARTICLE XI ADMINISTRATION OF THE PLAN	45
11.1 Powers and Duties of the Plan Administrator	45
11.2 Agents	45
11.3 Reports to the Committee	45
11.4 Limitations on the Plan Administrator	45
11.5 Benefit Elections, Procedures and Calculations	45
11.6 Calculation of Benefits	46
11.7 Instructions for Payments	46
11.8 Claims for Benefits	46
11.9 Hold Harmless	47
11.10 Service of Process	48
ARTICLE XII DESIGNATION OF BENEFICIARIES	49
12.1 Beneficiary Designation	49
12.2 Failure to Designate Beneficiary	49
ARTICLE XIII WITHDRAWAL OF PARTICIPATING COMPANY	50
13.1 Withdrawal of Participating Company	50
13.2 Effect of Withdrawal	50
ARTICLE XIV AMENDMENT OR TERMINATION OF THE PLAN	51
14.1 Right to Amend or Terminate Plan	51
14.2 Notice	51
ARTICLE XV GENERAL PROVISIONS AND LIMITATIONS	52
15.1 No Right to Continued Employment	52
15.2 Payment on Behalf of Payee	52
15.3 Nonalienation	52
15.4 Missing Payee	53
15.5 Required Information	53
15.6 No Trust or Funding Created	53
15.7 Binding Effect	53
15.8 Merger or Consolidation	54
15.9 Entire Plan	54
15.10 Withholding	54
15.11 Compliance with Section 409A of the Code	54
15.12 Construction	54
15.13 Applicable Law	54

Exhibit A – Participating Employers

**Coca-Cola Bottling Co. Consolidated
Supplemental Savings Incentive Plan**
(Amended and Restated Effective January 1, 2007)

PREAMBLE

This Plan is designed to enhance the earnings and growth of the Participating Company. The Plan rewards selected key Employees with the opportunity to forego current Earnings in exchange for savings, wealth accumulation, retirement and survivor benefits. Such benefits are intended to supplement savings, wealth accumulation, retirement and survivor benefits from other sources. By providing such supplemental benefits, the Plan enables the Participating Company to attract superior key Employees, to encourage them to make careers with the Participating Company, and to give them additional incentive to make the Participating Company more profitable.

The Plan became effective on April 1, 1990, was amended and restated effective December 1, 1990, was amended and restated effective January 1, 2001 by an Instrument of Coca-Cola Bottling Co. Consolidated dated March 23, 2001, was further amended and restated effective January 1, 2001 by an Instrument of Coca-Cola Bottling Co. Consolidated dated July 26, 2001, was further amended and restated effective December 28, 2003 and was further amended and restated effective as of January 1, 2005. Effective January 1, 2007, this Instrument supersedes and replaces the amended and restated Plan effective January 1, 2005. The Committee has reserved the right to amend the Plan from time to time in whole or in part, and the Committee has authorized the amendment and restatement of the Plan set forth below.

**ARTICLE I
DEFINITIONS**

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

1.1 Adjustment Date

December 31st of each year, the date of a Change in Control, and any other date during the calendar year specified by the Plan Administrator, upon or as of which Pre-2006 Supplemental Accounts, Post-2005 Supplemental Accounts and Transition Contribution Accounts are adjusted as set forth in Article X.

1.2 Affiliate

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

1.3 Authorized Leave of Absence

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

1.4 Beneficiary

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

1.5 Board

The Board of Directors of the Company.

1.6 Bonus

An amount which is awarded and payable by the Participating Company or an Affiliate to the Employee under the Company's Annual Bonus Plan ("Annual Plan") or the Company's Long Term Performance Plan ("LTTP") in the calendar year next following the "Bonus Performance Period" designated under the Annual Plan or the LTTP, as applicable, which is the performance period during which the Employee performed the employment for which the Bonus is awarded.

1.7 Bonus Deferral Election

The Participant's irrevocable written election, made in accordance with Section 2.4, to forego the receipt of a stipulated amount of a Bonus.

1.8 Change in Control

Any of the following:

- (a) The acquisition or possession by any person, other than Harrison Family Interests (as defined in Paragraph (e)(1) of this Section), of beneficial ownership of shares of the Company's capital stock having the power to cast more than 50% of the votes in the election of the Board or to otherwise designate a majority of the members of the Board; or
- (b) At any time when Harrison Family Interests do not have beneficial ownership of shares of the Company's capital stock having the power to cast more than 50% of the votes in the election of the Board or to otherwise designate a majority of the members of the Board, the acquisition or possession by any person, other than Harrison Family Interests, of beneficial ownership of shares of the Company's capital stock having the power to cast both (i) more than 20% of the votes in the election of the Board and (ii) a greater percentage of the votes in the election of the Board than the shares beneficially owned by Harrison Family Interests are then entitled to cast; or
- (c) The sale or other disposition of all or substantially all of the business and assets of the Company and its subsidiaries (on a consolidated basis) outside the ordinary course of business in a single transaction or series of related transactions, other than any such sale or disposition to a person controlled, directly or indirectly, by the Company or to a person controlled, directly or indirectly, by Harrison Family Interests that succeeds to the rights and obligations of the Company with respect to the Plan; or
- (d) Any merger or consolidation of the Company with another entity in which the Company is not the surviving entity and in which either (i) the surviving entity does not succeed to the rights and obligations of the Company with respect to the Plan or (ii) after giving effect to the merger, a "Change in Control" under Subsection (a) or (b) of this Section would have occurred as defined therein were the surviving entity deemed to be the Company for purposes of Subsections (a) and (b) of this Section (with appropriate adjustments in the references therein to "capital stock" and "the Board" to properly reflect the voting securities and governing body of the surviving entity if it is not a corporation).
- (e) For purposes of this Section:
 - (1) "Harrison Family Interests" means and includes, collectively, the lineal descendants of J. Frank Harrison, Jr. (whether by blood or adoption), any decedent's estate of any of the foregoing, any trust primarily for the benefit of any one or more of the foregoing, any person controlled, directly or indirectly, by any one or more of the foregoing, and any person in which any one or more of the foregoing have a majority of the equity interests;

- (2) “person” includes an entity as well as an individual, and also includes, for purposes of determining beneficial ownership, any group of persons acting in concert to acquire or possess such beneficial ownership;
 - (3) “beneficial ownership” has the meaning ascribed to such term in Rule 13d-3 of the Securities Exchange Act of 1934;
 - (4) “control” of a person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person; and
 - (5) “subsidiary” of the Company means any person as to which the Company, or another subsidiary of the Company, owns more than 50% of the equity interest or has the power to elect or otherwise designate a majority of the members of its board of directors or similar governing body.
- (f) Notwithstanding any other provision of this Section, the revocable appointment of a proxy to vote shares of the Company’s capital stock at a particular meeting of shareholders shall not of itself be deemed to confer upon the holder of such proxy the beneficial ownership of such shares. If any person other than Harrison Family Interests would (but for this sentence) share beneficial ownership of any shares of the Company’s capital stock with any Harrison Family Interests, then such person shall be deemed the beneficial owner of such shares for purposes of this definition only if and to the extent such person has the power to vote or direct the voting of such shares otherwise than as directed by Harrison Family Interests and otherwise than for the benefit of Harrison Family Interests.

1.9 Class Year Deferral

The following shall collectively constitute a Class Year Deferral for a Participant with respect to each Plan Year beginning after 2005:

- (a) The deferral of the Participant’s Salary under Section 2.4, including any Net Gain (Loss) Equivalent attributable thereto;
- (b) The deferral of any portion of the Participant’s Bonus under Section 2.4, including any Net Gain (Loss) Equivalent attributable thereto;
- (c) Post-2005 Matching Contributions credited to the Plan for a Participant, including any Net Gain (Loss) Equivalent attributable thereto; and

(d) Post-2005 Discretionary Contributions credited to the Plan for a Participant, including any Net Gain (Loss) Equivalent attributable thereto.

1.10 Code

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

1.11 Committee

The Compensation Committee of the Board.

1.12 Company

Coca-Cola Bottling Co. Consolidated, a Delaware corporation, and where appropriate any subsidiary thereof, or any entity which succeeds to its rights and obligations with respect to the Plan; provided, however, that for purposes of Section 1.6, "Company" shall mean only Coca-Cola Bottling Co. Consolidated, a Delaware corporation, and any entity which succeeds to its rights and obligations with respect to the Plan.

1.13 Deferral Election

A Salary Deferral Election or a Bonus Deferral Election.

1.14 Deferred Retirement

A Participant's Termination of Employment, other than on account of death, after the last day of the month coinciding with or during which the Participant attains Normal Retirement Age but before the end of the calendar year in which the Participant attains age 70. If the Participant is still employed with the Participating Company or an Affiliate at the end of the calendar year in which the Participant attains age 70, the Participant shall be deemed to have taken Deferred Retirement on the last day of that calendar year.

1.15 Disability Retirement-Regular

Attaining age 55 while subject to a Total Disability if (i) the Total Disability caused a Termination of Employment, (ii) the Total Disability has continued from the Termination of Employment until age 55 and (iii) the Participant has less than 20 Years of Service (including Years of Service credited for time while the Total Disability continued) upon attaining age 55. The Participant will be deemed to have taken Disability Retirement- Regular upon attaining age 55.

1.16 Disability Retirement-Special

Attaining age 55 while subject to a Total Disability if (i) the Total Disability caused a Termination of Employment, (ii) the Total Disability has continued from the Termination of Employment until age 55 and (iii) the Participant has 20 or more Years of Service

(including Years of Service credited for time while the Total Disability continued) upon attaining age 55. The Participant will be deemed to have taken Disability Retirement- Special upon attaining age 55.

1.17 Early Retirement-Regular

Termination of Employment, other than on account of death, after attaining age 55 but prior to the earlier of attaining age 60 or completing 20 Years of Service.

1.18 Early Retirement-Special

Termination of Employment, other than on account of death, after attaining age 55 and completing 20 Years of Service, but prior to attaining age 60.

1.19 Earnings

With respect to an Employee, Salary and Bonuses payable by the Participating Company to the Employee.

1.20 Effective Date

The Effective Date of this amendment and restatement of the Plan is January 1, 2007.

1.21 Employee

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

1.22 ERISA

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

1.23 Fixed Benefit Option Account

With respect to each Participant, the separate bookkeeping account consisting of the Participant's Pre-2006 Deferrals and Pre-2006 Company Contributions not allocated to the Participant's Pre-2006 Supplemental Account.

1.24 Investment Option

An investment option designated by the Plan Administrator pursuant to Section 2.5(e).

1.25 Investment Subaccount

One or more subaccounts kept as part of:

- (a) A Participant's Pre-2006 Supplemental Account to account for Pre-2006 Deferrals or Pre-2006 Company Contributions, as applicable;

- (b) A Participant's Post-2005 Supplemental Account to account for Post-2005 Deferrals or Post-2005 Company Contributions, as applicable; or
 - (c) A Participant's Transition Contribution Account to account for Transition Contributions;
- which are deemed to be invested in the Investment Option to which the subaccount relates, and the Net Gain (Loss) Equivalent attributable thereto.

1.26 Net Gain (Loss) Equivalent

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

1.27 Normal Retirement

A Participant's Termination of Employment, other than on account of death, on the last day of the month coinciding with or during which the Participant attains Normal Retirement Age.

1.28 Normal Retirement Age

Age 60.

1.29 Participant

As of any date, (a) any Employee who commences participation in the Plan as provided in Article II, (b) a former Employee who is eligible for a benefit under the Plan, or (c) a former Employee whose employment terminated on account of Total Disability and who may later become eligible for a benefit under the Plan.

1.30 Participating Company

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

1.31 Plan

The Coca-Cola Bottling Co. Consolidated Supplemental Savings Incentive Plan, as contained herein and as it may be amended from time to time hereafter.

1.32 Plan Administrator

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

1.33 Plan Year

The 12-month period beginning each January 1 and ending the following December 31.

1.34 Post-2005 Company Contributions

Post-2005 Matching Contributions and Post-2005 Discretionary Contributions.

1.35 Post-2005 Company Contribution Subaccount

With respect to each Participant, the separate bookkeeping account consisting of the Participant's Post-2005 Matching Contribution Subaccount and the Participant's Post-2005 Discretionary Contribution Subaccount and the Investment Subaccounts thereunder, including Net Gain (Loss) Equivalent attributable thereto.

1.36 Post-2005 Deferrals

Amounts of Earnings that would have been paid to a Participant with respect to any year after 2005 but which the Participant elects to defer pursuant to a Deferral Election.

1.37 Post-2005 Deferral Subaccount

The subaccount kept as part of a Participant's Post-2005 Supplemental Account to account for Post-2005 Deferrals credited to Investment Options and the Net Gain (Loss) Equivalent attributable thereto.

1.38 Post-2005 Discretionary Contributions

The contributions described in Section 3.2(b).

1.39 Post-2005 Discretionary Contribution Subaccount

The subaccount kept as part of a Participant's Post-2005 Supplemental Account to account for Post-2005 Discretionary Contributions credited to Investment Options and the Net Gain (Loss) Equivalent attributable thereto.

1.40 Post-2005 Matching Contributions

The contributions described in Section 3.1(b).

1.41 Post-2005 Matching Contribution Subaccount

The subaccount kept as part of a Participant's Post-2005 Supplemental Account to account for Post-2005 Matching Contributions credited to Investment Options and the Net Gain (Loss) Equivalent attributable thereto.

1.42 Post-2005 Supplemental Account

With respect to each Participant, the separate bookkeeping account consisting of the Participant's Post-2005 Deferral Subaccount, the Post-2005 Company Contribution Subaccount and the Investment Subaccounts thereunder, including the Net Gain (Loss) Equivalent attributable thereto.

1.43 Pre-2006 Company Contributions

Pre-2006 Matching Contributions and Pre-2006 Discretionary Contributions.

1.44 Pre-2006 Company Contribution Subaccount

With respect to each Participant, the separate bookkeeping account consisting of the Participant's Pre-2006 Matching Contribution Subaccount and the Participant's Pre-2006 Discretionary Contribution Subaccount and the Investment Subaccounts thereunder, including Net Gain (Loss) Equivalent attributable thereto.

1.45 Pre-2006 Deferrals

Amounts of Earnings that would have been paid to a Participant with respect to any year prior to 2006 but which the Participant elected to defer pursuant to a Deferral Election.

1.46 Pre-2006 Deferral Subaccount

The subaccount kept as part of a Participant's Pre-2006 Supplemental Account to account for Pre-2006 Deferrals credited to Investment Options and the Net Gain (Loss) Equivalent attributable thereto or the subaccount kept as part of a Participant's Fixed Benefit Option Account to account for Pre-2006 Deferrals credited to the Participant's Fixed Benefit Option Account, as applicable.

1.47 Pre-2006 Discretionary Contributions

The contributions described in Section 3.2(a).

1.48 Pre-2006 Discretionary Contribution Subaccount

The subaccount kept as part of a Participant's Pre-2006 Supplemental Account to account for Pre-2006 Discretionary Contributions credited to Investment Options and the Net

Gain (Loss) Equivalent attributable thereto or the subaccount kept as part of a Participant's Fixed Benefit Option Account to account for Pre-2006 Discretionary Contributions credited to the Participant's Fixed Benefit Option Account, as applicable.

1.49 Pre-2006 Matching Contributions

The contributions described in Section 3.1(a).

1.50 Pre-2006 Matching Contribution Subaccount

The subaccount kept as part of a Participant's Pre-2006 Supplemental Account to account for Pre-2006 Matching Contributions credited to Investment Options and the Net Gain (Loss) Equivalent attributable thereto or the subaccount kept as part of a Participant's Fixed Benefit Option Account to account for Pre-2006 Matching Contributions credited to the Participant's Fixed Benefit Option Account, as applicable.

1.51 Pre-2006 Supplemental Account

With respect to each Participant, the separate bookkeeping account consisting of the Participant's Pre-2006 Deferral Subaccount and the Pre-2006 Company Contribution Subaccount and the Investment Subaccounts thereunder, including the Net Gain (Loss) Equivalent attributable thereto.

1.52 Retire

The act of taking Retirement.

1.53 Retirement

A Participant's Normal Retirement, Early Retirement, Deferred Retirement or Disability Retirement.

1.54 Salary

With respect to an Employee, cash base salary payable by any Participating Company to the Employee.

1.55 Salary Deferral Election

The Participant's irrevocable written election, made in accordance with Section 2.4, to forego the receipt of a stipulated amount of Salary.

1.56 Severance

Termination of Employment other than on account of Retirement, death or Total Disability. If a Participant's employment with the Participating Company or an Affiliate terminates before attaining age 55 on account of Total Disability and the Total Disability ceases prior to Disability Retirement, a Severance shall occur when the Total Disability ceases unless the Participant immediately returns to the employment of the Participating Company or an Affiliate.

1.57 Surviving Spouse

The survivor of a deceased Participant to whom such deceased Participant was legally married (as determined by the Plan Administrator) immediately before the Participant's death.

1.58 Termination of Employment

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

- (a) The later of (i) the date as of which an Employee quits, is discharged, terminates employment in connection with incurring a Total Disability, Retires or dies, or (ii) at the discretion of the Plan Administrator when the Employee is no longer receiving severance payments; or
- (b) The first day of absence of an Employee who fails to return to employment at the expiration of an Authorized Leave of Absence.

1.59 Total Disability

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

1.60 Transition Contributions

The contributions described in Section 3.3.

1.61 Transition Contribution Account

With respect to each Participant, the separate bookkeeping account consisting of the Participant's Transition Contributions, the Investment Subaccounts thereunder and the Net Gain (Loss) Equivalent attributable thereto.

1.62 Unforeseeable Emergency

A severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the

Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an unforeseeable emergency will depend on the facts of each case.

1.63 Vested Percentage

- (a) **Pre-2006 Deferral Subaccount and Post-2005 Deferral Subaccount:** The percentage in which the Participant is vested in the Participant's Pre-2006 Deferral Subaccount and Post-2005 Deferral Subaccount shall be 100%.
- (b) **Pre-2006 Company Contribution Subaccount and Post-2005 Company Contribution Subaccount:** The percentage in which the Participant is vested in the Participant's Pre-2006 Company Contribution Subaccount and Post-2005 Company Contribution Subaccount shall be 100% upon (i) Retirement, (ii) death while an Employee or while Totally Disabled but prior to reaching Disability Retirement, (iii) the completion of at least 5 Years of Service, or (iv) a Change in Control while an Employee or while Totally Disabled but prior to reaching Disability Retirement. Prior to the occurrence of any of the events described in the preceding sentence, the Participant's Vested Percentage in the Participant's Pre-2006 Company Contribution Subaccount and Post-2005 Company Contribution Subaccount shall be determined according to the following schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5 or more	100%

- (c) **Transition Contribution Account:** The percentage in which the Participant is vested in the Participant's Transition Contribution Account shall be 100% upon (i) Retirement, (ii) death while an Employee or while Totally Disabled but prior to reaching Disability Retirement, or (iii) a Change in Control while an Employee or while Totally Disabled but prior to reaching Disability Retirement. Prior to the occurrence of any of the events described in the preceding sentence, the Participant's Vested Percentage in the Participant's Transition Contribution Account shall be determined as of the date indicated in the following schedule provided that the Participant is an Employee on the applicable date:

<u>Vesting Date</u>	<u>Vested Percentage</u>
December 31, 2006	20%
December 31, 2007	40%
December 31, 2008	60%
December 31, 2009	80%
December 31, 2010	100%

1.64 Year of Service

A calendar year, including years before 1990, in which an Employee completes at least 1,000 Hours of Service. A Participant's Years of Service shall be determined (without duplication) in accordance with the following rules:

- (a) "Hour of Service" means each hour that would be credited for the purposes of vesting under the Coca-Cola Bottling Co. Consolidated Savings Plan if that plan were in existence when such service was performed.
- (b) Years of Service shall include periods of Total Disability and Authorized Leave of Absence.
- (c) Except as provided in Subsection (d) of this Section, Years of Service shall not include periods of employment with an Affiliate rendered prior to the date on which such corporation or other entity became an Affiliate.
- (d) Years of Service shall include any period of a Participant's prior employment by any organization upon such terms and conditions as the Plan Administrator may approve.

A Participant shall be considered to have earned a Year of Service upon the completion of 1,000 Hours of Service during such calendar year.

ARTICLE II
ELIGIBILITY AND PARTICIPATION

2.1 Eligibility

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

2.2 Participation

An Employee who is eligible to become a Participant shall become a Participant upon the execution and delivery to the Plan Administrator of a Deferral Election.

2.3 Duration of Participation

A Participant shall continue to be a Participant until the Participant is no longer entitled to a benefit under the Plan.

2.4 Deferral Elections

- (a) **Initial Deferral Election:** An Employee shall have 30 days following the date the Employee first becomes eligible to participate in the Plan in which to execute and deliver to the Plan Administrator a Deferral Election by which the Participant elects to defer a stipulated amount of Salary and/or Bonus to be earned with respect to the portion of the calendar year remaining after the Deferral Election is made and which, but for such Deferral Election, would be paid to the Participant.
- (b) **Annual Salary Deferral Election:** An eligible Employee shall have until the date designated by the Plan Administrator, which date shall not be later than December 31st of each year, to execute and deliver to the Plan Administrator a Salary Deferral Election providing for the deferral of a stipulated amount of Salary to be earned during the next calendar year and which, but for such Salary Deferral Election, would be paid to the Participant.
- (c) **Bonus Deferral Election:** An eligible Employee shall have until the date designated by the Plan Administrator, which date shall not be later than the last day of the fiscal year of the Company preceding the beginning of the applicable Bonus Performance Period (as defined in Section 1.6) to which such Bonus relates, to execute and deliver to the Plan Administrator a Bonus Deferral Election providing for the deferral of a stipulated amount of Bonus to be earned in the applicable Bonus Performance Period and which, but for such Bonus Deferral Election, would be paid to the Participant.
- (d) **Minimum and Maximum Deferrals:** The Plan Administrator, in the exercise of the Plan Administrator's discretion, may from time to time place minimum and maximum limits on the amount of any Deferral Election that an Employee could otherwise make pursuant to the Plan.

- (e) **Cancellation of Deferral Election for Unforeseeable Emergencies:** Subject to approval of the Plan Administrator, a Participant may cancel the Participant's Deferral Election at any time only if such reduction is reasonably necessary to meet an Unforeseeable Emergency, but only if the Plan Administrator determines that the resulting hardship may not be relieved (i) through reimbursement or compensation from insurance or otherwise, or (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. If a Participant's Deferral Election is cancelled pursuant to this Subsection, no further Deferral may be effective for any Earnings paid with respect to the calendar year during which the cancellation occurs.
- (f) **Restriction After Certain Hardship Distributions:** In the event that a Participant receives a hardship distribution from any plan qualified under Section 401(a) of the Code, then if and to the extent required by such plan, no Deferrals may be made for 12 months following the receipt of such distribution.

2.5 Deemed Investment Elections

- (a) **Deemed Investment of Pre-2006 Deferrals and Pre-2006 Company Contributions:** In making a Deferral Election, the Participant shall specify how the Pre-2006 Deferrals and the Pre-2006 Company Contributions subject to such Election shall be allocated among the Fixed Benefit Option Account and the Supplemental Account. In accordance with such procedures and limitations as the Plan Administrator adopts, the Participant may change such specification with respect to Pre-2006 Deferrals and Pre-2006 Company Contributions not yet credited to an Investment Subaccount.
- (b) **Deemed Investment of Post-2005 Deferrals and Post-2005 Company Contributions:** In making a Deferral Election, the Participant shall specify how the Post-2005 Deferrals and the Post-2005 Company Contributions subject to such Election shall be allocated among the Investment Options. In accordance with such procedures and limitations as the Plan Administrator adopts, the Participant may change such specification with respect to Post-2005 Deferrals and Post-2005 Company Contributions not yet credited to an Investment Subaccount. No Post-2005 Deferrals or Post-2005 Company Contributions may be allocated to the Fixed Benefit Option Account.
- (c) **Deemed Investment of Transition Contributions:** A Participant shall specify how Transition Contributions credited to the Participant's Transition Contribution Account shall be allocated among the Investment Options. In accordance with such procedures and limitations as the Plan Administrator adopts, the Participant may change such specification with respect to Transition Contributions not yet credited to an Investment Subaccount. No Transition Contributions may be allocated to the Fixed Benefit Option Account.

(d) **Reallocation of Deemed Investments:**

- (1) **Fixed Benefit Option Account.** Any Pre-2006 Deferrals and Pre-2006 Company Contributions allocated to the Fixed Benefit Option Account may be reallocated to one or more Investment Options at the election of the Participant not more frequently than once each calendar quarter. All such reallocations by the Participant in any Plan Year shall not exceed 20% of the amounts allocated to the Fixed Benefit Option Account at the beginning of such Plan Year. Any such reallocation shall be made in accordance with and shall be subject to such procedures and limitations as the Plan Administrator adopts.
- (2) **Pre-2006 Supplemental Account.** Any Pre-2006 Deferrals and Pre-2006 Company Contributions allocated to the Participant's Pre-2006 Supplemental Account may be reallocated among the Investment Options at the election of the Participant not more frequently than once each calendar quarter. Any such request to have one or more Investment Subaccount balances transferred to one or more other Investment Subaccounts shall be made in accordance with and shall be subject to such procedures and limitations as the Plan Administrator adopts.
- (3) **Post-2005 Supplemental Account.** Any Post-2005 Deferrals and Post-2005 Company Contributions allocated to the Participant's Post-2005 Supplemental Account may be reallocated among the Investment Options at the election of the Participant not more frequently than once each calendar quarter. Any such request to have one or more Investment Subaccount balances transferred to one or more other Investment Subaccounts shall be made in accordance with and shall be subject to such procedures and limitations as the Plan Administrator adopts.
- (4) **Transition Contribution Account:** Any Transition Contributions allocated to the Participant's Transition Contribution Account may be reallocated among the Investment Options at the election of the Participant not more frequently than once each calendar quarter. Any such request to have one or more Investment Subaccount balances transferred to one or more other Investment Subaccounts shall be made in accordance with and shall be subject to such procedures and limitations as the Plan Administrator adopts.
- (5) **Mutual Fund Trading Rules:** Notwithstanding any contrary provision of this Subsection, all reallocations among Investment Options are subject to the trading rules, policies and procedures of the underlying mutual fund designated as an Investment Option.

(e) **Investment Options:** Subject to Subsection (f) of this Section, the Plan Administrator shall designate the Investment Options and shall have the right to eliminate and add Investment Options from time to time. If an Investment Option

is eliminated, Participants' Investment Subaccount balances relating to such Investment Option shall be transferred to such other Investment Subaccounts as the Plan Administrator directs. All elections as to how Pre-2006 Deferrals, Post-2005 Deferrals, Pre-2006 Company Contributions, Post-2005 Company Contributions and Transition Contributions shall be allocated among Investment Subaccounts are subject to the Plan Administrator's approval. The Plan Administrator shall notify Participants if changes are made in the available Investment Options. The Plan Administrator may designate an Investment Option if and to the extent a Participant fails to make a valid or approved election.

- (f) **Effect of Change in Control:** From and after a Change in Control, and notwithstanding any other provision of the Plan to the contrary, (i) the Investment Options in effect immediately prior to the Change in Control shall continue and not be eliminated, and (ii) subject to Section 9.5(b), Participants shall continue to have the right to transfer their Investment Subaccount balances among the Investment Options in accordance with the same rules and procedures as were in effect immediately prior to the Change in Control. If an Investment Option is deemed invested in a particular mutual fund or other collective investment vehicle that is liquidated or terminated after the Change in Control or has its fundamental investment objective materially changed, then the Plan Administrator shall immediately substitute, as the deemed investment of such Investment Option, another mutual fund or other collective investment vehicle having substantially the same investment objectives and other material characteristics as the said mutual fund or collective investment vehicle had prior to its liquidation, termination or change in investment objective.

2.6 Effect of Change in Status

- (a) If a Participant's employment with the Participating Company changes before a Change in Control to a position in which the Participant is no longer eligible to participate in the Plan pursuant to Section 2.1, the Participant may make no Deferral Election with respect to compensation earned while ineligible to actively participate. The payment of the Participant's benefits under the Plan shall not be accelerated by the change in employment status, and the Participant's benefits shall be paid when and as otherwise provided in the Plan. In determining the amount of any benefits provided by the Fixed Benefit Option Account (but not the time of such benefit payments), it will be assumed that the Participant had a Termination of Employment on the date of the change in employment status; provided, however, if the Participant's Vested Percentage is less than 100% on that date, the Participant's Vested Percentage shall be based on the Participant's Years of Service at the time of the Participant's actual Termination of Employment.
- (b) If a Participant described in Subsection (a) of this Section again becomes eligible to participate in the Plan pursuant to Section 2.1 (the Participant's "Repatriation Date"), then for purposes of determining any future benefits payable to the Participant or the Participant's Beneficiary under the Fixed Benefit

Option Account, it shall be assumed that (i) any amounts that were credited to the Fixed Benefit Option Account before the Participant's Reparticipation Date were instead credited to the Fixed Benefit Option Account on the Participant's Reparticipation Date, and (ii) that there has also been credited to the Fixed Benefit Option Account on the Participant's Reparticipation Date, as an additional Pre-2006 Deferral, or Pre-2006 Company Contribution, as the case may be, an amount equal to the interest credited on the actual amounts that had been credited to the Fixed Benefit Option Account prior to the Reparticipation Date at the rate of 8%.

**ARTICLE III
COMPANY CONTRIBUTIONS**

3.1 Matching Contributions

- (a) **Pre-2006 Matching Contributions:** With respect to each Plan Year prior to 2006, the Company shall make a Matching Contribution on behalf of each Participant equal to the product of 30% times the Participant's Pre-2006 Deferrals of Salary for any payroll period; provided, however, that for this purpose there shall be disregarded the Participant's Pre-2006 Deferrals of Salary for a particular payroll period which exceed 6% of the Participant's Salary for such payroll period.
- (b) **Post-2005 Matching Contributions:** With respect to each Plan Year after 2005, the Company shall make a Matching Contribution on behalf of each Participant equal to 50% times the Participant's Post-2005 Deferrals of Salary for any payroll period; provided, however, that for this purpose there shall be disregarded the Participant's Post-2005 Deferrals of Salary for a particular payroll period which exceed 6% of the Participant's Salary for such payroll period. Notwithstanding the preceding sentence, a Participant shall not be eligible for Matching Contributions under this Subsection unless the Participant is receiving all matching contributions available under the Company's plan qualified under Section 401(a) of the Code, if any.

3.2 Discretionary Contributions

- (a) **Pre-2006 Discretionary Contributions:** With respect to each Plan Year prior to 2006, the Company may make a Pre-2006 Discretionary Contribution in such amount as the Committee may determine. Such amount may be made according to a formula or may be made in differing amounts to any one or more Participants who are Employees. Such amount may from time to time increase a Participant's Matching Contribution to take into account some or all of the amount by which the Participant's contributions or benefits under any plan qualified under Section 401(a) of the Code sponsored by the Participating Company may be reduced by one or more of the compensation, contribution or benefit restrictions and limitations of the Code that apply to such plan as a condition of its qualified status. The determination of whether a particular Participant's Matching Contribution shall be so increased, and (if so) the amount and frequency of any such increase, shall be made by the Committee in the exercise of its sole and absolute discretion. The making of any Discretionary Contribution by the Committee does not obligate it to continue such for any other year.
- (b) **Post-2005 Discretionary Contributions:** With respect to each Plan Year after 2005, the Company may make a Post-2005 Discretionary Contribution in such amount as the Committee may determine. Such amount may be made according to a formula or may be made in differing amounts to any one or more Participants who are Employees. Such amount may from time to time increase a Participant's

Matching Contribution to take into account some or all of the amount by which the Participant's contributions or benefits under any plan qualified under Section 401(a) of the Code sponsored by the Participating Company may be reduced by one or more of the compensation, contribution or benefit restrictions and limitations of the Code that apply to such plan as a condition of its qualified status. The determination of whether a particular Participant's Matching Contribution shall be so increased, and (if so) the amount and frequency of any such increase, shall be made by the Committee in the exercise of its sole and absolute discretion. The making of any Discretionary Contribution by the Committee does not obligate it to continue such for any other year.

3.3 Transition Contributions

- (a) With respect to a Participant, for each of the calendar years 2006, 2007 and 2008, the Company shall make Transition Contributions equal to the percentage of the Participant's Salary described in Paragraphs (1) through (4) of this Subsection.
- (1) 10%; plus
 - (2) An additional 10% if the Company attains 80% of the "Overall Goal Achievement Factor" established under the Company's Annual Bonus Plan or any successor plan thereto; plus
 - (3) An additional 10% if the Company attains 107.5% of the "Overall Goal Achievement Factor" established under the Company's Annual Bonus Plan or any successor plan thereto; plus
 - (4) An additional 10% if the Company attains 115% of the "Overall Goal Achievement Factor" established under the Company's Annual Bonus Plan or any successor plan thereto.

Notwithstanding any other provision of this Subsection to the contrary and except as otherwise provided in Subsections (d) and (e) of this Section, a Participant shall not be eligible for a Transition Contribution for any year if the Participant is not an Employee on December 31 of the applicable calendar year.

- (b) The Transition Contributions described in Paragraphs (2) through (4) of Subsection (a) of this Section shall be made only if the applicable percentage of the "Overall Goal Achievement Factor" is attained; no such Transition Contribution shall be made for the partial attainment of an applicable percentage.
- (c) The Transition Contribution described in Paragraph (1) of Subsection (a) of this Section shall be credited monthly on the last business day of each calendar month to the Transition Contribution Account of each Participant who is an Employee on such day. Except as otherwise provided in Subsections (d) and (e) of this Section, the Transition Contributions described in Paragraphs (2) through (4) of Subsection (a) of this Section shall be credited as soon as practicable following the end of the applicable calendar year to the Transition Contribution Account of each Participant who is an Employee on December 31 of the applicable calendar year.

- (d) Notwithstanding any other provision of this Section, in the event of the Total Disability, Retirement or death of a Participant during a year for which a Transition Contribution is made, such Participant's Transition Contribution Account shall be credited with a pro rata portion of the Transition Contribution described in Paragraphs (2) through (4) of Subsection (a) of this Section, only if the applicable percentage of the "Overall Goal Achievement Factor" is attained; no such Transition Contribution shall be made for the partial attainment of an applicable percentage. Such pro rata Transition Contribution shall be based on the portion of the calendar year completed through the Participant's Total Disability, Retirement or death, as applicable. The Transition Contribution described in the this Subsection shall be credited as soon as practicable following the last day of the applicable calendar year.
- (e) Notwithstanding any other provision of this Section, in the event of a Change in Control during a year for which a Transition Contribution is made, such Participant's Transition Contribution Account shall be credited with a pro rata portion of the Transition Contribution described in Paragraph (2) of Subsection (a) of this Section. Such pro rata Transition Contribution shall be based on the portion of the calendar year completed through the Change in Control. The Transition Contribution described in this Subsection shall be credited no later than 15 days following the occurrence of the Change in Control.

ARTICLE IV
DISTRIBUTION PROVISIONS WITH RESPECT TO THE FIXED BENEFIT OPTION
ACCOUNT AND THE PRE-2006 SUPPLEMENTAL ACCOUNT

4.1 General

The provisions of this Article are applicable to distributions of a Participant's Fixed Benefit Option Account and a Participant's Pre-2006 Supplemental Account.

4.2 In-Service Distribution During 2005

Each Participant who is an Employee shall be given the opportunity to elect a distribution of up to 25% of the Vested Percentage of the amount allocated to the Participant's Fixed Benefit Option Account and 25% of the Vested Percentage of the Participant's Pre-2006 Supplemental Account, each as of September 30, 2005. A distribution elected pursuant to this Section shall be paid to the Participant by December 31, 2005. With respect to any portion of such distribution allocated to the Fixed Benefit Option Account, the Applicable Interest Rate (as described in 4.7(b)) to be applied to such distribution shall be based on the Participant's age and Years of Service at the date such distribution is paid.

4.3 Special Payment Elections for Amounts Not Withdrawn Pursuant to Section 4.2

- (a) **Payment Election:** Each Participant who is an Employee during 2005 shall be given the opportunity during 2005 to make a payment election from among the available forms and timing of payment set forth in Subsection (b) of this Section that shall apply to the Participant's Pre-2006 Supplemental Account and Fixed Benefit Option Account not withdrawn pursuant to Section 4.2.
- (b) **Available Forms of Payment:** With respect to a Participant's Pre-2006 Supplemental Account and Fixed Benefit Option Account not withdrawn pursuant to Section 4.2, the Participant shall elect either:
- (1) **Monthly Installments Upon Termination of Employment.** The balance of the Participant's Pre-2006 Supplemental Account and Fixed Benefit Option Account shall be payable upon the Participant's Termination of Employment in monthly installments over a period of 10 or 15 years; or
 - (2) **Monthly Installments Commencing as of a Designated Date.** The balance of the Participant's Pre-2006 Supplemental Account and Fixed Benefit Option Account shall be payable commencing as of the date designated by the Participant in monthly installments over a period of 10 or 15 years; provided, however, that such designated date shall not be earlier than the calendar year in which the Participant attains age 55 or later than the calendar year in which the Participant attains age 70. With respect to any portion of such distribution allocated to the Participant's Fixed Benefit Option Account, the Applicable Interest Rate (as described in 4.7(b)) to be applied to such distribution shall be based on the Participant's age and Years of Service at the date such distribution commences to be paid.

- (3) **Default Election.** If a Participant described in Subsection (a) of this Section fails to make a payment election in accordance with the provisions of this Section, the Participant shall be deemed to have elected the payment of the Participant's Pre-2006 Supplemental Account and Fixed Benefit Option Account in monthly installments over 15 years upon the Participant's Termination of Employment.
- (4) **Effect of Election.** Any election made pursuant to this Subsection shall be effective immediately and not be subject to the provisions of Subsection (c) of this Section.
- (c) **Subsequent Changes to Payment Elections:** A Participant may change the form or timing of the payment elected under Subsection (b) of this Section, or the form or timing of payment subsequently elected under this Subsection, with respect to the distribution of the Participant's Pre-2006 Supplemental Account and Fixed Benefit Option Account only if (i) such election is made at least 12 months prior to the date the payment of such Accounts would have otherwise commenced, and (ii) the effect of such election is to defer commencement of such payments by at least 5 years. Notwithstanding any other provision of this Subsection, no election may be made under this Subsection if the effect of such election would be to commence payment of the Participant's Pre-2006 Supplemental Account and the Participant's Fixed Benefit Option Account after the Participant's attainment of age 70.

4.4 Timing of Monthly Installments

- (a) **Monthly Installments Upon Termination of Employment:** Subject to the provisions of Section 4.6, for any distribution made pursuant to Section 4.3(b)(1) or Section 4.3(b)(3), such monthly installments shall commence to be paid in the calendar quarter next following the calendar quarter in which the Participant's Termination of Employment occurs. Notwithstanding the preceding sentence, if the Participant attains age 70 before the Participant's Termination of Employment, such monthly installments shall commence to be paid in the calendar quarter next following the calendar quarter in which the Participant attains age 70.
- (b) **Monthly Installments Commencing as of a Designated Date:** For any distribution elected pursuant to Section 4.3(b)(2), such monthly installments shall commence to be paid as of the date designated by the Participant. Notwithstanding the preceding sentence and subject to the provisions of Section 4.6, if the Participant has a Termination of Employment before the date designated pursuant to Section 4.3(b)(2), such monthly installments shall commence to be paid in the calendar quarter next following the calendar quarter in which the Participant's Termination of Employment occurs.

4.5 Death of Participant Following Commencement of Monthly Installments

If a Participant who is receiving monthly installments dies before the last monthly installment is paid, then the remaining monthly installments shall be paid to the Participant’s Beneficiary as and when such monthly installments would have otherwise been paid to the Participant had the Participant not died.

4.6 Special Provisions for “Specified Employees”

Notwithstanding any provision of the Plan to the contrary, to the extent applicable, in no event shall any payment made pursuant to this Article be made to a “specified employee” within the meaning of Section 409A of the Code earlier than 6 months after the date of the Participant’s Termination of Employment, except in connection with the Participant’s death.

4.7 Amount of Benefit under the Fixed Benefit Option Account

The amount of the benefit provided by the Fixed Benefit Option Account shall be determined as described in Subsections (a) through (c) of this Section and shall be based solely on the amounts allocated to the Participant’s Fixed Benefit Option Account at the time of such determination. No amounts may be allocated to the Fixed Benefit Option Account with respect to years after 2005.

(a) **Monthly Installments Method of Payment:** Monthly installments shall be equal in amount and shall have a present value as of the first day of the calendar quarter in which benefit payments commence as described in Section 4.4 equal to the Participant’s Fixed Benefit Option Account balance as of such date as described in Subsection (c) of this Section, determined by discounting the monthly payments at the Applicable Interest Rate described in Subsection (b) of this Section. In the case of Deferred Retirement, the Applicable Interest Rate used to discount the monthly payments pursuant to the preceding sentence shall be 8%, 11% or 13%, as applicable, not the 6% interest rate described in Paragraph (b)(2) of this Section.

(b) **Applicable Interest Rate:** The “Applicable Interest Rate” shall be as follows:

(1) **Normal Retirement.** If a distribution of the Participant’s benefit attributable to the Fixed Benefit Option Account commences upon the Participant’s eligibility for Normal Retirement, the Applicable Interest Rate shall be (i) 13% if the Participant became a Participant by December 31, 2000 or (ii) determined as follows if the Participant became a Participant on or after January 1, 2001:

<u>Years of Service at Retirement</u>	<u>Applicable Interest Rate</u>
Less than 5	8%
5-9	11%
10 or more	13%

- (2) **Deferred Retirement.** If distribution of the Participant's benefit attributable to the Fixed Benefit Option Account commences upon the Participant's eligibility for Deferred Retirement, the Applicable Interest Rate for the period through December 31 of the calendar year in which the Participant attains Normal Retirement Age shall be (i) 13% if the Participant became a Participant by December 31, 2000 or (ii) determined as follows if the Participant became a Participant on or after January 1, 2001:

Years of Service at Retirement	Applicable Interest Rate
Less than 5	8%
5-9	11%
10 or more	13%

The Applicable Interest Rate for Deferred Retirement for any period after the Participant's Normal Retirement Age until the first of the month in which benefit payments commence shall be 6%.

- (3) **Early Retirement-Regular or Disability Retirement-Regular.** If distribution of the Participant's benefit attributable to the Fixed Benefit Option Account commences upon the Participant's eligibility for Early Retirement – Regular or Disability Retirement – Regular, the Applicable Interest Rate shall be (i) 11% if the Participant became a Participant by December 31, 2000 or (ii) determined as follows if the Participant became a Participant on or after January 1, 2001:

Years of Service at Retirement	Applicable Interest Rate
Less than 5	8%
5 or more	11%

- (4) **Early Retirement-Special or Disability Retirement-Special.** If distribution of the Participant's benefit attributable to the Fixed Benefit Option Account commences upon the Participant's eligibility for Early Retirement – Special or Disability Retirement – Special, the Applicable Interest Rate shall be 13%.
- (5) **Severance.** If distribution of the Participant's benefit attributable to the Fixed Benefit Option Account commences on account of Severance, the Applicable Interest Rate is 8%.

- (c) **Fixed Benefit Option Account Balance:** For purposes of Subsection (a) of this Section, the Fixed Benefit Option Account balance means the sum of Amount A, Amount B and Amount C, determined as of the first day of the calendar quarter in which benefit payments commence as described in Section 4.4, where:

- (1) Amount A is the amount of the Participant's Pre-2006 Deferrals credited to the Fixed Benefit Option Account;

- (2) Amount B is the product of (i) the Participant's Pre-2006 Company Contributions credited to the Fixed Benefit Option Account multiplied by (ii) the Participant's Vested Percentage; and
- (3) Amount C is interest credited with respect to the Pre-2006 Deferrals in Amount A and the vested Pre-2006 Company Contributions in Amount B at the Applicable Interest Rate compounded annually.

4.8 Amount of Benefit from a Participant's Pre-2006 Supplemental Account

The amount of the benefit provided by a Participant's Pre-2006 Supplemental Account shall be determined as follows:

- (a) **Reduction for Non-Vested Benefits:** If, in the case of a Severance benefit, the Participant's Vested Percentage in the Participant's Pre-2006 Company Contribution Subaccount is less than 100%, then the balance of the Participant's Pre-2006 Supplemental Account attributable to the Participant's Pre-2006 Company Contribution Subaccount shall be reduced to the product of (i) the balance in the Participant's Pre-2006 Company Contribution Subaccount multiplied by (ii) the applicable Vested Percentage, and the remainder of the Participant's Pre-2006 Company Contribution Subaccount shall be forfeited and disregarded in determining the Participant's Severance benefit.
- (b) **Monthly Installments Method of Payment:** The amount of each monthly installment shall be the quotient of (i) the balance of the Participant's Pre-2006 Supplemental Account (after any reduction for non-vested benefits described in Subsection (a) of this Section) as of the Adjustment Date immediately preceding the beginning of the calendar year in which payment of the Participant's benefit commences as described in Section 4.4, divided by (ii) the number of remaining monthly installments in the installment period (including the calendar year's monthly installments being calculated). In no event, however, shall any monthly installment exceed the balance of the Participant's Pre-2006 Supplemental Account immediately prior to such installment, and therefore no installment shall be paid once the balance of the Participant's Pre-2006 Supplemental Account is zero.

4.9 Reemployment

If a Participant who has become entitled to a benefit again becomes an Employee, such reemployment shall not change, suspend, delay or otherwise affect payment of such benefit.

ARTICLE V
DISTRIBUTION PROVISIONS WITH RESPECT TO THE POST-2005 SUPPLEMENTAL ACCOUNT

5.1 General

The provisions of this Article are applicable to distributions of a Participant's Post-2005 Supplemental Account.

5.2 Payment Elections

- (a) **Class Year Payment Elections:** For each Plan Year beginning after 2005, a Participant shall make a payment election from among the available forms and timing of payment set forth in Subsection (b) of this Section that shall apply to the Class Year Deferral for such Plan Year.
- (b) **Available Forms of Payment:** A Participant shall elect from among the following forms of payment for each Class Year Deferral. The Participant may elect only one form of payment for each Class Year Deferral.
- (1) **Lump Sum Payment Upon Termination of Employment.** The balance of the applicable Class Year Deferral shall be payable upon the Participant's Termination of Employment in a single lump sum payment;
 - (2) **Lump Sum Payment as of a Designated Date.** The balance of the applicable Class Year Deferral shall be payable on a date designated by the Participant in a single lump sum payment; provided, however, that such designated date may not be earlier than the beginning of the second Plan Year following the Plan Year to which the Class Year Deferral applies or later than the calendar year in which the Participant attains age 70;
 - (3) **Monthly Installments Upon Termination of Employment.** The balance of the applicable Class Year Deferral shall be payable upon the Participant's Termination of Employment in monthly installments over a period of 5, 10 or 15 years; or
 - (4) **Monthly Installments Commencing as of a Designated Date.** The balance of the applicable Class Year Deferral shall be payable commencing as of the date designated by the Participant in monthly installments over a period of 5, 10 or 15 years; provided, however, that such designated date shall not be earlier than the beginning of the second Plan Year following the Plan Year to which the Class Year Deferral applies or later than the calendar year in which the Participant attains age 70.
 - (5) **Default Election.** If a Participant described in Subsection (a) of this Section fails to make a class year payment election for a Class Year

Deferral in accordance with the provisions of this Section, the Participant shall be deemed to have elected for such Class Year Deferral a lump sum payment upon the earlier of Termination of Employment or attainment of age 70.

- (c) **Subsequent Changes to Payment Elections:** A Participant may change the form or timing of the payment elected under Subsection (b) of this Section, or the form or timing of payment subsequently elected under this Subsection, with respect to a Class Year Deferral only if (i) such election is made at least 12 months prior to the date the payment of the Class Year Deferral would have otherwise commenced, and (ii) the effect of such election is to defer commencement of such payments by at least 5 years. Notwithstanding any other provision of this Subsection, no election may be made under this Subsection if the effect of such election would be to commence payment of the Participant's Class Year Deferral after the Participant's attainment of age 70.

5.3 Timing of Lump Sum Payments

- (a) **Lump Sum Payment Upon Termination of Employment:** Subject to the provisions of Section 5.6, for any distribution of a Class Year Deferral made pursuant to Section 5.2(b)(1), such lump sum payment shall be paid in the calendar quarter next following the calendar quarter in which the Participant's Termination of Employment occurs. Notwithstanding the preceding sentence, if the Participant attains age 70 before the Participant's Termination of Employment, such lump sum payment shall be paid in the calendar quarter next following the calendar quarter in which the Participant attains age 70.
- (b) **Lump Sum Payment as of a Designated Date:** For any distribution of a Class Year Deferral made pursuant to Section 5.2(b)(2), such lump sum payment shall be paid in a single cash payment as of the date designated by the Participant. Notwithstanding the preceding sentence and subject to the provisions of Section 5.6, if the Participant has a Termination of Employment before the date designated pursuant to Section 5.2(b)(2), such lump sum payment shall be paid in the calendar quarter next following the calendar quarter in which the Participant's Termination of Employment occurs.

5.4 Timing of Monthly Installments

- (a) **Monthly Installments Upon Termination of Employment:** Subject to the provisions of Section 5.6, for any distribution of a Class Year Deferral made pursuant to Section 5.2(b)(3) or 5.2(b)(5), such monthly installments shall commence to be paid in the calendar quarter next following the calendar quarter in which the Participant's Termination of Employment occurs. Notwithstanding the preceding sentence, if the Participant attains age 70 before the Participant's Termination of Employment, such monthly installments shall commence to be paid in the calendar quarter next following the calendar quarter in which the Participant attains age 70.

- (b) **Monthly Installments Commencing as of a Designated Date:** For any distribution of a Class Year Deferral made pursuant to Section 5.2(b)(4), such monthly installments shall commence to be paid as of the date designated by the Participant. Notwithstanding the preceding sentence and subject to the provisions of Section 5.6, if the Participant has a Termination of Employment before the date designated pursuant to Section 5.2(b)(4), such monthly installments shall commence to be paid in the calendar quarter next following the calendar quarter in which the Participant's Termination of Employment occurs.

5.5 **Death of Participant Following Commencement of Monthly Installments**

If a Participant who is receiving monthly installments dies before the last monthly installment is paid, then the remaining monthly installments shall be paid to the Participant's Beneficiary as and when such monthly installments would have otherwise been paid to the Participant had the Participant not died.

5.6 **Special Provisions for "Specified Employees"**

Notwithstanding any provision of the Plan to the contrary, to the extent applicable, in no event shall any payment made pursuant to this Article be made to a "specified employee" within the meaning of Section 409A of the Code earlier than 6 months after the date of the Participant's Termination of Employment, except in connection with the Participant's death.

5.7 **Amount of Benefit from a Participant's Post-2005 Supplemental Account**

The amount of the benefit provided by a Participant's Post-2005 Supplemental Account shall be determined as follows:

- (a) **Reduction for Non-Vested Benefits:** If, in the case of a Severance benefit, the Participant's Vested Percentage in the Participant's Post-2005 Company Contribution Subaccount is less than 100%, then the balance of the Participant's Post-2005 Supplemental Account attributable to the Participant's Post-2005 Company Contribution Subaccount shall be reduced to the product of (i) the balance in the Participant's Post-2005 Company Contribution Subaccount multiplied by (ii) the applicable Vested Percentage, and the remainder of the Participant's Post-2005 Company Contribution Subaccount shall be forfeited and disregarded in determining the Participant's Severance benefit.
- (b) **Monthly Installments Method of Payment:** The amount of each monthly installment shall be the quotient of (i) the balance of the Participant's Post-2005 Supplemental Account (after any reduction for non-vested benefits described in Subsection (a) of this Section) as of the Adjustment Date immediately preceding the beginning of the calendar year in which payment of the Participant's benefit commences as described in Section 5.4 divided by (ii) the number of remaining monthly installments in the installment period (including the calendar year's monthly installments being calculated). In no event, however, shall any monthly installment exceed the balance of the Participant's Post-2005 Supplemental

Account immediately prior to such installment, and therefore no installment shall be paid once the balance of the Participant's Post-2005 Supplemental Account is zero.

5.8 Reemployment

If a Participant who has become entitled to a benefit again becomes an Employee, such reemployment shall not change, suspend, delay or otherwise affect payment of such benefit.

ARTICLE VI
DISTRIBUTION PROVISIONS WITH RESPECT TO THE TRANSITION CONTRIBUTION ACCOUNT

6.1 General

The provisions of this Article are applicable to distributions of a Participant's Transition Contribution Account.

6.2 Payment Elections

- (a) **Payment Elections:** Each Participant who is an Employee during 2005 shall be given an opportunity during 2005 to make a payment election from among the available forms and timing of payment set forth in Subsection (b) of this Section that shall apply to the Participant's Transition Contribution Account. If an Employee first becomes eligible to participate in the Plan on or after January 1, 2006, the Participant shall make a payment election with respect to Transition Contributions within 30 days following the date the Employee becomes eligible to participate in the Plan.
- (b) **Available Forms of Payment:** With respect to a Participant's Transition Contribution Account, the Participant shall elect either:
- (1) **Monthly Installments Upon Termination of Employment.** The balance of the Participant's Transition Contribution Account shall be payable upon the Participant's Termination of Employment in monthly installments over a period of 10 or 15 years; or
 - (2) **Monthly Installments Commencing as of a Designated Date.** The balance of the Participant's Transition Contribution Account shall be payable commencing as of the date designated by the Participant in monthly installments over a period of 10 or 15 years; provided, however, that such designated date shall not be earlier than the calendar year in which the Participant attains age 55 or later than the calendar year in which the Participant attains age 70.
 - (3) **Default Election.** If a Participant described in Subsection (a) of this Section fails to make a payment election in accordance with the provisions of this Section, the Participant shall be deemed to have elected the payment of the Participant's Transition Contribution Account in monthly installments over 15 years upon the earlier of the Participant's Termination of Employment or attainment of age 70.
- (c) **Subsequent Changes to Payment Elections:** A Participant may change the form or timing of the payment elected under Subsection (b) of this Section, or the form or timing of payment subsequently elected under this Subsection, with respect to the distribution of the Participant's Transition Contribution Account only if (i) such election is made at least 12 months prior to the date the payment of the

Participant's Transition Contribution Account would have otherwise commenced, and (ii) the effect of such election is to defer commencement of such payments by at least 5 years. Notwithstanding any other provision of this Subsection, no election may be made under this Subsection if the effect of such election would be to commence payment of the Participant's Transition Contribution Account after the Participant's attainment of age 70.

6.3 Timing of Monthly Installments

- (a) **Monthly Installments Upon Termination of Employment:** Subject to the provisions of Section 6.5, for any distribution made pursuant to Section 6.2(b)(1) or 6.2(b)(3), such monthly installments shall commence to be paid in the calendar quarter next following the calendar quarter in which the Participant's Termination of Employment occurs. Notwithstanding the preceding sentence, if the Participant attains age 70 before the Participant's Termination of Employment, such monthly installments shall commence to be paid in the calendar quarter next following the calendar quarter in which the Participant attains age 70.
- (b) **Monthly Installments Commencing as of a Designated Date:** For any distribution made pursuant to Section 6.2(b)(2), such monthly installments shall commence to be paid as of the date designated by the Participant. Notwithstanding the preceding sentence and subject to the provisions of Section 6.5, if the Participant has a Termination of Employment before the date designated pursuant to Section 6.2(b)(2), such monthly installments shall commence to be paid in the calendar quarter next following the calendar quarter in which the Participant's Termination of Employment occurs.

6.4 Death of Participant Following Commencement of Monthly Installments

If a Participant who is receiving monthly installment payments dies before the last monthly installment is paid, then the remaining monthly installments shall be paid to the Participant's Beneficiary as and when such monthly installments would have otherwise been paid to the Participant had the Participant not died.

6.5 Special Provisions for "Specified Employees"

Notwithstanding any provision of the Plan to the contrary, to the extent applicable, in no event shall any payment made pursuant to this Article be made to a "specified employee" within the meaning of Section 409A of the Code earlier than 6 months after the date of the Participant's Termination of Employment, except in connection with the Participant's death.

6.6 Amount of Benefit from a Participant's Transition Contribution Account

The amount of the benefit provided by a Participant's Transition Contribution Account shall be determined as follows:

- (a) **Reduction for Non-Vested Benefits:** If, in the case of a Severance benefit, the Participant's Vested Percentage in the Participant's Transition Contribution Account is less than 100%, then the balance of the Transition Contribution Account shall be reduced to the product of (i) the balance in the Transition Contribution Account multiplied by (ii) the applicable Vested Percentage, and the remainder of the Transition Contribution Account shall be forfeited and disregarded in determining the Participant's Severance benefit.

- (b) **Monthly Installments Method of Payment:** The amount of each monthly installment shall be the quotient of (i) the balance of the Participant's Transition Contribution Account (after any reduction for non-vested benefits described in Subsection (a) of this Section) as of the Adjustment Date immediately preceding the beginning of the calendar year in which payment of the Participant's benefit commences as described in Section 6.3, divided by (ii) the number of remaining monthly installments in the installment period (including the calendar year's monthly installments being calculated). In no event, however, shall any monthly installment exceed the balance of the Participant's Transition Contribution Account immediately prior to such installment, and therefore no installment shall be paid once the balance of the Participant's Transition Contribution Account is zero.

6.7 Reemployment

If a Participant who has become entitled to a benefit again becomes an Employee, such reemployment shall not change, suspend, delay or otherwise affect payment of such benefit.

ARTICLE VII
ADVANCE PAYMENT FOR UNFORESEEABLE EMERGENCIES

7.1 Advance Payment for Unforeseeable Emergencies

Subject to approval of the Plan Administrator, a Participant may receive advance payment of benefits under the Plan in the event of an Unforeseeable Emergency, but only if the Plan Administrator determines that the resulting hardship may not be relieved (i) through reimbursement or compensation by insurance or otherwise, or (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. Any such advance payment shall be made in a single lump sum payment as soon as practicable following the Plan Administrator's determination that such advance payment is permitted under this Section, shall not exceed the amount that the Plan Administrator determines is necessary to satisfy the unforeseeable emergency (taking into account all other available financial resources of the Participant), and shall require that no further Deferrals be made to the Plan by the Participant for 12 months following such advance payment.

7.2 Payments from Accounts for Advance Payment for Unforeseeable Emergencies

An advance payment made pursuant to Section 7.1 shall be made from the Participant's Accounts and Subaccounts as determined by the Plan Administrator.

**ARTICLE VIII
PRE-RETIREMENT DEATH BENEFIT**

8.1 Eligibility

This Article provides a death benefit ("Pre-Retirement Death Benefit") with respect to a Participant:

- (a) who dies while an Employee and (if the Participant has attained age 70) before Deferred Retirement;
- (b) who dies while Totally Disabled but prior to the commencement of Disability Retirement benefits; or
- (c) who dies after having terminated employment, and is eligible for Early Retirement but prior to receiving benefits under the Plan.

The Pre-Retirement Death Benefit shall be in lieu of any and all other benefits provided under the Plan with respect to the Participant or to the Beneficiary.

8.2 Method of Payment

At the time a Participant makes an election pursuant to Section 4.3(a) (which election may not thereafter be changed), the Participant shall also elect the form of payment of the Pre-Retirement Death Benefit attributable to the Participant's Fixed Benefit Option Account, the Participant's Pre-2006 Supplemental Account, the Participant's Post-2005 Supplemental Account and the Participant's Transition Contribution Account that may be payable upon the Participant's death pursuant to this Article. The Participant may elect to have the Pre-Retirement Death Benefit paid in a single lump sum payment or in monthly installments over 5, 10 or 15 years. If a Participant fails to make a payment election described in this Section, the Participant's Pre-Retirement Death Benefit shall be paid to the Participant's Beneficiary in monthly installments over 15 years.

8.3 Timing of Payment

The Pre-Retirement Death Benefit shall be paid or commence to be paid during the calendar quarter next following receipt by the Plan Administrator of satisfactory proof of the Participant's death.

8.4 Amount of Benefit under the Fixed Benefit Option Account

The amount of the Pre-Retirement Death Benefit provided by the Participant's Fixed Benefit Option Account shall be determined as described in Subsections (a), (b) and (c) of this Section and shall be based solely on the amounts allocated to the Participant's Fixed Benefit Option Account at the time of such determination.

- (a) **Lump Sum Method of Payment:** If the method of payment is a single lump sum payment, the amount of the lump sum payment shall be the Fixed Benefit Option Account balance as described in Subsection (c) of this Section.
- (b) **Monthly Installments Method of Payment:** If the method of payment is monthly installments, the monthly installments shall be equal in amount and shall have a present value as of the first day of the calendar quarter next following the Participant's death equal to the balance of the Participant's Fixed Benefit Option Account as of such date as described in Subsection (c) of this Section, determined by discounting the monthly payments (i) in the case of death on or after Normal Retirement Age, at the interest rate used in determining the balance of the Participants Fixed Benefit Option Account as described in Paragraph (c)(1) of this Section or (ii) in the case of death before Normal Retirement Age, at the interest rate described in Subparagraph (c)(2)(B) of this Section.
- (c) **Fixed Benefit Option Account Balance:** For purposes of Subsections (a) and (b) of this Section, the Fixed Benefit Option Account balance means the following:
- (1) **Death on or after Normal Retirement Age.** If the Participant dies on or after Normal Retirement Age, the Fixed Benefit Option Account balance shall be the amount that the Participant's Fixed Benefit Option Account balance would have been had the Participant Retired on the day preceding the Participant's death.
 - (2) **Death before Normal Retirement Age.** If the Participant dies before Normal Retirement Age, the Fixed Benefit Option Account shall be the sum of Amount A and Amount B, determined as of the first day of the calendar quarter next following the Participant's death, where:
 - (A) Amount A is the amount of the Participant's Pre-2006 Deferrals and Pre-2006 Company Contributions credited to the Fixed Benefit Option Account with respect to any year prior to 2006.
 - (B) Amount B is interest credited with respect to the Pre-2006 Deferrals and Pre-2006 Company Contributions in Amount A at the following interest rate compounded annually: 13% if the Participant was eligible for Early Retirement-Special or Disability Retirement-Special at the time of the Participant's death, 11% if the Participant was eligible for Early Retirement-Regular or Disability Retirement-Regular at the time of the Participant's death, or 8% in any other case. If the Participant became a Participant on or after January 1, 2001, however, the interest rate shall be the lesser of (i) the interest rate provided by the preceding sentence or (ii) the interest rate determined as follows:

Years of Service at Participant's Death	Applicable Interest Rate
Less than 5	8%
5-9	11%
10 or more	13%

8.5 Amount of Benefit from a Participant's Pre-2006 Supplemental Account

The amount of the Pre-Retirement Death Benefit provided by the deceased Participant's Pre-2006 Supplemental Account shall be determined as follows:

- (a) **Lump Sum Method of Payment:** If the method of payment is a single lump sum payment, the amount of the lump sum payment shall equal the balance of the Participant's Pre-2006 Supplemental Account as of the Adjustment Date immediately preceding payment.
- (b) **Monthly Installments Method of Payment:** If the method of payment is monthly installments, the amount of the monthly installments shall be the quotient of (i) the balance of the Participant's Pre-2006 Supplemental Account as of the Adjustment Date immediately preceding the beginning of the calendar quarter in which benefit payments commence divided by (ii) the number of remaining installments in the installment period (including the calendar year's monthly installments being calculated). In no event, however, shall any monthly installment exceed the balance of the Participant's Pre-2006 Supplemental Account immediately prior to such installment, and therefore no installment shall be paid once the balance of the Participant's Pre-2006 Supplemental Account is zero.

8.6 Amount of Benefit from a Participant's Post-2005 Supplemental Account

The amount of the Pre-Retirement Death Benefit provided by the deceased Participant's Post-2005 Supplemental Account shall be determined as follows:

- (a) **Lump Sum Method of Payment:** If the method of payment is a single lump sum payment, the amount of the lump sum payment shall equal the balance of the Participant's Post-2005 Supplemental Account as of the Adjustment Date immediately preceding payment.
- (b) **Monthly Installments Method of Payment:** If the method of payment is monthly installments, the amount of the monthly installments shall be the quotient of (i) the balance of the Participant's Post-2005 Supplemental Account as of the Adjustment Date immediately preceding the beginning of the calendar quarter in which benefit payments commence divided by (ii) the number of remaining installments in the installment period (including the calendar year's monthly installments being calculated). In no event, however, shall any monthly installment exceed the balance of the Participant's Post-2005 Supplemental Account immediately prior to such installment, and therefore no installment shall be paid once the balance of the Participant's Post-2005 Supplemental Account is zero.

8.7 Amount of Benefit from a Participant's Transition Contribution Account

The amount of the Pre-Retirement Death Benefit provided by the deceased Participant's Transition Contribution Account shall be determined as follows:

- (a) **Lump Sum Method of Payment:** If the method of payment is a single lump sum payment, the amount of the lump sum payment shall equal the balance of the Participant's Transition Contribution Account as of the Adjustment Date immediately preceding payment.
- (b) **Monthly Installments Method of Payment:** If the method of payment is monthly installments, the amount of the monthly installments shall be the quotient of (i) the balance of the Participant's Transition Contribution Account as of the Adjustment Date immediately preceding the beginning of the calendar quarter in which benefit payments commence divided by (ii) the number of remaining installments in the installment period (including the calendar year's monthly installments being calculated). In no event, however, shall any monthly installment exceed the balance of the Participant's Transition Contribution Account immediately prior to such installment, and therefore no installment shall be paid once the balance of the Participant's Transition Contribution Account is zero.

**ARTICLE IX
CHANGE IN CONTROL BENEFIT**

9.1 Eligibility

This Article provides a benefit (a "Change in Control Benefit") for each Participant who, as of the date of a Change in Control:

- (a) is an Employee and (if the Participant has attained age 70) the Participant has not taken Deferred Retirement; or
- (b) is under a Total Disability but has not reached Disability Retirement.

9.2 Method of Payment

At the time a Participant makes an election pursuant to Section 4.3(a) (which election may not thereafter be changed), the Participant shall also elect the form of payment of the Change in Control Benefit attributable to the Participant's Fixed Benefit Option Account, the Participant's Pre-2006 Supplemental Account, the Participant's Post-2005 Supplemental Account and the Participant's Transition Contribution Account that may be payable upon a Change in Control pursuant to this Article. The Participant may elect to have the Change in Control Benefit paid in a single lump sum payment or in monthly installments over 5, 10 or 15 years. If a Participant fails to make a payment election described in this Section, the Participant's Change in Control Benefit shall be paid to the Participant in monthly installments over 15 years.

9.3 Timing of Payment

The Change in Control Benefit shall be paid or commence to be paid during the calendar quarter next following the Change in Control.

9.4 Amount of Benefit under the Fixed Benefit Option Account

The amount of the Change in Control Benefit provided by the Participant's Fixed Benefit Option Account shall be determined as described in Subsections (a), (b) and (c) of this Section and shall be based solely on the amounts allocated to the Participant's Fixed Benefit Option Account at the time of such determination.

- (a) **Lump Sum Method of Payment:** If the method of payment is a single lump sum payment, the amount of the lump sum payment shall be the Fixed Benefit Option Account balance as described in Subsection (c) of this Section.
- (b) **Monthly Installments Method of Payment:** If the method of payment is monthly installments, the monthly installments shall be equal in amount and have a present value as of the first day of the calendar quarter next following the Change in Control equal to the Participant's Fixed Benefit Option Account balance, determined by discounting the monthly installments at the rate of 13% per annum.

- (c) **Fixed Benefit Option Account Balance:** For purposes of Subsections (a) and (b) of this Section, the balance of the Participant's Fixed Benefit Option Account means the sum of Amount A and Amount B, determined as of the first day of the calendar quarter next following the Change in Control, where:
- (1) Amount A is the amount of the Participant's Pre-2006 Deferrals and Pre-2006 Company Contributions credited to the Fixed Benefit Option Account; and
 - (2) Amount B is interest credited with respect to the Pre-2006 Deferrals and Pre-2006 Company Contributions in Amount A at the rate of 13% per annum.

9.5 Amount of Benefit from the Participant's Pre-2006 Supplemental Account

The amount of the Change in Control Benefit provided by the Participant's Pre-2006 Supplemental Account shall be determined as follows:

- (a) **Lump Sum Method of Payment:** If the method of payment is a single lump sum payment, the amount of the lump sum payment shall equal the balance of the Participant's Pre-2006 Supplemental Account as of the Adjustment Date immediately preceding payment.
- (b) **Monthly Installments Method of Payment:** If the method of payment is monthly installments, the amount of the monthly installments shall be the quotient of (i) the balance of the Participant's Pre-2006 Supplemental Account as of the Adjustment Date immediately preceding the beginning of the calendar quarter in which benefit payments commence divided by (ii) the number of remaining installments in the installment period (including the calendar year's monthly installments being calculated). In no event, however, shall any monthly installment exceed the balance of the Participant's Pre-2006 Supplemental Account immediately prior to such installment, and therefore no installment shall be paid once the balance of the Participant's Pre-2006 Supplemental Account is zero.

9.6 Amount of Benefit from the Post-2005 Supplemental Account

The amount of the Change in Control Benefit provided by the Participant's Post-2005 Supplemental Account shall be determined as follows:

- (a) **Lump Sum Method of Payment:** If the method of payment is a single lump sum payment, the amount of the lump sum payment shall equal the balance of the Participant's Post-2005 Supplemental Account as of the Adjustment Date immediately preceding payment.
- (b) **Monthly Installments Method of Payment:** If the method of payment is monthly installments, the amount of the monthly installments shall be the quotient of (i) the balance of the Participant's Post-2005 Supplemental Account as of the

Adjustment Date immediately preceding the beginning of the calendar quarter in which benefit payments commence divided by (ii) the number of remaining installments in the installment period (including the calendar year's monthly installments being calculated). In no event, however, shall any monthly installment exceed the balance of the Participant's Post-2005 Supplemental Account immediately prior to such installment, and therefore no installment shall be paid once the balance of the Participant's Post-2005 Supplemental Account is zero.

9.7 Amount of Benefit from the Transition Contribution Account

The amount of the Change in Control Benefit provided by the Participant's Transition Contribution Account shall be determined as follows:

- (a) **Lump Sum Method of Payment:** If the method of payment is a single lump sum payment, the amount of the lump sum payment shall equal the balance of the Participant's Transition Contribution Account as of the Adjustment Date immediately preceding payment.
- (b) **Monthly Installments Method of Payment:** If the method of payment is monthly installments, the amount of the monthly installments shall be the quotient of (i) the balance of the Participant's Transition Contribution Account as of the Adjustment Date immediately preceding the beginning of the calendar quarter in which benefit payments commence divided by (ii) the number of remaining installments in the installment period (including the calendar year's monthly installments being calculated). In no event, however, shall any monthly installment exceed the balance of the Participant's Transition Contribution Account immediately prior to such installment, and therefore no installment shall be paid once the balance of the Participant's Transition Contribution Account is zero.

9.8 Payments to Beneficiary

If a Participant entitled to a Change in Control Benefit dies after payment of the Change in Control Benefit has begun but before payment of the Change in Control Benefit has been completed, then the payment(s) remaining to be paid at the time of the Participant's death shall be paid instead to the Participant's Beneficiary at the time and in the manner and the amount as would have been paid to the Participant had the Participant not died. If payment of the Change in Control Benefit had not begun before the Participant's death, payment of the Change in Control Benefit shall commence during the calendar quarter next following the Change in Control and be paid in monthly installments over 15 years.

9.9 Benefits Pending or in Progress

If, as of the date of a Change in Control, a Participant is not entitled to a Change in Control Benefit under Section 9.1 but is entitled to one or more future payments under Article IV, Article V or Article VI, such benefits shall be paid at the time and in the manner and the amount provided in Article IV, Article V or Article VI, as applicable. If,

as of the date of a Change in Control, a Beneficiary is entitled to one or more future payments under Article IV, Article V, Article VI or Article VIII, such benefits shall be paid at the time and in the manner and amount provided in Article IV, Article V, Article VI or Article VIII, as applicable.

**ARTICLE X
ACCOUNTS**

10.1 Establishment of Accounts

- (a) **Fixed Benefit Option Account:** The Plan Administrator shall establish and cause to be maintained a Fixed Benefit Option Account with respect to each Participant. In addition, the Plan Administrator shall establish and cause to be maintained with respect to each Participant separate subaccounts to be known respectively as the Participant's Pre-2006 Deferral Subaccount, the Pre-2006 Matching Contribution Subaccount and the Pre-2006 Discretionary Contribution Subaccount. The applicable portion of such Subaccounts together shall comprise the Fixed Benefit Option Account.
- (b) **Pre-2006 Supplemental Accounts:** The Plan Administrator shall establish and cause to be maintained a Pre-2006 Supplemental Account with respect to each Participant. In addition, the Plan Administrator shall establish and cause to be maintained with respect to each Participant separate subaccounts to be known respectively as the Participant's Pre-2006 Deferral Subaccount, the Pre-2006 Matching Contribution Subaccount and the Pre-2006 Discretionary Contribution Subaccount. The applicable portion of such Subaccounts together shall comprise the Pre-2006 Supplemental Account. Within each Pre-2006 Deferral Subaccount, Pre-2006 Matching Contribution Subaccount and Pre-2006 Discretionary Contribution Subaccount there shall be kept Investment Subaccounts.
- (c) **Post-2005 Supplemental Accounts:** The Plan Administrator shall establish and cause to be maintained a Post-2005 Supplemental Account with respect to each Participant. In addition, the Plan Administrator shall establish and cause to be maintained with respect to each Participant separate subaccounts to be known respectively as the Participant's Post-2005 Deferral Subaccount, the Post-2005 Matching Contribution Subaccount and the Post-2005 Discretionary Contribution Subaccount. The applicable portion of such Subaccounts together shall comprise the Post-2005 Supplemental Account. Within each Post-2005 Deferral Subaccount, Post-2005 Matching Contribution Subaccount and Post-2005 Discretionary Contribution Subaccount there shall be kept Investment Subaccounts.
- (d) **Transition Contribution Account:** The Plan Administrator shall establish and cause to be maintained a Transition Contribution Account with respect to each Participant. Within each Transition Contribution Account shall be kept Investment Subaccounts.

10.2 Accounting

- (a) **Accounting of Deferral Subaccounts:** As of each Adjustment Date, the Plan Administrator shall debit and credit each Participant's Pre-2006 Deferral Subaccount and Post-2005 Deferral Subaccount, as applicable, by the following:
 - (1) **Payments.** There shall be debited the amount of benefit payments made to or on behalf of the Participant or the Participant's Beneficiary since the last Adjustment Date and allocable to such Deferral Subaccount.

- (2) **Net Gain (Loss) Equivalent.** There shall be credited or debited, as the case may be, the Net Gain (Loss) Equivalent since the last Adjustment Date for each of the Participant's Investment Subaccounts.
 - (3) **Deferrals.** There shall be credited the Participant's Deferrals made since the last Adjustment Date and allocable to such Deferral Subaccount.
- (b) **Accounting of Matching Contribution Subaccounts:** As of each Adjustment Date, the Plan Administrator shall debit and credit each Participant's Pre-2006 Matching Contribution Subaccount or Post-2005 Matching Contribution Subaccount, as applicable, by the following:
- (1) **Payments.** There shall be debited the amount of benefit payments made to or on behalf of the Participant or the Participant's Beneficiary since the last Adjustment Date and allocable to such Matching Contribution Subaccount.
 - (2) **Net Gain (Loss) Equivalent.** There shall be credited or debited, as the case may be, the Net Gain (Loss) Equivalent since the last Adjustment Date for each of the Participant's Investment Subaccounts.
 - (3) **Matching Contributions.** There shall be credited the Participant's Pre-2006 Matching Contributions or Post-2005 Matching Contributions made since the last Adjustment Date and allocable to such Matching Contribution Subaccount.
- (c) **Accounting of Discretionary Contribution Subaccounts:** As of each Adjustment Date, the Plan Administrator shall debit and credit each Participant's Pre-2006 Discretionary Contribution Subaccount or Post-2005 Discretionary Contribution Subaccount, as applicable, by the following:
- (1) **Payments.** There shall be debited the amount of benefit payments made to or on behalf of the Participant or the Participant's Beneficiary since the last Adjustment Date and allocable to such Discretionary Contribution Subaccount.
 - (2) **Net Gain (Loss) Equivalent.** There shall be credited or debited, as the case may be, the Net Gain (Loss) Equivalent since the last Adjustment Date for each of the Participant's Investment Subaccounts.
 - (3) **Discretionary Contributions.** There shall be credited the Participant's Pre-2006 Discretionary Contributions or Post-2005 Discretionary Contributions made since the last Adjustment Date and allocable to such Discretionary Contribution Subaccount.

- (d) **Accounting of Fixed Benefit Option Account:** As of each Adjustment Date, the Plan Administrator shall debit and credit each Participant's Fixed Benefit Option Account by the following:
- (1) **Payments.** There shall be debited the amount of benefit payments made to or on behalf of the Participant or the Participant's Beneficiary since the last Adjustment Date and allocable to the Participant's Fixed Benefit Option Account.
 - (2) **Interest Credit.** There shall be credited interest at the Applicable Interest Rate described in Section 4.7(b), using simple interest computed on a monthly basis, since the last Adjustment Date.
- (e) **Accounting of Transition Contribution Account:** As of each Adjustment Date, the Plan Administrator shall debit and credit each Participant's Transition Contribution Account by the following:
- (1) **Payments.** There shall be debited the amount of benefit payments made to or on behalf of the Participant or the Participant's Beneficiary since the last Adjustment Date and allocable to the Participant's Transition Contribution Account.
 - (2) **Net Gain (Loss) Equivalent.** There shall be credited or debited, as the case may be, the Net Gain (Loss) Equivalent since the last Adjustment Date for each of the Participant's Investment Subaccounts.
 - (3) **Transition Contributions.** There shall be credited the Participant's Transition Contributions made since the last Adjustment Date and allocable to the Participant's Transition Contribution Account.

**ARTICLE XI
ADMINISTRATION OF THE PLAN**

11.1 Powers and Duties of the Plan Administrator

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

11.2 Agents

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

11.3 Reports to the Committee

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

11.4 Limitations on the Plan Administrator

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

11.5 Benefit Elections, Procedures and Calculations

The Plan Administrator shall establish, and may alter, amend and modify from time to time, the procedures pursuant to which Participants (and Beneficiaries) may make their

respective elections, requests and designations under the Plan, including procedures relating to the making of Deferral Elections (including elections thereunder as to the allocation of Pre-2006 Deferrals, Post-2005 Deferrals, Pre-2006 Company Contributions, Post-2005 Company Contributions and Transition Contributions among the Investment Options), and designations of Beneficiaries. The Plan Administrator shall also establish the election and designation forms that Participants and Beneficiaries must use for such purposes. No election, request or designation by a Participant or a Beneficiary shall be effective unless and until it has been executed and delivered to the Plan Administrator (or the Plan Administrator's authorized representative) and has also satisfied any other conditions or requirements that may apply to such election, request or designation under any other applicable provision of the Plan.

11.6 Calculation of Benefits

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

11.7 Instructions for Payments

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

11.8 Claims for Benefits

- (a) **General:** In the event a claimant has a claim under the Plan, such claim shall be made by the claimant's filing a notice thereof with the Plan Administrator. (A claimant may authorize a representative to act on the claimant's behalf with respect to the claim.) Each such claim shall be referred to the Plan Administrator for the initial decision with respect thereto. Each claimant who has submitted a claim to the Plan Administrator shall be afforded a reasonable opportunity to state such claimant's position and to submit written comments, documents, records, and other information relating to the claim to the Plan Administrator for the Plan Administrator's consideration in rendering the Plan Administrator's decision with respect thereto. A claimant shall also be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim.
- (b) **Plan Administrator Decision:** The Plan Administrator will consider the claim and make a decision and notify the claimant in writing within a reasonable period of time but not later than 90 days after the Plan Administrator receives the claim. Under special circumstances, the Plan Administrator may take up to an additional

90 days to review the claim if the Plan Administrator determines that such an extension is necessary due to matters beyond the Plan Administrator's control. If this happens, the claimant will be notified before the end of the initial 90-day period of the circumstances requiring the extension and the date by which the Plan Administrator expects to render a decision. If any part of the Claim is denied, the notice will include specific reasons for the denial and specific references to the pertinent Plan provisions on which the denial is based, describe any additional material or information necessary to file the claim properly and explain why this material or information is necessary, and describe the Plan's review procedures, including the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefits determination on review.

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

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

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

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

11.9 Hold Harmless

To the maximum extent permitted by law, no member of the Committee or the Plan Administrator shall be personally liable by reason of any contract or other instrument

executed by the Plan Administrator or a member of the Committee or on such member's behalf in such member's capacity as a member of the Committee nor for any mistake of judgment made in good faith, and each Participating Company shall indemnify and hold harmless, directly from its own assets (including the proceeds of any insurance policy the premiums of which are paid from the Company's own assets), the Plan Administrator and each member of the Committee and each other officer, employee, or director of any Participating Company to whom any duty or power relating to the administration or interpretation of the Plan against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of any Participating Company) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith or such indemnification is contrary to law.

11.10 Service of Process

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

ARTICLE XII
DESIGNATION OF BENEFICIARIES

12.1 Beneficiary Designation

Every Participant shall file with the Plan Administrator a written designation of one or more persons as the Beneficiary who shall be entitled to receive the benefits, if any, payable under the Plan after the Participant's death. A Participant may from time to time revoke or change such Beneficiary by filing a new designation with the Plan Administrator. The last such designation received by the Plan Administrator shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Plan Administrator prior to the Participant's death, and in no event shall it be effective as of any date prior to such receipt. All decisions of the Plan Administrator concerning the effectiveness of any Beneficiary designation and the identity of any Beneficiary shall be final. If a Beneficiary dies after the death of the Participant and prior to receiving the payment(s) that would have been made to such Beneficiary had such Beneficiary's death not occurred, and if no contingent Beneficiary has been designated, then for the purposes of the Plan the payment(s) that would have been received by such Beneficiary shall be made to the Beneficiary's estate.

12.2 Failure to Designate Beneficiary

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

ARTICLE XIII
WITHDRAWAL OF PARTICIPATING COMPANY

13.1 Withdrawal of Participating Company

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

13.2 Effect of Withdrawal

A Participating Company's withdrawal from the Plan shall not in any way modify, reduce or otherwise affect the Participating Company's obligations under Deferral Elections made before the withdrawal, as such obligations are defined under the provisions of the Plan existing immediately before this withdrawal. Withdrawal from the Plan by any Participating Company shall not in any way affect any other Participating Company's participating in the Plan.

**ARTICLE XIV
AMENDMENT OR TERMINATION OF THE PLAN**

14.1 Right to Amend or Terminate Plan

- (a) **By the Board or the Committee:** Subject to Subsection (c) of this Section, the Board or the Committee reserves the right at any time to amend or terminate the Plan, in whole or in part, and for any reason and without the consent of any Participating Company, Participant or Beneficiary. Each Participating Company by its participation in the Plan shall be deemed to have delegated this authority to the Committee.
- (b) **By the Plan Administrator:** Subject to Subsection (c) of this Section, the Plan Administrator may adopt any ministerial and nonsubstantive amendment which may be necessary or appropriate to facilitate the administration, management and interpretation of the Plan, provided the amendment does not materially affect the estimated cost to the Participating Companies of maintaining the Plan. Each Participating Company by its participation in the Plan shall be deemed to have delegated this authority to the Plan Administrator.
- (c) **Limitations:** In no event shall any amendment or termination of the Plan modify, reduce or otherwise affect a Participating Company's obligations under Deferral Elections made before the amendment or termination, as such obligations are defined under the provisions of the Plan existing immediately before such amendment or termination. Notwithstanding any provision of the Plan to the contrary, from and after the date of a Change in Control, no amendment or termination may be made to the Plan that, without the express written consent of the affected Participant or Beneficiary (as the case may be), directly or indirectly changes the amount, time or method of payment of (i) any Change in Control Benefits resulting from the Change in Control or (ii) any Retirement benefit, Severance benefit, Pre-Retirement Death Benefit or other benefits that had accrued by the date of the Change in Control.
- (d) **Effect of Amendment and Restatement:** This amendment and restatement of the Plan shall not affect the time, amount or method of payment of Plan benefits paid on or after the Effective Date to any Participant whose employment with the Company terminated on or before the Effective Date, and such Participant's benefits (including any death benefits) shall be determined under the provisions of the Plan as in effect immediately prior to the Effective Date; provided, however, upon a Change in Control, the provisions of Sections 2.5(f), 9.9 and Subsection (c) of this Section shall apply to any remaining benefits of such Participant.

14.2 Notice

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

**ARTICLE XV
GENERAL PROVISIONS AND LIMITATIONS**

15.1 No Right to Continued Employment

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

15.2 Payment on Behalf of Payee

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

15.3 Nonalienation

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

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

15.4 Missing Payee

If the Plan Administrator cannot ascertain the whereabouts of any person to whom a payment is due under the Plan, and if, after five years from the date such payment is due, a notice of such payment due is mailed to the last known address of such person, as shown on the records of the Plan Administrator or any Participating Company, and within three months after such mailing such person has not made written claim therefor, the Plan Administrator, if the Plan Administrator so elects, after receiving advice from counsel to the Plan, may direct that such payment and all remaining payments otherwise due to such person be canceled on the records of the Plan and the amount thereof forfeited; and upon such cancellation, the Participating Company shall have no further liability therefor, except that, in the event such person later notifies the Plan Administrator of such person's whereabouts and requests the payment or payments due to such person under the Plan, the amounts otherwise due but unpaid shall be paid to such person without interest for late payment.

15.5 Required Information

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

15.6 No Trust or Funding Created

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

15.7 Binding Effect

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

15.8 Merger or Consolidation

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

15.9 Entire Plan

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

15.10 Withholding

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

15.11 Compliance with Section 409A of the Code

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

15.12 Construction

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

15.13 Applicable Law

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

IN WITNESS WHEREOF, the Company has caused this Plan to be executed this 28th day of February, 2007.

COCA-COLA BOTTLING CO.
CONSOLIDATED

By /s/ Henry W. Flint

Officer's Name Henry W. Flint

Officer's Title Executive Vice President

**COCA-COLA BOTTLING CO. CONSOLIDATED
OFFICER RETENTION PLAN**

(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2007)

COCA-COLA BOTTLING CO. CONSOLIDATED
OFFICER RETENTION PLAN
(AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2007)

Table of Contents

	<u>Page</u>
ARTICLE I DEFINITIONS	1
1.1 Affiliate	1
1.2 Annuity Starting Date	1
1.3 Authorized Leave of Absence	1
1.4 Beneficiary	1
1.5 Board	2
1.6 Change in Control	2
1.7 Change in Control Benefit	3
1.8 Code	3
1.9 Committee	3
1.10 Company	4
1.11 Disability Retirement	4
1.12 Employee	4
1.13 ERISA	4
1.14 Normal Retirement	4
1.15 Normal Retirement Date	4
1.16 ORP Accrued Retirement Benefit	4
1.17 ORP Agreement	4
1.18 Participating Company	4
1.19 Plan	5
1.20 Plan Administrator	5
1.21 Postponed Retirement	5
1.22 Retire	5
1.23 Retirement	5
1.24 Retirement Benefit	5
1.25 Service	5
1.26 Severance	5
1.27 Severance Benefit	5
1.28 Surviving Spouse	6
1.29 Termination for Cause	6
1.30 Termination of Employment	6
1.31 Total Disability	6
1.32 Vested Percentage	6
1.33 Year of Plan Participation	7
ARTICLE II ELIGIBILITY AND PARTICIPATION	8
2.1 Eligibility	8
2.2 Participation	8

ARTICLE III RETIREMENT BENEFIT	9
3.1 Retirement Benefit	9
3.2 Reemployment	10
ARTICLE IV DEATH BENEFIT	11
4.1 Amount of Death Benefit Before Payment Begins	11
4.2 Amount of Death Benefit After Annuity Payments Begin	11
4.3 Form of Benefit	11
4.4 Time of Payment	11
ARTICLE V SEVERANCE BENEFIT	12
5.1 Severance Benefit	12
5.2 Reemployment	12
ARTICLE VI CHANGE IN CONTROL BENEFIT	13
6.1 Change in Control	13
6.2 Enlargement of Benefits	15
ARTICLE VII CONDITIONS	16
7.1 Suicide	16
7.2 Noncompetition	16
7.3 Forfeiture for Cause	16
7.4 Special Provisions for “Specified Employees”	16
ARTICLE VIII ADMINISTRATION OF THE PLAN	17
8.1 Powers and Duties of the Plan Administrator	17
8.2 Agents	17
8.3 Reports to the Committee	17
8.4 Limitations on the Plan Administrator	17
8.5 Benefit Elections, Procedures and Calculations	18
8.6 Instructions for Payments	18
8.7 Claims for Benefits	18
8.8 Hold Harmless	19
8.9 Service of Process	20
ARTICLE IX DESIGNATION OF BENEFICIARIES	21
9.1 Beneficiary Designation	21
9.2 Failure to Designate Beneficiary	21

ARTICLE X WITHDRAWAL OF PARTICIPATING COMPANY	22
10.1 Withdrawal of Participating Company	22
10.2 Effect of Withdrawal	22
ARTICLE XI AMENDMENT OR TERMINATION OF THE PLAN	23
11.1 Right to Amend or Terminate Plan	23
11.2 Notice	24
ARTICLE XII GENERAL PROVISIONS AND LIMITATIONS	25
12.1 No Right to Continued Employment	25
12.2 Payment on Behalf of Payee	25
12.3 Nonalienation	25
12.4 Missing Payee	26
12.5 Required Information	26
12.6 No Trust or Funding Created	26
12.7 Binding Effect	26
12.8 Merger or Consolidation	27
12.9 Entire Plan	27
12.10 Withholding	27
12.11 Compliance with Section 409A of the Code	27
12.12 Construction	27
12.13 Applicable Law	27

**Coca-Cola Bottling Co. Consolidated
Officer Retention Plan**

(Amended and Restated Effective January 1, 2007)

PREAMBLE

This Plan is designed to enhance the earnings and growth of each Participating Company. The Plan rewards selected key Employees with retirement and survivor benefits. Such benefits are intended to supplement retirement and survivor benefits from other sources. By providing such supplemental benefits, the Plan enables the Participating Company to attract superior key Employees, to encourage them to make careers with the Participating Company, and to give them additional incentive to make the Participating Company more profitable.

The Plan became effective on January 1, 1991 and was amended and restated effective January 1, 1997, July 1, 1998, January 1, 2001 and January 1, 2005. By this Instrument, Coca-Cola Bottling Co. Consolidated is amending and restating the Plan effective January 1, 2007 to make desired changes. The Committee has reserved the right to amend the Plan from time to time in whole or in part, and the Committee has authorized the amendment and restatement of the Plan set forth below.

ARTICLE I

DEFINITIONS

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

1.1 Affiliate

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

1.2 Annuity Starting Date

The Annuity Starting Date has the following meanings:

- (a) For payments of a Retirement or Severance Benefit (unless otherwise required by Section 7.4), the first day of the third month following such Retirement or Severance;
- (b) For payments made on account of death, the first day of the third month following receipt by the Plan Administrator of satisfactory proof of death of the Participant; and
- (c) For payment of a Change in Control Benefit (unless otherwise required by Section 7.4 or otherwise elected by the Participant pursuant to Section 6.1(b)(2)), the first day of the third month following the Change in Control.

1.3 Authorized Leave of Absence

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

1.4 Beneficiary

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

1.5 Board

The Board of Directors of the Company.

1.6 Change in Control

Any of the following:

- (a) The acquisition or possession by any person, other than Harrison Family Interests (as defined in Paragraph (e)(1) of this Section), of beneficial ownership of shares of the Company's capital stock having the power to cast more than 50% of the votes in the election of the Board or to otherwise designate a majority of the members of the Board; or
- (b) At any time when Harrison Family Interests do not have beneficial ownership of shares of the Company's capital stock having the power to cast more than 50% of the votes in the election of the Board or to otherwise designate a majority of the members of the Board, the acquisition or possession by any person, other than Harrison Family Interests, of beneficial ownership of shares of the Company's capital stock having the power to cast both (i) more than 20% of the votes in the election of the Board and (ii) a greater percentage of the votes in the election of the Board than the shares beneficially owned by Harrison Family Interests are then entitled to cast; or
- (c) The sale or other disposition of all or substantially all of the business and assets of the Company and its subsidiaries (on a consolidated basis) outside the ordinary course of business in a single transaction or series of related transactions, other than any such sale or disposition to a person controlled, directly or indirectly, by the Company or to a person controlled, directly or indirectly, by Harrison Family Interests that succeeds to the rights and obligations of the Company with respect to the Plan; or
- (d) Any merger or consolidation of the Company with another entity in which the Company is not the surviving entity and in which either (i) the surviving entity does not succeed to the rights and obligations of the Company with respect to the Plan or (ii) after giving effect to the merger, a "Change in Control" under Subsection (a) or (b) of this Section would have occurred as defined therein were the surviving entity deemed to be the Company for purposes of Subsections (a) and (b) of this Section (with appropriate adjustments in the references therein to "capital stock" and "the Board" to properly reflect the voting securities and governing body of the surviving entity if it is not a corporation).
- (e) For purposes of this Section:
 - (1) "Harrison Family Interests" means and includes, collectively, the lineal descendants of J. Frank Harrison, Jr. (whether by blood or adoption), any decedent's estate of any of the foregoing, any trust primarily for the benefit of any one or more of the foregoing, any person controlled,

directly or indirectly, by any one or more of the foregoing, and any person in which any one or more of the foregoing have a majority of the equity interests;

- (2) “person” includes an entity as well as an individual, and also includes, for purposes of determining beneficial ownership, any group of persons acting in concert to acquire or possess such beneficial ownership;
 - (3) “beneficial ownership” has the meaning ascribed to such term in Rule 13d-3 of the Securities Exchange Act of 1934;
 - (4) “control” of a person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person; and
 - (5) “subsidiary” of the Company means any person as to which the Company, or another subsidiary of the Company, owns more than 50% of the equity interest or has the power to elect or otherwise designate a majority of the members of its board of directors or similar governing body.
- (f) Notwithstanding any other provision of this Section, the revocable appointment of a proxy to vote shares of the Company’s capital stock at a particular meeting of shareholders shall not of itself be deemed to confer upon the holder of such proxy the beneficial ownership of such shares. If any person other than Harrison Family Interests would (but for this sentence) share beneficial ownership of any shares of the Company’s capital stock with any Harrison Family Interests, then such person shall be deemed the beneficial owner of such shares for purposes of this definition only if and to the extent such person has the power to vote or direct the voting of such shares otherwise than as directed by Harrison Family Interests and otherwise than for the benefit of Harrison Family Interests.

1.7 Change in Control Benefit

The benefit paid to a Participant or, in the event of the Participant’s death, to the Participant’s Beneficiary, in accordance with Section 6.1.

1.8 Code

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

1.9 Committee

The Compensation Committee of the Board.

1.10 Company

Coca-Cola Bottling Co. Consolidated, a Delaware corporation, and where appropriate any subsidiary thereof, or any entity which succeeds to its rights and obligations with respect to the Plan; provided, however, that for purposes of Section 1.6, "Company" shall mean only Coca-Cola Bottling Co. Consolidated, a Delaware corporation, and any entity which succeeds to its rights and obligations with respect to the Plan.

1.11 Disability Retirement

A Termination of Employment on account of Total Disability which occurs prior to a Participant's Normal Retirement Date.

1.12 Employee

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

1.13 ERISA

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

1.14 Normal Retirement

Participant's Termination of Employment, other than on account of death, on the last day of the month coinciding with or during which the Participant attains age 60.

1.15 Normal Retirement Date

The last day of the month coinciding with or during which the Participant attains age 60.

1.16 ORP Accrued Retirement Benefit

A Participant's ORP Accrued Retirement Benefit shall be as stated in the schedule attached to the Participant's ORP Agreement. An example of such a schedule is attached hereto as Exhibit B. The Participant's ORP Accrued Retirement Benefit shall increase with each Year of Plan Participation the Participant completes.

1.17 ORP Agreement

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

1.18 Participating Company

Subject to the provisions of Article X, "Participating Company" means the Company and any Affiliate which adopts the Plan for the benefit of its selected key Employees. Each Participating Company shall be deemed to appoint the Committee its exclusive agent to

exercise on its behalf all of the power and authority conferred by the Plan upon the Company and accept the delegation to the Plan Administrator of all the power and authority conferred upon the Plan Administrator by the Plan. The authority of the Company to act as such agent shall continue until the Plan is terminated as to the Participating Company. The term "Participating Company" shall be construed as if the Plan were solely the Plan of such Participating Company, unless the context plainly requires otherwise.

1.19 Plan

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

1.20 Plan Administrator

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

1.21 Postponed Retirement

A Participant's Termination of Employment, other than on account of death, after the date on which the Participant's Normal Retirement would occur.

1.22 Retire

The act of taking Retirement.

1.23 Retirement

A Participant's Normal Retirement, Postponed Retirement or Disability Retirement.

1.24 Retirement Benefit

The benefit paid to a Participant in accordance with the provisions of Article III.

1.25 Service

Employment with any Participating Company, including in the discretion of the Plan Administrator, any period during which severance payments are made.

1.26 Severance

Termination of Employment prior to a Participant's Normal Retirement Date other than on account of Total Disability or death.

1.27 Severance Benefit

The benefit paid to a Participant in accordance with the provisions of Article V.

1.28 Surviving Spouse

The survivor of a deceased Participant to whom such deceased Participant was legally married (as determined by the Plan Administrator) immediately before the Participant's death.

1.29 Termination for Cause

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

1.30 Termination of Employment

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

- (a) The later of the date (i) as of which the Employee quits, is discharged, terminates employment in connection with incurring a Total Disability, Retirement or death, or (ii) at the discretion of the Plan Administrator, the Employee is no longer receiving severance payments; or
- (b) The first day of absence of an Employee who fails to return to employment at the expiration of an Authorized Leave of Absence.

1.31 Total Disability

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

1.32 Vested Percentage

The percentage in which the Participant is vested in benefits attributable to the Participant's ORP Accrued Retirement Benefit shall be 100% upon (i) Retirement, (ii) death while an Employee or while Totally Disabled but prior to reaching Disability Retirement, or (iii) a Change in Control while an Employee or while Totally Disabled but prior to reaching Disability Retirement. Unless otherwise provided in a Participant's

ORP Agreement, prior to the occurrence of any of the above events, the Participant's Vested Percentage in benefits attributable to the Participant's ORP Accrued Retirement Benefit shall be determined according to the following schedule:

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

1.33 Year of Plan Participation

A Participant shall be credited with a Year of Plan Participation for the calendar year in which the Participant's participation in the Plan begins if the Participant remains in Service through the end of such calendar year. With respect to each calendar year following the calendar year in which the Participant's participation begins, the Participant shall be credited with a Year of Plan Participation for each such calendar year during which the Participant is in Service for the entirety of such calendar year. Notwithstanding any other provision of this Section, a Participant who is an Employee shall be credited with a Year of Plan Participation for the year in which and at the time the Participant attains Normal Retirement.

ARTICLE II

ELIGIBILITY AND PARTICIPATION

2.1 Eligibility

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

2.2 Participation

An Employee who is eligible to become a Participant shall become a Participant upon the execution and delivery to the Plan Administrator of an ORP Agreement substantially in the form attached hereto as Exhibit A.

ARTICLE III

RETIREMENT BENEFIT

3.1 Retirement Benefit

- (a) **Eligibility for Retirement Benefit:** Upon a Participant's Normal Retirement, Postponed Retirement or Disability Retirement, the Participating Company shall pay the Participant a Retirement Benefit subject to the conditions and adjustments described in this Section.
- (b) **Election of Payment Form:**
 - (1) **Special Payment Election in 2005:** Each Participant who is an Employee during 2005 shall be given the opportunity during 2005 to make a payment election applicable to the Participant's ORP Accrued Retirement Benefit. The Participant may elect that the Participant's ORP Accrued Retirement Benefit be paid in equal monthly installments over 10, 15 or 20 years. If a Participant described in this Paragraph fails to make a payment election described in this Paragraph, the Participant's ORP Accrued Retirement Benefit shall be paid in equal monthly installments over 20 years. Any election made pursuant to this Paragraph shall be irrevocable on December 31, 2005.
 - (2) **Payment Election after 2005:** Each individual who first becomes a Participant after 2005 shall elect that the Participant's ORP Accrued Retirement Benefit be paid in equal monthly installments over 10, 15 or 20 years. Such election must be filed with the Plan Administrator within 30 days following the date of the Participant's ORP Agreement. If a Participant described in this Paragraph fails to make a payment election described in this Paragraph, the Participant's ORP Accrued Retirement Benefit shall be paid in equal monthly installments over 20 years. Any election made pursuant to this Paragraph shall be irrevocable 30 days following the date of the Participant's ORP Agreement.
- (c) **Amount and Commencement of Retirement Benefit:**
 - (1) The present value of the Retirement Benefit as of the Annuity Starting Date, determined by using a discount rate of 8% per annum using simple interest computed on a monthly basis, shall equal the ORP Accrued Retirement Benefit the Participant accrued as of the Participant's Retirement.
 - (2) Payment of a Participant's Retirement Benefit shall be made to the Participant beginning on the Annuity Starting Date described in Section 1.2(a) and continuing on the first day of each month thereafter until

expiration of the period certain. The present value of the monthly installments as of the Annuity Starting Date, determined by using a discount rate of 8% per annum using simple interest computed on a monthly basis, shall equal Participant's ORP Accrued Retirement Benefit accrued as of the date of the Participant's Retirement.

3.2 Reemployment

If a Retired Participant again becomes an Employee, such reemployment shall not affect in any way the Participant's Retirement Benefit; and unless the Plan Administrator otherwise decides, the Participant shall not accrue any additional benefit under the Plan on account of such reemployment.

ARTICLE IV

DEATH BENEFIT

4.1 Amount of Death Benefit Before Payment Begins

If a Participant dies before receiving any payment under the Plan, the death benefit shall equal the Vested Percentage of the Participant's ORP Accrued Retirement Benefit as of the Participant's death. Notwithstanding the preceding sentence:

- (a) No death benefit shall be paid if the Participant dies after a Termination for Cause; or
- (b) If a Participant entitled to a Change in Control Benefit under Section 6.1 dies before payment of the Participant's Change in Control Benefit has begun, the amount of the death benefit shall be determined in accordance with Section 6.1(b)(3).

4.2 Amount of Death Benefit After Annuity Payments Begin

If a Participant dies after monthly installments begin but before all payments have been made, the monthly installments remaining shall be paid to the Participant's Beneficiary in a single lump sum, the present value of which shall be determined by using a discount rate of 8% per annum using simple interest computed on a monthly basis applied to the remaining monthly installments.

4.3 Form of Benefit

Payment of all death benefits shall be made in a single lump sum.

4.4 Time of Payment

The payment of a death benefit under this Article shall be made on the Annuity Starting Date described in Section 1.2(b).

ARTICLE V

SEVERANCE BENEFIT

5.1 Severance Benefit

- (a) **Eligibility for Severance Benefit:** Upon a Participant's Severance, the Participating Company shall pay the Participant a Severance Benefit subject to the conditions and adjustments described in this Section.
- (b) **Election of Payment Form:** The Participant's Severance Benefit shall be paid in the form elected under Section 3.1(b).
- (c) **Amount and Commencement of Severance Benefit:**
 - (1) The present value of the Severance Benefit as of the Annuity Starting Date, determined by using a discount rate of 8% per annum using simple interest computed on a monthly basis, shall equal the Vested Percentage of the Participant's ORP Accrued Retirement Benefit as of the date of the Participant's Severance.
 - (2) Payment of the Participant's Severance Benefit shall be made to the Participant beginning on the Annuity Starting Date described in Section 1.2(a) and continuing on the first day of each month thereafter until the expiration of the period certain. The present value of the monthly installments as of the Annuity Starting Date, determined by using a discount rate of 8% per annum using simple interest computed on a monthly basis, shall equal the Vested Percentage of the Participant's ORP Accrued Retirement Benefit accrued as of the Participant's date of Severance.

5.2 Reemployment

Except as otherwise provided in this Section, if a Participant who has had a Severance again becomes an Employee, such reemployment shall not affect in any way the Participant's Severance Benefit; and unless the Plan Administrator decides otherwise, the Participant shall not accrue any additional benefit under the Plan on account of such reemployment.

ARTICLE VI

CHANGE IN CONTROL BENEFIT

6.1 Change in Control

- (a) **Eligibility for Change in Control Benefit:** Upon a Change in Control, the Participating Company shall pay to each Participant who is an Employee on the date of the Change in Control a Change in Control Benefit in lieu of any other benefits to which the Participant may be entitled under the Plan. The Change in Control Benefit shall be subject to the conditions and adjustments described in Subsection (b) of this Section.
- (b) **Amount, Form and Commencement of Change in Control Benefit:**
- (1) The present value of the Change in Control Benefit as of the Annuity Starting Date, determined by using a discount rate of 8% per annum using simple interest computed on a monthly basis, shall equal the Participant's CIC Amount. The "CIC Amount" means the ORP Accrued Retirement Benefit that the Participant would have accrued as of the Participant's Normal Retirement Date had the Participant's Years of Plan Participation continued unbroken through the Participant's Normal Retirement Date. (Solely for illustration purposes, the CIC Amount of a Participant whose ORP Accrued Retirement Benefit schedule attached to the Participant's ORP Agreement was Exhibit B hereto would be \$500,000, irrespective of the plan year or the Participant's age during which the Change in Control occurred.)
 - (2) The Participant (i) may make an election to have the Participant's Change in Control Benefit paid in a single lump sum or in equal monthly installments over 10, 15 or 20 years, and (ii) may make an election to have payment of the Participant's Change in Control Benefit commence at a time later than the Annuity Starting Date described in Section 1.2(c). Such elections must be made in accordance with the provisions of Section 3.1(b); provided, however, that if a Participant fails to make a payment election for the Participant's Change in Control Benefit, the Participant's Change in Control Benefit shall be paid in a single lump sum as of the Annuity Starting Date described in Section 1.2(c).
 - (3) If a Participant elects payment of the Participant's Change in Control Benefit in monthly installments for a period certain, then payment shall be made to the Participant beginning on the Annuity Starting Date and continuing on the first day of each month thereafter until expiration of the period certain. The present value of the monthly installments as of the Annuity Starting Date, determined by using a discount rate of 8% per annum using simple interest computed on a monthly basis, shall equal the Participant's CIC Amount.

- (4) If a Participant elects to have payment of the Participant's Change in Control Benefit commence at a time later than the Annuity Starting Date, then payment shall be made to the Participant beginning on the date elected and, if in monthly installments, continuing on the first day of each month thereafter until the expiration of the period certain. If payment is in a single lump sum, the amount of the lump sum shall equal the Participant's CIC Amount, increased at the rate of 8% per annum using simple interest computed on a monthly basis for the period from the Annuity Starting Date to the date of payment of the single lump sum; provided, however, that no increase shall apply after the Participant's Normal Retirement Date. If payment is made in monthly installments, the present value of the monthly installments as of the date payment commences, determined by using a discount rate of 8% per annum simple interest (not compounded), shall equal the Participant's CIC Amount, increased at the rate of 8% per annum using simple interest computed on a monthly basis for the period from the Annuity Starting Date to the date payment of the monthly installments commence; provided, however, that no increase shall apply after the Participant's Normal Retirement Date.
- (5) If a Participant entitled to a Change in Control Benefit dies before payment of the Participant's Change in Control Benefit has begun or been completed, then full payment of the Change in Control Benefit, as determined under this Section, shall still be made, and the payment(s) remaining to be paid shall be paid instead to the Participant's Beneficiary in a lump sum on the Annuity Starting Date described in Section 1.2(b). If payment of the Change in Control Benefit had not begun before the Participant's death, the amount of the lump sum shall be the Participant's CIC Amount, increased, if the Participant had elected a benefit commencement date later than the Annuity Starting Date provided in Section 1.2(c), at the rate of 8% per annum using simple interest computed on a monthly basis for the period from said Annuity Starting Date to the Annuity Starting Date described in Section 1.2(b); provided, however, that no such increase shall apply after the Participant's Normal Retirement Date. If payment of the Change in Control Benefit had begun before the Participant's death, the amount of the lump sum shall be the present value of the remaining monthly installments as determined in Section 4.2.
- (c) **Benefits of Other Participants:** If, as of the date of a Change in Control, a Participant is not entitled to a Change in Control Benefit under the preceding provisions of this Section but is entitled to one or more future payments under Article III or Article V, such benefits shall be paid when, as and in the amount(s) provided in Article III or V, and Article IV if he dies before all benefit payments have been made. If, as of the date of a Change in Control, any death benefit remains to be paid with respect to a deceased Participant, such death benefit shall be paid when, as and in the amount provided in Article IV.

6.2 Enlargement of Benefits

Notwithstanding any provision in the Plan to the contrary, the Committee shall have the right prior to (but not after) a Change in Control to unilaterally increase the amount of any benefit for any Participant or Beneficiary.

ARTICLE VII

CONDITIONS

7.1 Suicide

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

7.2 Noncompetition

In the event a Participant, during the period of the Participant's employment and for 3 years following the Termination of Employment for any Cause or without Cause, (i) directly or indirectly, engages in the same or similar line of business carried on by any Participating Company in any territory in which any Participating Company is doing business during the period of one year preceding the Participant's Termination of Employment, (ii) directly or indirectly, either for the Participant's own account or for the account of any other person or entity, hires, solicits or attempts to persuade any employee, agent or consultant of any Participating Company to terminate or alter such person's relationship with any Participating Company to any Participating Company's detriment, or (iii) persuades, encourages or causes, directly or indirectly, any supplier or customer of any Participating Company, including but not limited to any supplier or customer with whom the Participant had or has material contacts in the course of the Participant's employment with any Participating Company, to terminate such person's relationship with any Participating Company or divert any business from any Participating Company, then the Participant shall forfeit any benefit to which the Participant may be entitled hereunder and within 30 days of a written request of the Company shall reimburse the Company for any benefit paid to Participant hereunder. This Section shall not apply to any actions which occur after both a Participant's Termination of Employment and a Change in Control.

7.3 Forfeiture for Cause

Notwithstanding any provision in the Plan to the contrary, a Participant shall forfeit all rights to any benefits under the Plan if the Participant is Terminated for Cause by any Participating Company.

7.4 Special Provisions for "Specified Employees"

Notwithstanding any other provision of the Plan to the contrary, to the extent applicable, in no event shall a Retirement Benefit or Severance Benefit be made to a "specified employee" within the meaning of Section 409A of the Code earlier than 6 months after the date of the Participant's Termination of Employment, except in connection with the Participant's death.

ARTICLE VIII

ADMINISTRATION OF THE PLAN

8.1 Powers and Duties of the Plan Administrator

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

8.2 Agents

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

8.3 Reports to the Committee

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

8.4 Limitations on the Plan Administrator

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

8.5 Benefit Elections, Procedures and Calculations

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

8.6 Instructions for Payments

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

8.7 Claims for Benefits

- (a) **General:** In the event a claimant has a claim under the Plan, such claim shall be made by the claimant's filing a notice thereof with the Plan Administrator. (A claimant may authorize a representative to act on the claimant's behalf with respect to the claim.) Each such claim shall be referred to the Plan Administrator for the initial decision with respect thereto. Each claimant who has submitted a claim to the Plan Administrator shall be afforded a reasonable opportunity to state such claimant's position and to submit written comments, documents, records, and other information relating to the claim to the Plan Administrator for Plan Administrator's consideration in rendering Plan Administrator's decision with respect thereto. A claimant shall also be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim.
- (b) **Plan Administrator's Decision:** The Plan Administrator will consider the claim and make a decision and notify the claimant in writing within a reasonable period of time but not later than 90 days after the Plan Administrator receives the claim. Under special circumstances, the Plan Administrator may take up to an additional 90 days to review the claim if the Plan Administrator determines that such an extension is necessary due to matters beyond the Plan Administrator's control. If this happens, the claimant will be notified before the end of the initial 90-day period of the circumstances requiring the extension and the date by which the Plan Administrator expects to render a decision. If any part of the claim is denied, the notice will include specific reasons for the denial and specific references to the pertinent Plan provisions on which the denial is based, describe any additional material or information necessary to file the claim properly and explain why this material or information is necessary, and describe the Plan's review procedures, including the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefits determination on review.

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

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

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

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

8.8 Hold Harmless

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

Company) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith or such indemnification is contrary to law.

8.9 Service of Process

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

ARTICLE IX

DESIGNATION OF BENEFICIARIES

9.1 Beneficiary Designation

Every Participant shall file with the Plan Administrator a written designation of one or more persons as the Beneficiary who shall be entitled to receive the benefits, if any, payable under the Plan after the Participant's death. A Participant may from time to time revoke or change such Beneficiary designation by filing a new designation with the Plan Administrator. The last such designation received by the Plan Administrator shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Plan Administrator prior to the Participant's death, and in no event shall it be effective as of any date prior to such receipt. All decisions of the Committee concerning the effectiveness of any Beneficiary designation and the identity of any Beneficiary shall be final. If a Beneficiary dies after the death of the Participant and prior to receiving the payment(s) that would have been made to such Beneficiary had such Beneficiary's death not occurred, and if no contingent Beneficiary has been designated, then for the purposes of the Plan any remaining payments that would have been received by such Beneficiary shall be made to the Beneficiary's estate.

9.2 Failure to Designate Beneficiary

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

ARTICLE X

WITHDRAWAL OF PARTICIPATING COMPANY

10.1 Withdrawal of Participating Company

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

10.2 Effect of Withdrawal

A Participating Company's withdrawal from the Plan shall not in any way modify, reduce or otherwise affect benefits accrued as of the date of withdrawal. With respect to former Employees, "accrued benefits" are benefits to which the former Employees are entitled under the provisions of the Plan as the provisions existed immediately before the withdrawal. With respect to Employees, "accrued benefits" are the benefits to which the Employees would be entitled under the provisions of the Plan as the provisions existed immediately before the withdrawal if their employment had terminated (other than on account of death or Total Disability) on the day before the withdrawal. Withdrawal from the Plan by any Participating Company shall not in any way affect any other Participating Company's participation in the Plan.

AMENDMENT OR TERMINATION OF THE PLAN

11.1 Right to Amend or Terminate Plan

- (a) **By the Board or the Committee:** Subject to Subsection (c) of this Section, the Board or the Committee reserves the right at any time to amend or terminate the Plan, in whole or in part, and for any reason and without the consent of any Participating Company, Participant, or Beneficiary. Each Participating Company by its participation in the Plan shall be deemed to have delegated this authority to the Committee.
- (b) **By the Plan Administrator:** Subject to Subsection (c) of this Section, the Plan Administrator may adopt any ministerial and nonsubstantive amendment which may be necessary or appropriate to facilitate the administration, management and interpretation of the Plan, provided the amendment does not materially affect the estimated cost to the Participating Companies of maintaining the Plan. Each Participating Company by its participation in the Plan shall be deemed to have delegated this authority to the Plan Administrator.
- (c) **Limitations:** In no event shall an amendment or termination of the Plan modify, reduce or otherwise affect benefits accrued as of the date of the amendment or termination. With respect to former Employees, “accrued benefits” are benefits to which the former Employees are entitled under the provisions of the Plan as the provisions existed immediately before the amendment or termination. With respect to Employees, “accrued benefits” are the benefits to which the Employees would be entitled under the provisions of the Plan as the provisions existed immediately before the amendment or termination if their employment had terminated without Cause (other than on account of death or Total Disability) on the day before the amendment or termination. Notwithstanding the preceding provisions of this Subsection, from and after the date of a Change in Control no amendment or termination may be made to the Plan that, without the express written consent of the affected Participant or Beneficiary (as the case may be), directly or indirectly changes the amount, time or method of payment of (i) any Change in Control Benefit resulting from the Change in Control or (ii) any Retirement Benefit, Severance Benefit, death benefit or other benefit that had accrued by the date of the Change in Control.
- (d) **Effect of Amendment and Restatement:** This amendment and restatement of the Plan shall not affect the time, amount or method of payment of Plan benefits paid on or after the Effective Date to any Participant whose employment with the Company terminated on or before the Effective Date, and such Participant’s benefits (including any death benefits) shall be determined under the provisions of the Plan as in effect immediately prior to the Effective Date; provided, however, upon a Change in Control, the provisions of Section 6.1(c) and Subsection (c) of this Section shall apply to any remaining benefits of such Participant.

11.2 Notice

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

ARTICLE XII

GENERAL PROVISIONS AND LIMITATIONS

12.1 No Right to Continued Employment

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

12.2 Payment on Behalf of Payee

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

12.3 Nonalienation

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

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

12.4 Missing Payee

If the Plan Administrator cannot ascertain the whereabouts of any person to whom a payment is due under the Plan, and if, after five years from the date such payment is due, a notice of such payment due is mailed to the last known address of such person, as shown on the records of the Plan Administrator or any Participating Company, and within three months after such mailing such person has not made written claim therefore, the Plan Administrator if the Plan Administrator so elects, after receiving advice from counsel to the Plan, may direct that such payment and all remaining payments otherwise due to such person be canceled on the records of the Plan and the amount thereof forfeited; and upon such cancellation, the Participating Company shall have no further liability therefore, except that, in the event such person later notifies the Plan Administrator of such person's whereabouts and requests the payment or payments due to such person under the Plan, the amounts otherwise due but unpaid shall be paid to such person without interest for late payment.

12.5 Required Information

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

12.6 No Trust or Funding Created

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

12.7 Binding Effect

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

12.8 Merger or Consolidation

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

12.9 Entire Plan

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

12.10 Withholding

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

12.11 Compliance with Section 409A of the Code

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

12.12 Construction

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

12.13 Applicable Law

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

IN WITNESS WHEREOF, the Company has caused this Plan to be executed this 28th day of February, 2007.

COCA-COLA BOTTLING CO. CONSOLIDATED

By: /s/ Henry W. Flint

Officer's Name: Henry W. Flint

Officer's Title: Executive Vice President

EXHIBIT A

ORP AGREEMENT

THIS ORP AGREEMENT is made this __ day of _____, 200_, by and between Coca-Cola Bottling Co. Consolidated (the "Company") and _____, an employee of the Participating Company (the "Participant").

W I T N E S S E T H :

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

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

WHEREAS, this Agreement is made to evidence the Participant's participation in the Plan and to set forth certain bases for determining the Participant's benefits under the Plan.

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

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

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

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

4. Benefits. The amount of the Participant's benefits, if any, shall be determined according to the Schedule attached hereto and made a part hereof.

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

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

7. Suicide. As provided in the Plan, the Company shall have no obligation to pay any benefits on behalf of the Participant if the Participant commits suicide within 30 months of date of this Agreement. If this Agreement replaces a prior ORP Agreement evidencing the Participant's participation in the Plan, this 30 month period shall be measured from the date of the prior ORP Agreement.

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

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

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

b. Participant: _____

10. Entire Agreement. This Agreement contains the entire agreement and understanding of the Company and the Participant with respect to the matters contained herein and supersedes and replaces all prior agreements and understandings, written or oral, with respect thereto. Not in limitation of the foregoing, if the Participant has participated in the Plan, this Agreement supercedes and replaces any prior ORP Agreement evidencing the Participant's participation in the Plan.

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

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

COCA-COLA BOTTLING CO. CONSOLIDATED

By: _____
Officer's Name: _____
Officer's Title: _____

Participant

SCHEDULE TO ORP AGREEMENT

Name of Participant

Plan Year

Age

**Benefit Earned
(subject to vesting)**

Exhibit A-3

EXHIBIT B

SCHEDULE TO ORP AGREEMENT

[Name of Participant]

-----Example-----

	<u>Plan Year</u>	<u>Age</u>	<u>Benefit Earned (subject to vesting)</u>
0	2000	44	\$
1	2001	45	\$ 31,250.00
2	2002	46	\$ 62,500.00
3	2003	47	\$ 93,750.00
4	2004	48	\$ 125,000.00
5	2005	49	\$ 156,250.00
6	2006	50	\$ 187,500.00
7	2007	51	\$ 218,750.00
8	2008	52	\$ 250,000.00
9	2009	53	\$ 281,250.00
10	2010	54	\$ 312,500.00
11	2011	55	\$ 343,750.00
12	2012	56	\$ 375,000.00
13	2013	57	\$ 406,250.00
14	2014	58	\$ 437,500.00
15	2015	59	\$ 468,750.00
16	2016	60	\$ 500,000.00

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

	First Quarter	
	2007	2006
Computation of Earnings		
Income before income taxes	\$ 7,650	\$ 1,374
Add:		
Minority interest	681	556
Interest expense	11,450	11,555
Amortization of debt premium/discount and expenses	768	665
Interest portion of rent expense	305	292
Earnings as adjusted	<u>\$20,854</u>	<u>\$ 14,442</u>
Computation of Fixed Charges:		
Interest expense	\$11,450	\$ 11,555
Capitalized interest	273	63
Amortization of debt premium/discount and expenses	768	665
Interest portion of rent expense	305	292
Fixed charges	<u>\$12,796</u>	<u>\$ 12,575</u>
Ratio of Earnings to Fixed Charges	<u>1.63</u>	<u>1.15</u>

MANAGEMENT CERTIFICATION

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

1. I have reviewed this quarterly report on Form 10-Q of Coca-Cola Bottling Co. Consolidated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2007

/s/ J. Frank Harrison, III

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

MANAGEMENT CERTIFICATION

I, Steven D. Westphal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coca-Cola Bottling Co. Consolidated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2007

/s/ Steven D. Westphal

Steven D. Westphal
Senior Vice President and Chief Financial Officer

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

In connection with the Quarterly Report of Coca-Cola Bottling Co. Consolidated (the "Company") on Form 10-Q for the period ending April 1, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and Steven D. Westphal, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. Frank Harrison, III

J. Frank Harrison, III
Chairman of the Board of Directors and
Chief Executive Officer
May 11, 2007

/s/ Steven D. Westphal

Steven D. Westphal
Senior Vice President and
Chief Financial Officer
May 11, 2007