UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended January 3, 1999
Commission file number 0-9286

COCA-COLA BOTTLING CO. CONSOLIDATED

(Exact name of Registrant as specified in its charter)

DELAWARE	56-0950585
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1900 REXFORD ROAD, CHARLOTTE, NORTH CAROLINA 28211
(Address of principal executive offices) (Zip Code)

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

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

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

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

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

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

	MARKET VALUE AS OF MARCH 11, 1999
Common Stock, $l par value	$222,731,080
Class B Common Stock, $l par value	*

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

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

CLASS	OUTSTANDING AS OF MARCH 11, 1999
Common Stock, $1 Par Value	6,023,739
Class B Common Stock, $1 Par Value	2,341,108

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Proxy Statement to be filed pursuant to Section 14 of the Exchange Act with respect to the 1999 Annual Meeting of Shareholders.......................................Part III, Items 10-13

PART I

ITEM 1 - BUSINESS

Introduction and Recent Developments

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

The Company has grown significantly since 1984. In 1984, net sales were approximately $130 million. In 1998, net sales were approximately $929 million. The Company's bottling territory was concentrated in North Carolina prior to 1984. A series of acquisitions since 1984 have significantly expanded the Company's bottling territory. The most significant transactions were as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition, effective November 23, 1998, The Coca-Cola Company exchanged 228,512 shares of the Company's Common Stock which it held for 228,512 shares of the Company's Class B Common Stock, pursuant to an agreement to maintain The Coca-Cola Company's voting and equity interest within a prescribed range.

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

General

In its soft drink operations, the Company holds Bottle Contracts and Allied Bottle Contracts under which it produces and markets, in certain regions, carbonated soft drink products of The Coca-Cola Company, including Coca-Cola classic, caffeine free Coca-Cola classic, diet Coke, caffeine free diet Coke, Cherry Coke, TAB, Sprite, diet Sprite, Surge, Citra, Mello Yello, diet Mello Yello, Mr. PiBB, Barq's Root Beer, diet Barq's Root Beer, Fresca, Minute Maid orange and diet Minute Maid orange sodas. The Company also distributes and markets under Marketing and Distribution Agreements, POWERaDE, Cool from Nestea, Fruitopia and Minute Maid Juices To Go in certain of its markets. Beginning in April 1999, the Company plans to begin distributing Dasani bottled water, another product from The Coca-Cola Company. The Company produces and markets Dr Pepper in most of its regions. Various other products, including Seagrams' products and Sundrop, are produced and marketed in one or more of the Company's regions under agreements with the companies that manufacture the concentrate for those beverages. In addition, the Company also produces soft drinks for other Coca-Cola bottlers.

The Company's principal soft drink is Coca-Cola classic. During the last three fiscal years, sales of products under the trademark Coca-Cola have accounted for more than half of the Company's soft drink sales. In total, the products of The Coca-Cola Company accounted for approximately 89% of the Company's soft drink sales during fiscal year 1998.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Coca-Cola Company purchased all rights of Barq's, Inc. under its Bottler's Agreements with the Company. These contracts cover both Barq's Root Beer and diet Barq's Root Beer and remain in effect unless terminated by The Coca-Cola Company for breach by the Company of their terms, insolvency of the Company or the failure of the Company to manufacture, bottle and sell the products for 15 consecutive days or to purchase extract for a period of 120 consecutive days.

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

OTHER BOTTLING AGREEMENTS. The bottling agreements from most other soft drink franchisers are similar to those described above in that they are renewable at the option of the Company and the franchisers. The price the franchisers may charge for syrup or concentrate is set by the franchisers from time to time. They also contain similar restrictions on the use of trademarks, approved bottles, cans and labels and sale of imitations or substitutes as well as termination for cause provisions. Sales of beverages by the Company under these agreements represented approximately 11% of the Company's sales for fiscal year 1998.

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

Markets and Production and Distribution Facilities

As of March 11, 1999, the Company held bottling rights from The Coca-Cola Company covering the majority of central, northern and western North Carolina, and portions of Alabama, Mississippi, Tennessee, Kentucky, Virginia, West Virginia, Ohio, Pennsylvania, Georgia and Florida. The total population within the Company's bottling territory is approximately 12.4 million.

As of March 11, 1999, the Company operated in six principal geographical regions. Certain information regarding each of these markets follows:

1. <u>North Carolina</u>. This region includes the majority of central and western North Carolina, including Raleigh, Greensboro, Winston-Salem, High Point, Hickory, Asheville, Fayetteville and Charlotte and the surrounding areas. The region has an estimated population of 5.4 million. Production/distribution facilities are located in Charlotte and 15 other distribution facilities are located in the region.

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

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

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

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

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

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

The Company sold the majority of its South Carolina bottling territory to Piedmont in July 1993. Pursuant to a management agreement, the Company produces a portion of the soft drink products for Piedmont. The Company currently owns a 50% interest in Piedmont. Piedmont's bottling territory covers parts of eastern North Carolina and most of South Carolina. This region has an estimated population of 4.2 million.

On June 1, 1994, the Company executed a management agreement with South Atlantic Canners, Inc. ("SAC"), a manufacturing cooperative located in Bishopville, South Carolina. The Company is a member of the cooperative and receives a fee for managing the day-to-day operations of SAC pursuant to a 10-year management agreement. Management fees from SAC were $1.2 million, $1.2 million and $1.4 million in 1998, 1997 and 1996, respectively. SAC has significantly expanded its operations by adding two PET bottling lines. The bottling lines supply a portion of the Company's and Piedmont's volume requirements for finished products in PET containers. The Company executed member purchase agreements with SAC that require minimum annual purchases of canned product, 20 ounce PET product, 2 liter PET product and 3 liter PET product by the Company of approximately $40 million.

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

Raw Materials

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

The Company has supply agreements with its aluminum can suppliers which require the Company to purchase the majority of its aluminum can requirements. These agreements, which extend through the end of 2000 and 2001, also reduce the variability of the cost of cans.

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

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

Marketing

The Company's soft drink products are sold and distributed directly by its employees to retail stores and other outlets, including food markets, institutional accounts and vending machine outlets. During 1998, approximately 76% of the Company's physical case volume was in the take-home channel through supermarkets, convenience stores, drug stores and other retail outlets. The remaining volume was in the cold drink channel, primarily through dispensing machines, owned either by the Company, retail outlets or third party vending companies.

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

After several new package introductions in recent years, the Company now sells its soft drink products primarily in non-refillable bottles, both glass and plastic, and in cans, in varying proportions from market to market. There may be as many as eleven different packages for Coca-Cola classic within a single geographical area. Physical unit sales of soft drinks during fiscal year 1998 were approximately 51% cans, 47% non-refillable bottles and 2% pre-mix.

Advertising in various media, primarily television and radio, is relied upon extensively in the marketing of the Company's soft drinks. The Coca-Cola Company and Dr Pepper Company each have joined the Company in making substantial expenditures in cooperative advertising in the Company's marketing areas.

ITEM 1 - BUSINESS (CONT.)

The Company also benefits from national advertising programs conducted by The Coca-Cola Company and Dr Pepper Company, respectively. In addition, the Company expends substantial funds on its own behalf for extensive local sales promotions of the Company's soft drink products. These expenses are partially offset by marketing funds which the franchisers provide to the Company in support of a variety of marketing programs, such as price promotions, merchandising programs and point-of-sale displays.

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

Seasonality

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

Competition

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

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

Government Regulation

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

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

From time to time, legislation has been proposed in Congress and by certain state and local governments which would prohibit the sale of soft drink products in non-refillable bottles and cans or require a mandatory deposit as a means of encouraging the return of such containers in an attempt to reduce solid waste and litter. The Company is currently not impacted by this type of proposed legislation.

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

Environmental Remediation

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

Employees

As of March 11, 1999, the Company had a total of approximately 6,000 full-time employees, of whom approximately 500 were union members. The total number of employees is approximately 7,000. Management of the Company believes that the Company's relations with its employees are generally good.

ITEM 2 - PROPERTIES

The principal properties of the Company include its corporate headquarters, its four production/distribution facilities and its 52 distribution centers, all of which are owned by the Company except for its corporate headquarters offices, two production/distribution facilities and nine distribution centers.

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

On June 1, 1993, the Company entered into a lease agreement with Beacon Investment Corporation related to the Company's headquarters office building. Beacon Investment Corporation's sole shareholder is J. Frank Harrison, III. On January 5, 1999, the Company entered into a new 10-year lease agreement with Beacon Investment Corporation which includes the Company's headquarters office building and an adjacent office facility. The annual base rent the Company is obligated to pay under this lease in 1999 is $2.8 million and is subject to adjustment for increases in the Consumer Price Index and for increases or decreases in interest rates, using the Adjusted Eurodollar Rate as the measurement device.

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

The Company owns and operates two soft drink production/distribution facilities apart from the leased production/distribution facilities described above. The current percentage utilization of the Company's production centers as of March 11, 1999 is approximately as indicated below:

ITEM 2 - PROPERTIES (CONT.)

Production Facilities

Location	Percentage Utilization*
Charlotte, North Carolina	62%
Mobile, Alabama	48%
Nashville, Tennessee	52%
Roanoke, Virginia	50%

*Estimated 1999 production divided by capacity (based on operations of 6 days per week and 24 hours per day).

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

Bottled and canned soft drinks are transported to distribution centers for storage pending sale. The number of distribution centers by market area as of March 11, 1999 is as follows:

Distribution Centers

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

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

The Company also operates approximately 3,000 vehicles in the sale and distribution of its soft drink products, of which approximately 1,500 are route delivery trucks. In addition, the Company owns or leases approximately 156,000 soft drink dispensing and vending machines for the sale of its soft drink products in its bottling territories.

ITEM 3 - LEGAL PROCEEDINGS

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

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year ended January 3, 1999.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

The following is a list of names and ages of all the executive officers of the Registrant as of March 11, 1999, indicating all positions and offices with the Registrant held by each such person. All officers have served in their present capacities for the past five years except as otherwise stated.

J. FRANK HARRISON, III, age 44, is Chairman of the Board of Directors and Chief Executive Officer of the Company. Mr. Harrison was appointed Chairman of the Board of Directors in December 1996. Mr. Harrison served in the capacity of Vice Chairman from November 1987 through December 1996 and was appointed as the Company's Chief Executive Officer in May 1994. He was first employed by the Company in 1977, and has served as a Division Sales Manager and as a Vice President of the Company. Mr. Harrison, III is a Director of Wachovia Bank & Trust Co., N.A., Southern Region Board. He is Vice Chairman of the Executive Committee, Vice Chairman of the Finance Committee and a member of the Audit Committee.

REID M. HENSON, age 59, has served as a Vice Chairman of the Board of Directors of the Company since 1983. Prior to that time, Mr. Henson served as a consultant for JTL Corporation, a management company, and later as President of JTL Corporation. He has been a Director of the Company since 1979, is Chairman of the Audit Committee, Vice Chairman of the Retirement Benefits Committee and a member of the Executive Committee and the Finance Committee.

JAMES L. MOORE, JR., age 56, is President and Chief Operating Officer of the Company. Prior to his election as President in March 1987, he served as President and Chief Executive Officer of Atlantic Soft Drink Co., a soft drink bottling subsidiary of Grand Metropolitan USA. Mr. Moore has been a Director of the Company since March 1987. He is a member of the Executive Committee and is Chairman of the Retirement Benefits Committee.

ROBERT D. PETTUS, JR., age 54, is Executive Vice President and Assistant to the Chairman, a position to which he was appointed in January 1997. Mr. Pettus was previously Vice President, Human Resources, a position he held since September 1984. Prior to joining the Company, he was Director, Employee Relations for the Texize Division of Morton-Thiokol for seven years.

DAVID V. SINGER, age 43, is Vice President and Chief Financial Officer. In addition to his Finance duties, Mr. Singer has overall responsibility for the Company's Purchasing/Materials Management function as well as the Manufacturing function. He served as Vice President, Chief Financial Officer and Treasurer from October 1987 through May 1992; prior to that he was Vice President and Treasurer. Prior to joining the Company in March 1986, Mr. Singer was a Vice President of Corporate Banking for Mellon Bank, N.A.

EXECUTIVE OFFICERS OF THE REGISTRANT (CONT.)

M. CRAIG AKINS, age 48, is Regional Vice President, Sales, a position he has held since June 1996. He was previously Vice President, Cold Drink Market, a position he was appointed to in October 1993. He was Vice President, Division Manager of the Tennessee Division from 1989-1993. From 1987 through 1988, he was General Manager of the Nashville, TN sales center. From 1985 through 1986, he was Trade Development Director of the Tennessee Division. Prior to joining the Company in 1985, he was a Regional Trade Development Manager for Coca-Cola USA.

JONATHON W. ALBRIGHT, age 31, is Vice President and Treasurer, a position he has held since August 1998. Prior to joining the Company in 1998, he served as Manager of Financial Analysis at Integon Corporation, Manager of Business Analysis at Avery-Dennison Corporation's Soabar Products Group and Senior Financial Analyst at American Express Company.

WILLIAM B. ELMORE, age 43, is Vice President, Business Systems, a position he has held since May 1998. Previously, he was Vice President and Treasurer from July 1996 to April 1998. He was Vice President, Regional Manager for the Virginia Division, West Virginia Division and Tennessee Division, from November 1991 to June 1996. Mr. Elmore served as Vice President, Division Manager of the West Virginia Division from 1989-1991. He was Senior Director, Corporate Marketing from 1988-1989. Preceding that, he held various positions in sales and marketing in the Charlotte Division from 1985-1988. Before joining the Company in 1985, he was employed by Coca-Cola USA for seven years where he held several positions in their field sales organization.

NORMAN C. GEORGE, age 43, is Vice President, Corporate Sales, a position he has held since August 1998. Previously, he was Vice President, Sales for the Carolinas South Region, a position he held beginning in November 1991. He served as Vice President, Division Manager of the Southern Division from 1988-1991. He served as Vice President, Division Manager of the Alabama Division from 1986-1988. From 1982-1986, he served as Director of Sales and Operations in the Northern Division. Prior to joining the Company in 1982, he was Sales Manager of the Dallas-Fort Worth Dr Pepper Bottling Company in Irving, Texas.

UMESH M. KASBEKAR, age 41, is Vice President, Planning and Administration, a position he has held since December 1994. He was Vice President, Planning from December 1988 until December 1994. He was first employed by the Company in 1983 and held various other positions with the Company from 1983 to 1988.

R. PHILIP KENNY, age 53, is Vice President, Human Resources, a position he has held since June 1997. Prior to joining the Company in 1997, he was employed by BancOne Corporation, where he served as Director, Human Resources, Southwest Region from 1995 through 1997 and also served as Manager, Change Management and Employee Relations during the first half of 1997. From 1981 through 1995, Mr. Kenny served as Director of Human Resources for BancOne, Texas, N.A.

C. RAY MAYHALL, JR., age 51, is Regional Vice President, Sales, a position he has held since November 1991. He served as Vice President, Division Manager of the Northern Division from 1989-1991. Before joining the Company in 1989, he was Vice President, Sales and Marketing of Florida Coca-Cola Bottling Company, a position he had held since 1987. Prior to 1987, he was Division Manager of the Central Florida Division of Florida Coca-Cola Bottling Company for six years.

JAMES B. STUART, age 56, joined the Company in October 1990 as Vice President, Marketing. From 1987 until joining the Company in 1990, Mr. Stuart formed his own marketing company, serving a number of clients inside and outside the soft drink industry. During this period, he worked almost exclusively with the International Business Sector of The Coca-Cola Company. He had been Senior Vice President, Sales and Marketing with JTL Corporation from 1980 until that company was acquired by The Coca-Cola Company in 1986.

STEVEN D. WESTPHAL, age 44, is Vice President and Controller of the Company, a position he has held since November 1987. Prior to joining the Company, he was Vice President-Finance for Joyce Beverages, an independent bottler, beginning in January 1985. Prior to working for Joyce Beverages, he was Director of Corporate Planning for Mid-Atlantic Coca-Cola Bottling Company, Inc. from December 1981 to December 1984.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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

	FISCAL YEAR			
	1998		1997	
	High	Low	High	Low
First quarter	$69.75	$56.00	$50.50	$43.00
Second quarter	68.75	57.00	48.50	38.75
Third quarter	75.75	58.50	57.00	46.25
Fourth quarter	62.25	57.00	66.88	56.25

The quarterly dividend rate of $.25 per share on both Common Stock and Class B Common Stock shares was maintained throughout 1996, 1997 and 1998.

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

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

The number of shareholders of record of the Common Stock and Class B Common Stock, as of March 11, 1999, was 2,817 and 13, respectively.

ITEM 6 - SELECTED FINANCIAL DATA

The following table sets forth certain selected financial data concerning the Company for the five years ended January 3, 1999. The data for the five years ended January 3, 1999 is unaudited but is derived from audited financial statements of the Company. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in Item 7 hereof and is qualified in its entirety by reference to the more detailed financial statements and notes contained in Item 8 hereof. This information should also be read in conjunction with the "Introduction and Recent Developments" section in Item 1 hereof which details the Company's significant acquisitions and divestitures since 1984.

SELECTED FINANCIAL DATA*

In Thousands (Except Per Share Data)

	Fiscal Year				
Summary of Operations	1998	1997	1996	1995	1994
Net sales	$928,502	$802,141	$773,763	$761,876	$723,896
Cost of sales	534,919	452,893	435,959	447,636	427,140
Selling expenses	207,244	183,125	177,734	158,831	149,992
General and administrative expenses	69,001	56,776	58,793	54,720	54,559
Depreciation expense	36,754	33,672	28,528	26,746	24,188
Amortization of goodwill and intangibles	13,294	12,332	12,238	12,230	12,309
Total costs and expenses	861,212	738,798	713,252	700,163	668,188
Income from operations	67,290	63,343	60,511	61,713	55,708
Interest expense	39,947	37,479	30,379	33,091	31,385
Other income (expense), net	(4,098)	(1,594)	(4,433)	(3,401)	63
Income before income taxes, extraordinary charge and effect of accounting change	23,245	24,270	25,699	25,221	24,386
Income taxes	8,367	9,004	9,535	9,685	10,239
Income before extraordinary charge and effect of accounting change	14,878	15,266	16,164	15,536	14,147
Extraordinary charge				(5,016)	
Effect of accounting change					(2,211)
Net income	14,878	15,266	16,164	10,520	11,936
Basic net income per share:					
Income before extraordinary charge and effect of accounting change	$ 1.78	$ 1.82	$ 1.74	$ 1.67	$ 1.52
Extraordinary charge				(.54)	
Effect of accounting change					(.24)
Net income	$ 1.78	$ 1.82	$ 1.74	$ 1.13	$ 1.28
Diluted net income per share:					
Income before extraordinary charge and effect of accounting change	$ 1.75	$ 1.79	$ 1.73	$ 1.67	$ 1.52
Extraordinary charge				(.54)	
Effect of accounting change					(.24)
Net income	$ 1.75	$ 1.79	$ 1.73	$ 1.13	$ 1.28
Cash dividends per share:					
Common	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Class B Common	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Other Information					
Weighted average number of common shares outstanding	8,365	8,407	9,280	9,294	9,294
Weighted average number of common shares outstanding -- assuming dilution	8,495	8,509	9,330	9,316	9,296
Year-End Financial Position					
Total assets	$825,228	$778,033	$702,396	$676,571	$664,159
Long-term debt	491,234	493,789	439,453	419,896	432,971
Shareholders' equity	15,786	9,273	22,269	38,972	33,981

* All years presented are 52-week years except 1998 which is a 53-week year. See Note 2 and Note 13 to the consolidated financial statements for additional information about Piedmont Coca-Cola Bottling Partnership. In 1994, the Company changed its method of accounting for postemployment benefits. In 1995, the Company recorded an extraordinary charge related to the repurchase at a premium of a portion of the Company's long-term debt.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The Company

Coca-Cola Bottling Co. Consolidated ("the Company") is engaged in the production, marketing and distribution of products of The Coca-Cola Company, which include the most recognized and popular brands in the world. The Company also distributes several other beverage brands. The Company's product offerings include carbonated soft drinks, teas, juices, isotonics and bottled water. Since 1984, the Company has expanded its bottling territory throughout the southeastern region of the United States, primarily through acquisitions, increasing its sales from $130 million in 1984 to $929 million in 1998. The Company plans to grow through both internal opportunities and selected acquisitions. The Company expanded its bottling territory during the year by acquiring two Coca-Cola bottlers located in northwestern Alabama and southwestern Virginia. The Company is currently the second largest bottler of products of The Coca-Cola Company in the United States.

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities", which is required to be adopted in years beginning after June 15, 1999. The Statement permits early adoption as of the beginning of any fiscal quarter after its issuance. The Company has not determined at this time when Statement No. 133 will be adopted. The Statement will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company has not yet determined what effect the adoption of Statement No. 133 will have on the earnings and financial position of the Company.

The Year in Review

The Company accelerated its rate of growth significantly in 1998 with volume growth of more than 10%, three times the U.S. soft drink industry average. Net sales grew by 16% in 1998, increasing to $929 million. Operating cash flow (defined as income from operations plus non-cash charges for depreciation and amortization) increased by 7% to a record level of $117 million. The Company continued its commitment to the cold drink market with the placement of a record number of new pieces of cold drink equipment in 1998.

The accelerated volume growth in 1998 was across the Company's key market channels. The volume gains in 1998 were driven by targeted marketing programs with key customers and continued emphasis and investment in cold drink equipment and infrastructure. As in 1997, per capita consumption in the Company's franchise territory increased at a rate in excess of the average for the Coca-Cola bottling system in the U.S. The increase in net sales in 1998 was driven primarily by the accelerated volume growth, as well as a small increase in net selling prices of 0.6% and the impact of a 53rd selling week in 1998. The 1997 fiscal year had 52 weeks.

Net income for 1998 was down slightly at $14.9 million versus $15.3 million in 1997. During 1998, the Company continued to make significant investments in cold drink equipment and infrastructure to support accelerated growth. The increased equipment and infrastructure costs in 1998 were partially offset by additional marketing funding support from The Coca-Cola Company. The Company believes that these significant investments will help deliver long-term shareholder value.

The Company continued its strong commitment to expanding its business with capital expenditures of $46.8 million in 1998. The cold drink market continues to be a point of emphasis as it generally provides a solid return on investment and expands the availability of our products.

Our continued success is attributable to many factors including a strong assortment of brands, a solid relationship with our strategic partner, The Coca-Cola Company, acquisitions, strong internal growth, solid operating performance and a work force of over 6,000 talented individuals working together as a team. The Company continues to focus on its key long-term objectives, including increasing per capita consumption, operating cash flow and long-term shareholder value. We are committed to alignment with The Coca-Cola Company to ensure that we fully utilize our joint resources to maximize our full potential with our consumers and customers.

Our partnership with The Coca-Cola Company continues to provide our customers and consumers with innovative products and packaging. In 1998, the Company introduced new and enhanced product lines, including expanded Minute Maid offerings and new flavors of both Fruitopia and POWERaDE. Citra was introduced in the first quarter of 1999. Some of the new packaging in 1998 included tie-ins with our NASCAR sponsorship, which proved to be very popular with both customers and consumers. The combination of the new products and packaging, along with our core brands, provide the Company with a line-up of beverage offerings unsurpassed in the industry.

Significant Events of Prior Years

The Company repurchased approximately 930,000 shares of its Common Stock in three separate transactions between December 1996 and February 1997. The repurchase of shares was a significant factor in increased earnings per share in 1997 in spite of lower net earnings.

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

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

RESULTS OF OPERATIONS

1998 Compared to 1997

Net Income

The Company reported net income of $14.9 million or basic net income per share of $1.78 for fiscal year 1998 compared to $15.3 million or $1.82 basic net income per share for fiscal year 1997. Diluted net income per share in 1998 was $1.75 compared to $1.79 in 1997. The decline in net income is primarily attributable to expenses related to the Company's investment in the infrastructure necessary to support accelerated, long-term growth, partially offset by additional marketing funding support from The Coca-Cola Company. Investments in additional personnel, information systems and cold drink equipment resulted in cost increases. Management believes that these infrastructure investments will enable the Company to generate accelerated growth that should lead to enhanced shareholder value over time.

Net Sales

Net sales for 1998 grew by 16% to $929 million compared to $802 million in 1997. The increase was due to broad-based volume growth across key sales channels, an increase in net selling prices of 0.6%, acquisitions of additional bottling territory in Alabama and Virginia and a 53rd week in the Company's 1998 fiscal year. The Company continued to experience strong growth from its carbonated soft drinks with growth of approximately 9% in 1998. Newer products such as SURGE, an expanded line-up of Minute Maid products as well as double-digit growth for Sprite helped drive the growth in carbonated beverages. Sales growth in non-carbonated beverages, including POWERaDE, Fruitopia, tea and bottled water exceeded 70% in 1998. Non-carbonated products now account for 5% of the Company's bottle and can volume.

Sales to other bottlers increased by 25% during 1998 over 1997 levels, primarily due to additional sales to Piedmont, which experienced significant sales volume growth in 1998. The Company sells finished products to Piedmont at cost.

Cost of Sales and Operating Expenses

Cost of sales on a per case basis increased by 2.3% in 1998, primarily due to increases in concentrate costs offset somewhat by lower packaging costs. The Company has agreements with its aluminum can suppliers which require the Company to purchase the majority of its aluminum can requirements. These agreements, which extend through the end of 2000 and 2001, also reduce the variability of the cost of cans.

Selling expenses increased by approximately $24 million or 13% in 1998 over 1997 levels. Increased selling costs resulted from higher sales volume, employment costs for additional sales personnel, a new incentive program for certain employees, additional marketing expenses, higher costs for sales development programs and increased lease expense for cold drink equipment and vehicles. The increase in selling expenses was partially offset by increased marketing funding and infrastructure support from The Coca-Cola Company. The Company has made a significant investment in its sales and technical service infrastructure and anticipates that over time, the increases in sales revenue from these investments will outpace the growth in costs. Selling expenses on a per case basis for 1998 were relatively unchanged from 1997.

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 advertising expenditures to promote sales in the local bottling territories served by the Company. The Company also benefits from national advertising programs conducted by The Coca-Cola Company and other third party licensors. Certain of the marketing expenditures by The Coca-Cola Company and other beverage companies are made pursuant to annual arrangements. Although The Coca-Cola Company has advised the Company that it intends to provide marketing funding support in 1999, it is not obligated to do so under the Company's Master Bottle Contract. Also, The Coca-Cola Company has agreed to provide additional marketing funding under a multi-year program to support the Company's cold drink infrastructure. Total marketing funding and infrastructure support from The Coca-Cola Company and other beverage companies in 1998 and 1997 was approximately $61 million and $42 million, respectively. A portion of the marketing funding and infrastructure support from The Coca-Cola Company is subject to annual performance requirements. The Company was in compliance with all such performance requirements in 1998.

General and administrative expenses increased by $12 million from 1997. The increase in general and administrative expenses was due to the hiring of additional support personnel and higher employment costs in certain of the Company's labor markets. The Company has made an investment in additional administrative infrastructure to support the accelerated growth of the Company.

Depreciation expense increased $3 million or 9%. The increase is due to significant capital expenditures over the past several years, including $46.8 million in 1998.

Investment in Partnership

The Company's share of Piedmont's net loss of $.5 million was down from a loss of $1.1 million in 1997. The reduction in Piedmont's net loss reflects improved operating results from Piedmont.

Interest Costs

Interest expense increased by $2.5 million or 7% in 1998. The increase is due to additional borrowings used to fund acquisitions and capital expenditures. The Company's overall weighted average borrowing rate for 1998 was 7.1% compared to 7.0% in 1997.

Other Income/(Expense)

"Other income (expense), net" increased by $2.5 million in 1998. The increase was due primarily to losses on the disposal of cold drink equipment.

Income Taxes

The effective tax rate for federal and state income taxes was approximately 36% in 1998 versus approximately 37% in 1997. The difference between the effective rate and the statutory rate in 1998 was due primarily to amortization of nondeductible goodwill, state income taxes, nondeductible premiums on officers' life insurance and other nondeductible expenses.

1997 Compared to 1996

Net Income

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

Net Sales

The Company had sales in 1997 exceeding $800 million for the first time. Net sales for 1997 increased 4%, reflecting a volume increase of 8% in franchise sales offset by a 2.5% decline

in overall net selling prices and a reduction in sales to other bottlers. The Company continued to see strong broad-based growth across most brands and channels. Carbonated soft-drink brands including the flagship brand, Coca-Cola classic, and diet Coke showed solid growth. Sprite volume increased by almost 15%, the fourth consecutive year of double-digit volume growth. The Company's expanding non-carbonated beverage offerings also contributed to the solid volume growth in 1997. Volume in Fruitopia, POWERaDE and Cool from Nestea increased by more than 50% over the prior year.

Sales volume to other bottlers decreased by 11% during 1997 as compared to 1996 primarily due to South Atlantic Canners, rather than the Company, providing finished products to Piedmont. The Company sells finished products to Piedmont at cost.

Cost of Sales and Operating Expenses

Cost of sales on a per case basis was virtually unchanged from 1996. The Company benefited from decreases in costs for some of the key raw materials and packaging materials used in its production process. The decreases were offset by increased concentrate prices.

Selling expenses increased by approximately $5.4 million in 1997, primarily as a result of the significant increase in volume. Selling expenses on a per case basis declined by almost 5% during the year. The decline in selling expenses on a per case basis is partially attributable to the buyout of certain leased equipment in early 1997. The buyout of the leases reduced selling expenses by approximately $4.0 million during the year. The Company experienced a comparable increase in depreciation expense, which is reflected separately.

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

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

Investment in Partnership

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

Interest Costs

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

Other Income/(Expense)

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

Income Taxes

The effective tax rate for federal and state income taxes was approximately 37% in both 1997 and 1996. The difference between the effective rate and the statutory rate was due primarily to amortization of nondeductible goodwill, state income taxes, nondeductible premiums on officers' life insurance and other nondeductible expenses.

FINANCIAL CONDITION

Working capital decreased by approximately $15.2 million to $4.6 million at January 3, 1999 compared to $19.8 million at December 28, 1997. The change in working capital is primarily due to an increase in the current portion of long-term debt of $18.1 million and an increase in accrued compensation of $5.2 million, partially offset by an increase in accounts receivable from The Coca-Cola Company. The increase in accounts receivable from The Coca-Cola Company relates to additional marketing funding and infrastructure support in 1998. The increase in the current portion of long-term debt is due to the maturing of $28.6 million of the Company's Medium-Term Notes in the first quarter of 1999. The increase in accrued compensation is due to the adoption of new employee incentive programs in 1998.

Total long-term debt increased to $521.3 million at January 3, 1999 compared to $505.8 million at December 28, 1997. The increase in debt relates to the acquisition of two Coca-Cola bottlers in 1998 for a total of $35.0 million, offset primarily by cash flow from operations.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

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

Investing Activities

Additions to property, plant and equipment during 1998 were $46.8 million. The Company acquired two Coca-Cola bottlers in northwestern Alabama and southwestern Virginia during 1998 for a total of $35.0 million.

At the end of 1998, the Company had no material commitments for the purchase of capital assets other than those related to the normal replacement of equipment. The Company considers the acquisition of additional bottling territories on an ongoing basis.

Financing Activities

The Company filed a $400 million shelf registration for debt and equity securities that was effective in October 1994. On November 1, 1995, the Company issued $100 million of 6.85% debentures due 2007 pursuant to this shelf registration. The net proceeds from this issuance were used to repurchase $87 million of the Company's Medium-Term Notes due between 1997 and 2002 and to repay other outstanding borrowings. In July 1997, the Company issued an additional $100 million of 7.2% debentures due 2009 under this shelf registration. The proceeds from this offering were used primarily to repay amounts outstanding under the Company's lines of credit. The lines of credit were used as interim financing for the repurchase of Company Common Stock and the buyout of certain operating leases.

On January 22, 1999, the Company filed a new $800 million shelf registration for debt and equity securities (which includes $200 million of unused availability from the prior shelf registration). The Company has not issued any securities under this shelf registration. The Company expects to use the proceeds from any future offerings under this registration for general corporate purposes, including repayment of debt, future acquisitions, capital expenditures and/or working capital.

The Company borrows from time to time under informal lines of credit from various banks. On January 3, 1999, the Company had $210 million available under these lines, of which $36.4 million was outstanding. Loans under these lines are made at the sole discretion of the banks at rates negotiated at the time of borrowing.

In December 1997, the Company extended the maturity of a revolving credit agreement totaling $170 million to December 2002. The agreement contains several covenants that establish minimum ratio requirements related to debt and cash flow. A commitment fee of 1/8% per year on the available amount of the banks' commitment is payable quarterly. There were no amounts outstanding under this facility as of January 3, 1999.

It is the Company's intent to renew any borrowings under the revolving credit facility and the lines of credit as they mature. To the extent that any borrowings under the revolving credit facility and the informal lines of credit do not exceed the amount available under the Company's $170 million revolving credit facility, they are classified as noncurrent liabilities.

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

Interest Rate Hedging

The Company periodically uses interest rate hedging products to cost effectively modify risk from interest rate fluctuations in its underlying debt. The Company has historically altered its fixed/floating rate mix based upon anticipated operating cash flows of the Company relative to its debt level and the Company's ability to absorb increases in interest rates. Sensitivity analyses are performed to review the impact on the Company's financial position and coverage of various interest rate movements. The Company does not use derivative financial instruments for trading purposes.

The weighted average interest rate of the debt portfolio as of January 3, 1999 was 7.3% compared to 7.1% at the end of 1997. The Company's overall weighted average borrowing rate on its long-term debt was 7.1% in 1998 versus 7.0% in 1997. Approximately 23% of the Company's debt portfolio of $521.3 million was subject to changes in short-term interest rates as of January 3, 1999. See Notes 7 and 8 to the consolidated financial statements for more information.

YEAR 2000

Since many computer systems and other equipment with embedded chips or processors (collectively, "business systems") use only two digits to represent the year, these business systems may be unable to process accurately certain data before, during or after the year 2000. As a result, business and governmental entities are at risk for possible miscalculations or systems failures causing disruptions in their business operations. This is commonly known as the Year 2000 issue. The Year 2000 issue can arise at any point in the Company's supply, manufacturing, distribution and financial chains.

The Company began work on the Year 2000 issue in 1997. The scope of the project includes: ensuring the compliance of all applications, operating systems and hardware on mainframe, personal computer, local area network and wide area network platforms; addressing issues related to non-IT embedded software and equipment; and addressing the compliance and readiness of key suppliers and customers. The project has four phases: assessment of systems and equipment affected by the Year 2000 issue; definition of strategies to address affected systems and equipment; remediation or replacement of affected systems and equipment and testing that each is Year 2000 compliant.

With respect to ensuring the compliance of all applications, operating systems and hardware on the Company's various computer platforms, the assessment and definition of strategies phases have been completed. It is estimated that 80% of the remediation or replacement phase has been completed with the balance of this phase expected to be completed by the end of the second quarter 1999. The testing phase has begun and is expected to be completed by the end of the third quarter of 1999.

Approximately 80% of internal application development resources were committed to Year 2000 remediation efforts in 1997 and 1998. The Company expects that approximately 70% of its internal application development resources will be committed to this effort in the first quarter of 1999. The Company has also utilized contract programmers to identify Year 2000 noncompliance problems and modify code.

With respect to addressing issues related to non-IT embedded software and equipment, which principally exists in the Company's four manufacturing plants, the assessment and definition of strategies phases have been completed. Approximately 50% of the remediation or replacement phase has been completed with the balance of this phase expected to be completed by the middle of the third quarter 1999. Testing is expected to be completed by the end of third quarter 1999.

The Company relies on third party suppliers for raw materials, water, utilities, transportation and other key services. Interruption of supplier operations due to Year 2000 issues could affect Company operations. We have initiated efforts to evaluate the status of our most critical suppliers' progress. This process of evaluating our critical suppliers is scheduled for completion by mid-1999. Options to reduce the risks of interruption due to supplier failures include identification of alternate suppliers and accumulation of inventory to assure production capability, where feasible or warranted. These activities are intended to provide a means of managing and mitigating risk, but cannot eliminate the potential for disruption due to third party failure.

The Company is also dependent upon its customers for sales and cash flow. Year 2000 interruptions in our customers' operations could result in reduced sales, increased inventory or receivable levels and cash flow reductions. While these events are possible, the Company's customer base is broad enough to minimize somewhat the effects of a single occurrence. The Company is in the assessment phase with respect to the evaluation of critical customers' progress and is scheduled for completion by mid-1999.

The Company has begun the process of developing contingency plans for those areas that are critical to our business. These contingency plans will be designed to mitigate serious disruptions to our business flow beyond the end of 1999, where possible. The major efforts related to contingency planning will occur in the first nine months of 1999.

It is currently estimated that the aggregate cost of the Company's Year 2000 efforts will be approximately $5 million to $6 million, of which approximately $4 million has been spent to date. These costs are being expensed as they are incurred and are being funded through operating cash flow. These costs do not include any costs associated with the implementation of contingency plans, which are in the process of being developed. The costs associated with the replacement of computerized systems, hardware or equipment (currently estimated to be $4 million), substantially all of which would be capitalized, are not included in the above estimates.

The Company's Year 2000 program is an ongoing process and the estimates of costs and completion dates for various components of the program described above are subject to change.

The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect the Company's results of operations, liquidity and financial condition. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-party suppliers and customers, the Company is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on the Company's results of operations, liquidity or financial condition.

FORWARD-LOOKING STATEMENTS

This Annual Report to Shareholders, as well as information included in, or incorporated by reference from, future filings by the Company with the Securities and Exchange Commission and information contained in written material, press releases and oral statements issued by or on behalf of the Company, contains, or may contain, certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Such "forward-looking statements" include information relating to, among other matters, the Company's future prospects, developments and business strategies for its operations. These forward-looking statements are identified by their use of terms and phrases such as "expect", "estimate", "project", "believe" and similar terms and phrases. Such forward-looking statements are contained in various sections of this Annual Report. These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments and other factors they believe are appropriate under the circumstances, and involve risks and uncertainties that may cause actual future activities and results of operations to be materially different from that suggested or described in this Annual Report to Shareholders or in such other documents. These risks include, but are not limited to (A) risks associated with any changes in the historical level of marketing funding support which the Company receives from The Coca-Cola Company, (B) risks associated with interruptions in the Company's business operations as a result of any failure to adequately correct the Year 2000 computer problem in any systems or equipment of the Company or one of its major suppliers or customers and (C) other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission. You are cautioned that any such statements are not guarantees of future performance. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary from those expected, estimated or projected.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of cash flows and of changes in shareholders' equity present fairly, in all material respects, the financial position of Coca-Cola Bottling Co. Consolidated and its subsidiaries ("the Company") at January 3, 1999 and December 28, 1997, and the results of their operations and their cash flows for each of the three years in the period ended January 3, 1999, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Charlotte, North Carolina
February 11, 1999

CONSOLIDATED STATEMENTS OF OPERATIONS

In Thousands (Except Per Share Data)	Fiscal Year 1998	1997	1996
Net sales (includes sales to Piedmont of $69,552, $54,155 and $61,565)	$928,502	$802,141	$773,763
Cost of sales, excluding depreciation shown below (includes $55,800, $42,581 and $51,295 related to sales to Piedmont)	534,919	452,893	435,959
Gross margin	393,583	349,248	337,804
Selling expenses, excluding depreciation shown below	207,244	183,125	177,734
General and administrative expenses	69,001	56,776	58,793
Depreciation expense	36,754	33,672	28,528
Amortization of goodwill and intangibles	13,294	12,332	12,238
Income from operations	67,290	63,343	60,511
Interest expense	39,947	37,479	30,379
Other income (expense), net	(4,098)	(1,594)	(4,433)
Income before income taxes	23,245	24,270	25,699
Income taxes	8,367	9,004	9,535
Net income	$ 14,878	$ 15,266	$ 16,164
Basic net income per share	$ 1.78	$ 1.82	$ 1.74
Diluted net income per share	$ 1.75	$ 1.79	$ 1.73
Weighted average number of common shares outstanding	8,365	8,407	9,280
Weighted average number of common shares outstanding - assuming dilution	8,495	8,509	9,330

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

ASSETS

In Thousands (Except Share Data)	Jan. 3, 1999	Dec. 28, 1997
Current assets:		
Cash	$ 6,691	$ 4,427
Accounts receivable, trade, less allowance for doubtful accounts of $600 and $513	57,217	55,258
Accounts receivable from The Coca-Cola Company	10,091	4,690
Due from Piedmont Coca-Cola Bottling Partnership		2,009
Accounts receivable, other	7,997	8,776
Inventories	41,010	38,738
Prepaid expenses and other current assets	15,545	12,674
Total current assets	138,551	126,572
Property, plant and equipment, net	258,329	250,904
Investment in Piedmont Coca-Cola Bottling Partnership	62,847	63,326
Other assets	51,576	43,138
Identifiable intangible assets, less accumulated amortization of $116,015 and $105,334	253,156	231,034
Excess of cost over fair value of net assets of businesses acquired, less accumulated amortization of $30,850 and $28,560	60,769	63,059
Total	$825,228	$778,033

See Accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	Jan. 3, 1999	Dec. 28, 1997
Current liabilities:		
Portion of long-term debt payable within one year	$ 30,115	$ 12,000
Accounts payable and accrued liabilities	72,623	71,583
Accounts payable to The Coca-Cola Company	5,194	4,108
Due to Piedmont Coca-Cola Bottling Partnership	435	
Accrued compensation	10,239	5,075
Accrued interest payable	15,325	14,038
Total current liabilities	133,931	106,804
Deferred income taxes	120,659	111,594
Deferred credits	4,838	7,139
Other liabilities	58,780	49,434
Long-term debt	491,234	493,789
Total liabilities	809,442	768,760
Shareholders' Equity:		
Convertible Preferred Stock, $100 par value:		
Authorized - 50,000 shares; Issued - None		
Nonconvertible Preferred Stock, $100 par value:		
Authorized - 50,000 shares; Issued - None		
Preferred Stock, $.01 par value:		
Authorized - 20,000,000 shares; Issued - None		
Common Stock, $1 par value:		
Authorized - 30,000,000 shares; Issued - 9,086,113 and 10,107,421 shares	9,086	10,107
Class B Common Stock, $1 par value:		
Authorized - 10,000,000 shares; Issued - 2,969,222 and 1,947,914 shares	2,969	1,948
Class C Common Stock, $1 par value:		
Authorized - 20,000,000 shares; Issued - None		
Capital in excess of par value	94,709	103,074
Accumulated deficit	(29,724)	(44,602)
	77,040	70,527
Less -- Treasury stock, at cost:		
Common - 3,062,374 shares	60,845	60,845
Class B Common - 628,114 shares	409	409
Total shareholders' equity	15,786	9,273
Total	$825,228	$778,033

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

In Thousands	Fiscal Year 1998	1997	1996
Cash Flows from Operating Activities			
Net income	$ 14,878	$ 15,266	$ 16,164
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	36,754	33,672	28,528
Amortization of goodwill and intangibles	13,294	12,332	12,238
Deferred income taxes	8,367	2,567	8,782
Losses on sale of property, plant and equipment	2,586	1,433	1,810
Amortization of debt costs	595	627	540
Amortization of deferred gain related to terminated interest rate swaps	(563)		
Undistributed loss of Piedmont Coca-Cola Bottling Partnership	479	1,136	1,162
(Increase) decrease in current assets less current liabilities	132	733	(43,632)
Increase in other noncurrent assets	(9,127)	(7,953)	(994)
Increase in other noncurrent liabilities	2,180	5,784	18,597
Other	79	3,071	12
Total adjustments	54,776	53,402	27,043
Net cash provided by operating activities	69,654	68,668	43,207
Cash Flows from Financing Activities			
Proceeds from the issuance of long-term debt		54,561	19,557
Increase (decrease) in current portion of long-term debt	18,115	11,895	(15)
Payments on long-term debt	(2,555)	(226)	
Purchase of Common Stock		(20,001)	(23,607)
Cash dividends paid	(8,365)	(8,365)	(9,294)
Proceeds from interest rate swap termination	6,480		
Debt fees paid	(102)	(1,226)	(125)
Other	(390)	(1,020)	(593)
Net cash provided by (used in) financing activities	13,183	35,618	(14,077)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	(46,822)	(100,105)	(29,990)
Proceeds from the sale of property, plant and equipment	1,255	1,223	1,367
Acquisitions of companies, net of cash acquired	(35,006)	(3,918)	
Net cash used in investing activities	(80,573)	(102,800)	(28,623)
Net increase in cash	2,264	1,486	507
Cash at beginning of year	4,427	2,941	2,434
Cash at end of year	$ 6,691	$ 4,427	$ 2,941

See Accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES
IN SHAREHOLDERS' EQUITY

In Thousands	Common Stock	Class B Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Minimum Pension Liability Adjustment	Treasury Stock
Balance on December 31, 1995	$ 10,090	$ 1,965	$ 120,733	$ (76,032)	$ (138)	$ 17,646
Net income				16,164		
Cash dividends paid			(9,294)			
Minimum pension liability adjustment					34	
Purchase of Common Stock						23,607
Exchange of Class B Common Stock for Common Stock	17	(17)				
Balance on December 29, 1996	10,107	1,948	111,439	(59,868)	(104)	41,253
Net income				15,266		
Cash dividends paid			(8,365)			
Purchase of Common Stock						20,001
Minimum pension liability adjustment					104	
Balance on December 28, 1997	10,107	1,948	103,074	(44,602)	0	61,254
Net income				14,878		
Cash dividends paid			(8,365)			
Exchange of Common Stock for Class B Common Stock	(1,021)	1,021				
Balance on January 3, 1999	$ 9,086	$ 2,969	$ 94,709	$ (29,724)	$ 0	$ 61,254

See Accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

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

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

The fiscal years presented are the 53-week period ended January 3, 1999 and the 52-week periods ended December 28, 1997 and December 29, 1996. The Company's fiscal year ends on the Sunday closest to December 31.

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

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

Cash and Cash Equivalents

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

Inventories

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

Property, Plant and Equipment

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

Investment in Piedmont Coca-Cola Bottling Partnership

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

With respect to Piedmont, sales of soft drink products at cost, management fee revenue and the Company's share of Piedmont's results from operations are included in "Net sales." See Note 2 and Note 13 for additional information.

Income Taxes

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

Benefit Plans

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

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

Effective January 3, 1999, the Company adopted SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits". The provisions of SFAS No. 132 revise employers' disclosures about pensions and other postretirement benefit plans. It does not change the measurement or recognition of amounts under these plans. See Note 12 for additional information.

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

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

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

Net Income Per Share

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

Derivative Financial Instruments

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

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

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

Insurance Programs

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

1. Significant Accounting Policies (continued)

Marketing Costs and Support Arrangements

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

2. Investment in Piedmont Coca-Cola Bottling Partnership

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

Subsidiaries of the Company made an initial capital contribution to Piedmont of $70 million in the aggregate. The capital contribution made by such subsidiaries was composed of approximately $21.7 million in cash and of bottling operations and certain assets used in connection with the Company's Wilson, North Carolina and Greenville and Beaufort, South Carolina territories. The cash contributed to Piedmont by the Company's subsidiaries was provided from the Company's available credit facilities. The Company sold other territories to Piedmont for an aggregate purchase price of approximately $118 million. Assets were sold or contributed at their approximate carrying values. Proceeds from the sale of territories to Piedmont, net of the Company's cash contribution, totaled approximately $96 million and were used to reduce the Company's long-term debt.

Summarized financial information for Piedmont is as follows:

In Thousands	Jan. 3, 1999	Dec. 28, 1997
Current assets	$30,350	$ 27,088
Noncurrent assets	336,505	340,555
Total assets	$366,855	$367,643
Current liabilities	$ 14,705	$ 16,147
Noncurrent liabilities	226,456	224,844
Total liabilities	241,161	240,991
Partners' equity	125,694	126,652
Total liabilities and partners' equity	$366,855	$367,643
Company's equity investment	$ 62,847	$ 63,326

	Fiscal Year		
In Thousands	1998	1997	1996
Net sales	$269,312	$237,964	$223,834
Cost of sales	151,480	134,344	129,059
Gross margin	117,832	103,620	94,775
Income from operations	11,974	9,606	6,533
Net loss	$ (958)	$ (2,272)	$ (2,324)
Company's equity in loss	$ (479)	$ (1,136)	$ (1,162)

3. Inventories

Inventories are summarized as follows:

In Thousands	Jan. 3, 1999	Dec. 28, 1997
Finished products	$26,300	$21,542
Manufacturing materials	10,382	14,171
Plastic pallets and other	4,328	3,025
Total inventories	$41,010	$38,738

Substantially all merchandise inventories are valued by the LIFO method. The amounts included above for inventories valued by the LIFO method were greater than replacement or current cost by approximately $3.2 million and $2.8 million on January 3, 1999 and December 28, 1997, respectively, as a result of inventory premiums associated with certain acquisitions.

4. Property, Plant and Equipment

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

In Thousands	Jan. 3, 1999	Dec. 28, 1997	Estimated Useful Lives
Land	$11,781	$ 9,672	
Buildings	81,527	79,394	10-50 years
Machinery and equipment	84,047	79,546	5-20 years
Transportation equipment	60,620	56,136	4-10 years
Furniture and fixtures	26,395	24,880	7-10 years
Vending equipment	152,163	144,916	6-13 years
Leasehold and land improvements	33,894	30,185	5-20 years
Construction in progress	4,532	1,941	
Total property, plant and equipment, at cost	454,959	426,670	
Less: Accumulated depreciation	196,630	175,766	
Property, plant and equipment, net	$258,329	$250,904	

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

5. Identifiable Intangible Assets

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

In Thousands	Jan. 3, 1999	Dec. 28, 1997	Estimated Useful Lives
Franchise rights	$232,334	$206,875	40 years
Customer lists	17,212	19,941	17-23 years
Advertising savings	3,224	3,737	17-23 years
Other	386	481	17-18 years
Total identifiable intangible assets	$253,156	$231,034	

6. Long-Term Debt

Long-term debt is summarized as follows:

In Thousands	Maturity	Interest Rate	Fixed(F) or Variable(V) Rate	Interest Paid	Jan. 3, 1999	Dec. 28, 1997
Lines of Credit	2002	5.45%-7.45%	V	Varies	$36,400	$ 10,300
Term Loan Agreement	2004	6.39%	V	Varies	85,000	85,000
Term Loan Agreement	2005	6.39%	V	Varies	85,000	85,000
Medium-Term Notes	1998	6.62%	V	Quarterly		10,000
Medium-Term Notes	1998	10.05%	F	Semi-annually		2,000
Medium-Term Notes	1999	7.99%	F	Semi-annually	28,585	28,585
Medium-Term Notes	2000	10.00%	F	Semi-annually	25,500	25,500
Medium-Term Notes	2002	8.56%	F	Semi-annually	47,000	47,000
Debentures	2007	6.85%	F	Semi-annually	100,000	100,000
Debentures	2009	7.20%	F	Semi-annually	100,000	100,000
Other notes payable	1999-2001	6.50%-10.00%	F	Varies	13,864	12,404
					521,349	505,789
Less: Portion of long-term debt payable within one year					30,115	12,000
Long-term debt					$491,234	$493,789

The principal maturities of long-term debt outstanding on January 3, 1999 were as follows:

In Thousands	
1999	$ 30,115
2000	27,651
2001	10,183
2002	83,400
2003	--
Thereafter	370,000
Total long-term debt	$521,349

In December 1997, the Company extended the maturity date of the revolving credit agreement, totaling $170 million, to December 2002. The agreement contains several covenants which establish ratio requirements related to debt, interest expense and cash flow. A facility fee of 1/8% per year on the banks' commitment is payable quarterly. There was no outstanding balance under this facility as of January 3, 1999.

The Company borrows from time to time under informal lines of credit from various banks. On January 3, 1999, the Company had approximately $210 million of credit available under these lines, of which $36.4 million was outstanding. Loans under these lines are made at the sole discretion of the banks at rates negotiated at the time of borrowing. It is the Company's intent to renew such borrowings as they mature. To the extent that these borrowings and the borrowings under the revolving credit facility described above do not exceed the amount available under the Company's $170 million revolving credit facility, they are classified as noncurrent liabilities.

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

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

On January 22, 1999, the Company filed a new $800 million shelf registration for debt and equity securities (which includes $200 million of unused availability from the prior shelf registration). The Company has not issued any securities under this shelf registration. The Company expects to use the proceeds from any future offerings under this registration for general corporate purposes, including repayment of debt, future acquisitions, capital expenditures and/or working capital.

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

After taking into account all of the interest rate hedging activities, the Company has a weighted average interest rate of 7.3% for the debt portfolio as of January 3, 1999 compared to 7.1% at December 28, 1997, respectively. The Company's overall weighted average borrowing rate on its long-term debt was 7.1%, 7.0% and 7.1% for 1998, 1997 and 1996, respectively.

As of January 3, 1999, after taking into account all of the interest rate hedging activities, approximately $121.5 million or 23.3% of the total debt portfolio was subject to changes in short-term interest rates.

6. Long-Term Debt (continued)

If average interest rates for the Company's debt portfolio increased by 1%, annual interest expense would have increased by approximately $1.9 million and net income for the year ended January 3, 1999 would have been reduced by approximately $1.2 million.

7. Derivative Financial Instruments

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

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

Derivative financial instruments are summarized as follows:

	January 3, 1999		December 28, 1997	
In Thousands	Amount	Remaining Term	Amount	Remaining Term
Interest rate swaps-floating	$60,000	4.75 years	$ 60,000	5.75 years
Interest rate swaps-floating			100,000	11.5 years
Interest rate swaps-fixed	60,000	4.75 years	60,000	5.75 years
Interest rate swaps-fixed	50,000	6 years		
Interest rate cap	35,000	1.5 years	35,000	2.5 years

The Company had four interest rate swaps with a notional amount of $170 million at January 3, 1999, compared to $220 million as of December 28, 1997. There was one new interest rate swap transaction during 1998. In October 1997, the Company added a $35 million interest rate cap with a strike rate of 7%. The counterparties to these contractual arrangements are a group of major financial institutions with which the Company also has other financial relationships. The Company is exposed to credit loss in the event of nonperformance by these counterparties. However, the Company does not anticipate nonperformance by the other parties.

In January 1998, the Company terminated two interest rate swaps with a total notional amount of $100 million. The gain of $6.5 million resulting from this termination (which is recorded in "other liabilities") will be amortized over 11.5 years, the remaining term of the initial swap agreement.

8. Fair Values of Financial Instruments

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

Public Debt

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

Non-Public Variable Rate Long-Term Debt

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

Non-Public Fixed Rate Long-Term Debt

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

Derivative Financial Instruments

Fair values for the Company's interest rate swaps are based on current settlement values. The carrying amounts and fair values of the Company's balance sheet and off-balance-sheet instruments were as follows:

In Thousands	January 3, 1999 Carrying Amount	January 3, 1999 Fair Value	December 28, 1997 Carrying Amount	December 28, 1997 Fair Value
Balance Sheet Instruments				
Public debt	$ 301,085	$312,118	$ 313,085	$327,486
Non-public variable rate long-term debt	206,400	206,400	180,300	180,300
Non-public fixed rate long-term debt	13,864	14,476	12,404	13,297
Off-Balance-Sheet Instruments				
Interest rate swaps		(2,030)		1,854
Interest rate cap		10		80

The fair values of the interest rate swaps at January 3, 1999 represent the estimated amounts the Company would have had to pay to terminate these agreements. The fair values of the interest rate swaps at December 28, 1997 and the fair values of the interest rate cap at January 3, 1999 and December 28, 1997 represent the estimated amounts the Company would have received upon termination of these agreements.

9. Commitments and Contingencies

Operating lease payments are charged to expense as incurred. Such rental expenses included in the consolidated statements of operations were $28.9 million, $23.0 million and $27.0 million for 1998, 1997 and 1996, respectively.

The following is a summary of future minimum lease payments for all operating leases as of January 3, 1999:

In Thousands	
1999	$ 29,464
2000	26,223
2001	23,086
2002	20,623
2003	14,749
Thereafter	29,910
Total minimum lease payments	$144,055

On January 15, 1999, the Company purchased approximately $155 million of equipment (principally vehicles and vending equipment) previously leased under various operating lease agreements. The cost of the equipment purchased approximated its guaranteed residual value as of January 3, 1999. The assets purchased will continue to be used in the distribution and sale of the Company's products.

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

The Company guarantees a portion of the debt for one cooperative from which the Company purchases plastic bottles. The Company also guarantees a portion of debt for South Atlantic Canners, Inc., a manufacturing cooperative that is being managed by

9. Commitments and Contingencies (continued)

the Company. See Note 13 to the consolidated financial statements for additional information concerning these financial guarantees. The total debt guarantees on January 3, 1999 and December 28, 1997 were $30.7 million and $31.1 million, respectively.

The Company has entered into purchase agreements for aluminum cans on an annual basis through 2000 and 2001. The annual purchase commitment under these agreements for 1999 is approximately $80 million.

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

10. Income Taxes

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

	Fiscal Year		
In Thousands	1998	1997	1996
Current:			
Federal	$ --	$6,437	$ 753
Total current provision	--	6,437	753
Deferred:			
Federal	6,378	1,346	6,798
State	1,989	1,282	2,009
Expense of minimum pension liability adjustment		(61)	(25)
Total deferred provision	8,367	2,567	8,782
Income tax expense	$8,367	$9,004	$9,535

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

In Thousands	Jan. 3, 1999	Dec. 28, 1997
Intangible assets	$ 93,292	$ 96,477
Depreciation	17,627	31,002
Investment in Piedmont	23,931	22,761
Lease obligations	47,483	
Other	22,479	15,471
Gross deferred income tax liabilities	204,812	165,711
Net operating loss carryforwards	(25,461)	(20,087)
Leased assets	(22,385)	
AMT Credit	(9,978)	
Other	(33,181)	(40,184)
Gross deferred income tax assets	(91,005)	(60,271)
Deferred income tax liability	$113,807	$105,440

Net current deferred tax assets of $6.9 million and $6.2 million were included in prepaid expenses and other current assets on January 3, 1999 and December 28, 1997, respectively.

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

	Fiscal Year		
In Thousands	1998	1997	1996
Statutory expense	$8,135	$8,495	$8,994
Amortization of franchise and goodwill assets	369	364	364
State income taxes, net of federal benefit	463	696	618
Cash surrender value of officers' life insurance	(565)	16	144
Postretirement benefits	(762)	(762)	(762)
Meals and entertainment	271	372	306
Lease inclusion related to fleet	22	18	12
Other	434	(195)	(141)
Income tax expense	$8,367	$9,004	$9,535

The Company had $3.5 million of investment tax credits available to reduce future income tax payments for federal income tax purposes on January 3, 1999. These credits expire in varying amounts through 2001.

On January 3, 1999, the Company had $62 million and $80 million of federal and state net operating losses, respectively, available to reduce future income taxes. The net operating loss carryforwards expire in varying amounts through 2008.

11. Capital Transactions

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

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

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

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

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

11. Capital Transactions (continued)

family limited partnerships. J. Frank Harrison, Jr., in his capacity of Manager for J. Frank Harrison Family, LLC (the general partner of the three family limited partnerships), exercises sole voting and investment power with respect to the shares of the Company's Common Stock and Class B Common Stock held by the family limited partnerships.

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

12. Benefit Plans

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

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

In Thousands	Fiscal Year 1998	1997
Projected benefit obligation at beginning of year	$67,001	$56,212
Service cost	2,586	2,158
Interest cost	4,934	4,543
Actuarial loss	10,763	6,557
Benefits paid	(2,515)	(2,469)
Changes in plan provisions	129	
Projected benefit obligation at end of year	$82,898	$67,001
Fair value of plan assets at beginning of year	$70,876	$56,488
Actual return on plan assets	4,257	13,455
Employer contributions	2,006	3,402
Benefits paid	(2,515)	(2,469)
Fair value of plan assets at end of year	$74,624	$70,876
	Jan. 3, 1999	Dec. 28, 1997
Funded status of the plans	$(8,274)	$ 3,875
Unrecognized transition asset		(70)
Unrecognized prior service cost	(626)	(912)
Unrecognized net loss	16,975	4,179
Prepaid pension cost	$ 8,075	$ 7,072

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

In Thousands	Fiscal Year 1998	1997	1996
Service cost	$ 2,586	$ 2,158	$ 2,218
Interest cost	4,934	4,543	4,288
Estimated return on plan assets	(6,303)	(5,006)	(4,589)
Amortization of unrecognized transitional assets	(70)	(70)	(70)
Amortization of prior service cost	(150)	(150)	(145)
Recognized net actuarial loss	7	48	679
Net periodic pension cost	$ 1,004	$ 1,523	$ 2,381

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

	1998	1997
Weighted average discount rate used in determining the actuarial present value of the projected benefit obligation	6.75%	7.50%
Weighted average expected long-term rate of return on plan assets	9.00%	9.00%
Weighted average rate of compensation increase	4.00%	4.00%

12. Benefit Plans (continued)

The Company provides a 401(k) Savings Plan for substantially all of its nonunion employees. Under provisions of the Savings Plan, an employee is vested with respect to Company contributions upon the completion of two years of service with the Company. The total cost for this benefit in 1998, 1997 and 1996 was $2.0 million, $1.7 million and $1.8 million, respectively.

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

The Company provides postretirement benefits for substantially all of its nonunion 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 plans in the future.

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

	Fiscal Year	
In Thousands	1998	1997
Benefit obligation at beginning of year	$ 32,460	$ 28,881
Service cost	604	446
Interest cost	2,350	2,289
Plan participants' contributions	628	651
Actuarial loss	6,562	2,607
Benefits paid	(2,825)	(2,414)
Benefit obligation at end of year	$ 39,779	$ 32,460
Fair value of plan assets at beginning of year	$ --	$ --
Employer contributions	2,197	1,763
Plan participants' contributions	628	651
Benefits paid	(2,825)	(2,414)
Fair value of plan assets at end of year	$ --	$ --

	Jan. 3, 1999	Dec. 28, 1997
Funded status of the plan	$(39,779)	$(32,460)
Unrecognized net loss	17,395	11,254
Unrecognized prior service cost	(320)	(344)
Contributions between measurement date and fiscal year end	474	404
Accrued liability	$(22,230)	$(21,146)

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

	Fiscal Year		
In Thousands	1998	1997	1996
Service cost	$ 604	$ 446	$ 402
Interest cost	2,350	2,290	1,259
Amortization of unrecognized transitional assets	(25)	(25)	(25)
Recognized net actuarial loss	422	320	54
Net periodic postretirement benefit cost	$3,351	$3,031	$1,690

The weighted average discount rates used to estimate the postretirement benefit obligation were 6.75% and 7.50% as of January 3, 1999 and December 28, 1997, respectively.

The weighted average health care cost trend used in measuring the postretirement benefit expense was 6.0% in 1998, declining to 5.25% in 1999 and remaining at that level thereafter. A 1% increase or decrease in this annual cost trend would have impacted the postretirement benefit obligation and net periodic postretirement benefit cost as follows:

	In Thousands	
Impact on	1% Increase	1% Decrease
Postretirement benefit obligation at January 3, 1999	$5,873	$(4,782)
Net periodic postretirement benefit cost in 1998	686	(540)

13. Related Party Transactions

The Company's business consists primarily of the production, marketing and distribution of soft drink products of The Coca-Cola Company, which is the sole owner of the secret formulas under which the primary components (either concentrates or syrups) of its soft drink products are manufactured. Accordingly, the Company purchases a substantial majority of its requirements of concentrates and syrups from The Coca-Cola Company in the ordinary course of its business. The Company paid The Coca-Cola Company approximately $225 million, $198 million and $185 million in 1998, 1997 and 1996, respectively, for sweetener, syrup, concentrate and other miscellaneous purchases. Additionally, the Company engages in a variety of marketing programs, local media advertising and similar arrangements to promote the sale of products of The Coca-Cola Company in bottling territories operated by the Company. Direct marketing funding support provided to the Company by The Coca-Cola Company was approximately $52 million, $41 million and $36 million in 1998, 1997 and 1996, respectively. Additionally, the Company earned approximately $16 million and $6 million in 1998 and 1997, respectively, related to cold drink infrastructure support. The marketing funding related to cold drink infrastructure support is covered under a multi-year agreement which includes certain annual performance requirements, the most significant of which relates to machine placements and case sales volume. The Company was in compliance with all such performance requirements in 1998. In addition, the Company paid approximately $28 million, $25 million and $20 million in 1998, 1997 and 1996, respectively, for local media and marketing program expense pursuant to cooperative advertising and cooperative marketing arrangements with The Coca-Cola Company.

The Company has a production arrangement with Coca-Cola Enterprises Inc. ("CCE") to buy and sell finished product at cost. The Coca-Cola Company has significant equity interests in the Company and CCE. Also, CCE has a 5.8% equity interest in the Company's Common Stock. Sales to CCE under this agreement were $24.0 million, $22.0 million and $21.5 million in 1998, 1997 and 1996, respectively. Purchases from CCE under this arrangement were $15.3 million, $15.3 million and $14.8 million in 1998, 1997 and 1996, respectively.

In December 1996, the Board of Directors awarded a retirement benefit to J. Frank Harrison, Jr. for among other things, his past service to the Company. The Company recorded a non-cash, after-tax charge of $2.7 million in the fourth quarter of 1996

13. Related Party Transactions (continued)

related to this agreement. Additionally, the Company entered into an agreement for consulting services with J. Frank Harrison, Jr. beginning in 1997. Payments in 1998 and 1997 related to the consulting services agreement totaled $200,000 each year.

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont. The Company and The Coca-Cola Company, through their respective subsidiaries, each beneficially own a 50% interest in Piedmont. The Company provides a portion of the soft drink products for Piedmont at cost and receives a fee for managing the operations of Piedmont pursuant to a management agreement. The Company sold product to Piedmont during 1998, 1997 and 1996 at cost, totaling $55.8 million, $42.6 million and $51.3 million, respectively. The Company received $14.2 million, $12.7 million and $11.4 million for management services pursuant to its management agreement with Piedmont for 1998, 1997 and 1996, respectively.

Also, the Company subleased various fleet and vending equipment to Piedmont at cost. These sublease rentals amounted to approximately $7.1 million, $2.7 million and $1.5 million in 1998, 1997 and 1996, respectively. In addition, Piedmont subleased various fleet and vending equipment to the Company at cost. These sublease rentals amounted to approximately $1.6 million, $.9 million and $.6 million in 1998, 1997 and 1996, respectively.

On November 30, 1992, the Company and the owner of the Company's Snyder Production Center in Charlotte, North Carolina agreed to the early termination of the Company's lease. Harrison Limited Partnership One purchased the property contemporaneously with the termination of the lease, and the Company and Harrison Limited Partnership One entered into an agreement pursuant to which the Company leased the property for a 10-year term beginning on December 1, 1992. A North Carolina corporation owned entirely by J. Frank Harrison, Jr. serves as sole general partner of the limited partnership. The sole limited partner of this limited partnership is a trust as to which J. Frank Harrison, III and Reid M. Henson are co-trustees. The annual base rent the Company is obligated to pay for its lease of the Snyder Production Center is subject to adjustment for increases in the Consumer Price Index and for increases or decreases in interest rates, using LIBOR as the measurement device. Rent expense under this lease totaled $2.7 million, $2.6 million and $2.6 million in 1998, 1997 and 1996, respectively.

On June 1, 1993, the Company entered into a lease agreement with Beacon Investment Corporation related to the Company's headquarters office building. Beacon Investment Corporation's sole shareholder is J. Frank Harrison, III. Rent expense under this lease totaled $2.1 million, $2.1 million and $1.9 million in 1998, 1997 and 1996, respectively. On January 5, 1999, the Company entered into a new 10-year lease agreement with Beacon Investment Corporation which includes the Company's headquarters office building and an adjacent office facility. The annual base rent the Company is obligated to pay under this lease in 1999 is $2.8 million and is subject to adjustment for increases in the Consumer Price Index and for increases or decreases in interest rates, using the Adjusted Eurodollar Rate as the measurement device.

The Company is a shareholder in two entities from which it purchases substantially all its requirements for plastic bottles. Net purchases from these entities were approximately $50 million, $43 million and $46 million in 1998, 1997 and 1996, respectively. In connection with its participation in one of these cooperatives, the Company has guaranteed a portion of the cooperative's debt. On January 3, 1999 and December 28, 1997, such guarantee amounted to approximately $20.0 million.

The Company is a member of South Atlantic Canners, Inc., ("SAC"), a manufacturing cooperative. SAC sells finished products to the Company and Piedmont at cost. The Company also manages the operations of SAC pursuant to a management agreement. Management fees from SAC were $1.2 million, $1.2 million and $1.4 million in 1998, 1997 and 1996, respectively. Also, the Company has guaranteed a portion of debt for SAC. Such guarantees were approximately $10.7 million and $10.5 million as of January 3, 1999 and December 28, 1997, respectively.

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

The Company purchases certain computerized data management products and services related to inventory control and marketing program support from Data Ventures LLC ("Data Ventures"), a Delaware limited liability company in which the Company holds a 31.25% equity interest. Also, J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, holds a 32.5% equity interest in Data Ventures. On September 30, 1997, Data Ventures obtained a $1.9 million unsecured line of credit from the Company, which expires in September 1999. Data Ventures was indebted to the Company for $1.2 million and $1.0 million as of January 3, 1999 and December 28, 1997, respectively. The Company purchased products and services from Data Ventures for approximately $237,000 and $253,000 in 1998 and 1997, respectively.

14. Earnings Per Share

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

In Thousands (Except Per Share Data)	1998	1997	1996
Numerator:			
Numerator for basic net income and diluted net income	$ 14,878	$ 15,266	$ 16,164
Denominator:			
Denominator for basic net income per share -- weighted average common shares	8,365	8,407	9,280
Effect of dilutive securities -- Stock options	130	102	50
Denominator for diluted net income per share -- adjusted weighted average common shares	8,495	8,509	9,330
Basic net income per share	$ 1.78	$ 1.82	$ 1.74
Diluted net income per share	$ 1.75	$ 1.79	$ 1.73

15. Risks and Uncertainties

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

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

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

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

Less than 10% of the Company's labor force is currently covered by collective bargaining agreements. One collective bargaining contract expires during 1999.

Material changes in the performance requirements or decreases in levels of marketing funding historically provided under our marketing programs with The Coca-Cola Company and other franchisers, or our inability to meet the performance requirements

15. Risks and Uncertainties (continued)

for the anticipated levels of such marketing funding support payments, would adversely affect future earnings. The Coca-Cola Company is under no obligation to continue marketing funding at past levels.

16. Supplemental Disclosures of Cash Flow Information

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

In Thousands	Fiscal Year 1998	Fiscal Year 1997	Fiscal Year 1996
Accounts receivable, trade, net	$ (1,304)	$ (4,234)	$ (38,820)
Accounts receivable from The Coca-Cola Company	(5,401)	(1,779)	5,691
Accounts receivable, other	862	(793)	(82)
Inventories	(2,050)	(7,910)	(2,798)
Prepaid expenses and other assets	(2,778)	(3,216)	(2,518)
Accounts payable and accrued liabilities	841	11,208	(7,534)
Accounts payable to The Coca-Cola Company	1,086	859	(387)
Accrued compensation	5,145	(207)	226
Accrued interest payable	1,287	2,926	3,894
Due to (from) Piedmont Coca-Cola Bottling Partnership	2,444	3,879	(1,304)
(Increase) decrease in current assets less current liabilities	$ 132	$ 733	$ (43,632)

Cash payments for interest and income taxes were as follows:

In Thousands	Fiscal Year 1998	Fiscal Year 1997	Fiscal Year 1996
Interest	$38,046	$23,908	$25,945
Income taxes (net of refunds)	1,925	8,366	5,465

17. Quarterly Financial Data (Unaudited)

Set forth below are unaudited quarterly financial data for the fiscal years ended January 3, 1999 and December 28, 1997.

In Thousands (Except Per Share Data) Year Ended January 3, 1999	Quarter 1	2	3	4
Net sales	$203,331	$ 241,415	$248,533	$235,223
Gross margin	84,934	104,378	105,452	98,819
Net income (loss)	(2,462)	9,389	6,995	956
Basic net income (loss) per share	(.29)	1.12	.84	.11
Diluted net income (loss) per share	(.29)	1.11	.82	.11
Weighted average number of common shares outstanding	8,365	8,365	8,365	8,365
Weighted average number of common shares outstanding -- assuming dilution	8,493	8,496	8,499	8,491

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

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

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

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

For information with respect to the executive officers of the Company, see "Executive Officers of the Registrant" at the end of Part I of this Report. For information with respect to the Directors of the Company, see the "Election of Directors" and "Certain Transactions" sections of the Proxy Statement for the 1999 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which is incorporated herein by reference. For information with respect to Section 16 reports for directors and executive officers of the Company, see the "Election of Directors - Section 16(a) Beneficial Ownership Reporting Compliance" section of the Proxy Statement for the 1999 Annual Meeting of Shareholders.

ITEM 11 - EXECUTIVE COMPENSATION

For information with respect to executive compensation, see the "Executive Compensation" section of the Proxy Statement for the 1999 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which is incorporated herein by reference (other than the subsections entitled "Report of the Compensation Committee on Annual Compensation of Executive Officers" and "Common Stock Performance," which are specifically excluded from such incorporation).

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

For information with respect to security ownership of certain beneficial owners and management, see the "Principal Shareholders" and "Election of Directors - Beneficial Ownership of Management" sections of the Proxy Statement for the 1999 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which is incorporated herein by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

For information with respect to certain relationships and related transactions, see the "Certain Transactions" and "Compensation Committee Interlocks and Insider Participation" sections of the Proxy Statement for the 1999 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission, which are incorporated herein by reference.

PART IV

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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

1. Financial Statements

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

2. Financial Statement Schedule

   Schedule II - Valuation and Qualifying Accounts and Reserves

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

3. Listing of Exhibits:

Exhibit Index

Number	Description	Incorporated by Reference or Filed Herewith
(1.1)	Underwriting Agreement dated November 1, 1995, among the Company, Citicorp Securities, Inc. and Salomon Brothers, Inc.	Exhibit 1.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 1995.
(1.2)	Underwriting Agreement dated July 1, 1997 among the Company, Citicorp Securities, Inc. and BancAmerica Securities, Inc.	Exhibit 1.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 1997.
(3.1)	Bylaws of the Company, as amended.	Exhibit 3.2 to theCompany's Registration Statement (No. 33-54657) on Form S-3.
(3.2)	Restated Certificate of Incorporation of the Company.	Exhibit 3.1 to the Company's Registration Statement (No. 33-54657) on Form S-3.
(4.1)	Specimen of Common Stock Certificate.	Exhibit 4.1 to the Company's Registration Statement (No. 2-97822) on Form S-1.
(4.2)	Specimen Fixed Rate Note under the Company's Medium-Term Note Program, pursuant to which it may issue, from time to time, up to $200 million aggregate principal amount of its Medium-Term Notes, Series A.	Exhibit 4.1 to the Company's Current Report on Form 8-K dated February 14, 1990.
(4.3)	Specimen Floating Rate Note under the Company's Medium-Term Note Program, pursuant to which it may issue, from time to time, up to $200 million aggregate principal amount of its Medium-Term Notes, Series A.	Exhibit 4.2 to the Company's Current Report on Form 8-K dated February 14, 1990.
(4.4)	Indenture dated as of October 15, 1989 between the Company and Manufacturers Hanover Trust Company of California, as Trustee, in connection with the Company's $200 million shelf registration of its Medium-Term Notes, Series A, due from nine months to 30 years from date of issue.	Exhibit 4. to the Company's Registration Statement (No. 33-31784) on Form S-3 as filed on February 14, 1990.

(4.5)	Selling Agency Agreement, dated as of February 14, 1990, between the Company and Salomon Brothers and Goldman Sachs, as Agents, in connection with the Company's $200 million Medium-Term Notes, Series A, due from nine months to 30 years from date of issue.	Exhibit 1.2 to the Company's Registration Statement (No. 33-31784) on Form S-3 as filed on February 14, 1990.
(4.6)	Form of Debenture issued by the Company to two shareholders of Sunbelt Coca-Cola Bottling Company, Inc. dated as of December 19, 1991.	Exhibit 4.04 to the Company's Current Report on Form 8-K dated December 19, 1991.
(4.7)	Commercial Paper Dealer Agreement, dated as of February 11, 1993, between the Company and Citicorp Securities Markets, Inc., as co-agent.	Exhibit 4.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1993.
(4.8)	Amended and restated commercial paper agreement, dated as of November 14, 1994, between the Company and Goldman Sachs Money Markets, L.P.	Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(4.9)	Supplemental Indenture, dated as of March 3, 1995, between the Company and NationsBank of Georgia, National Association, as Trustee.	Exhibit 4.15 to the Company's Annual Report, as amended, on Form 10-K/A-2 for the fiscal year ended January 1, 1995.
(4.10)	First Omnibus Amendment to Purchase Agreements, dated as of June 26, 1995, by and among the Company, as Seller, Corporate Receivables Corporation, as the Investor, and Citicorp North America, Inc., individually and as agent.	Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 1995.
(4.11)	Form of the Company's 6.85% Debentures due 2007.	Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 1995.

(4.12) The Registrant, by signing this report, agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument which defines the rights of holders of long-term debt of the Registrant and its subsidiaries for which consolidated financial statements are required to be filed, and which authorizes a total amount of securities not in excess of 10 percent of total assets of the Registrant and its subsidiaries on a consolidated basis.

(4.13)	Loan Agreement dated as of November 20, 1995 between the Company and LTCB Trust Company, as Agent, and other banks named therein.	Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
(4.14)	Amended and Restated Credit Agreement dated as of December 21, 1995 between the Company and NationsBank, N.A., Bank of America National Trust and Savings Association and other banks named therein.	Exhibit 4.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
(4.15)	Amendment, dated as of July 22, 1997, to Loan Agreement dated November 20, 1995, between the Company and LTCB Trust Company, as Agent, and other banks named therein.	Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 1997.
(4.16)	Form of the Company's 7.20% Debentures Due 2009.	Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 1997.
(10.1)	Employment Agreement of James L. Moore, Jr. dated as of March 16, 1987. * *	Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1986.
(10.2)	Amendment, dated as of May 18, 1994, to Employment Agreement designated as Exhibit 10.1. * *	Exhibit 10.84 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(10.3)	Stock Rights and Restrictions Agreement by and between Coca-Cola Bottling Co. Consolidated and The Coca-Cola Company dated January 27, 1989.	Exhibit 28.01 to the Company's Current Report on Form 8-K dated January 27, 1989.
(10.4)	Description and examples of bottling franchise agreements between the Company and The Coca-Cola Company.	Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.
(10.5)	Lease, dated as of December 11, 1974, by and between the Company and the Ragland Corporation, related to the production/ distribution facility in Nashville, Tennessee.	Exhibit 19.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.

(10.6)	Amendment to Lease Agreement designated as Exhibit 10.5.	Exhibit 19.7 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.
(10.7)	Second Amendment to Lease Agreement designated as Exhibit 10.5.	Exhibit 19.8 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.
(10.8)	Supplemental Savings Incentive Plan, dated as of April 1, 1990 between certain Eligible Employees of the Company and the Company. * *	Exhibit 10.36 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1990.
(10.9)	Description and example of Deferred Compensation Agreement, dated as of October 1, 1987, between Eligible Employees of the Company and the Company under the Officer's Split-Dollar Life Insurance Plan. * *	Exhibit 19.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 1990.
(10.10)	Consolidated/Sunbelt Acquisition Agreement, dated as of December 19, 1991, by and among the Company and the shareholders of Sunbelt Coca-Cola Bottling Company, Inc.	Exhibit 2.01 to the Company's Current Report on Form 8-K dated December 19, 1991.
(10.11)	Officer Retention Plan, dated as of January 1, 1991, between certain Eligible Officers of the Company and the Company. * *	Exhibit 10.47 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991.
(10.12)	Acquisition Agreement, by and among Sunbelt Coca-Cola Bottling Company, Inc., Sunbelt Carolina Acquisition Company Inc., certain of the common stockholders of Coca-Cola Bottling Co. Affiliated, Inc., and the stockholders of TRNH, Inc., dated as of November 7, 1989.	Exhibit 10.50 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991.
(10.13)	Amendment Number One to the Sunbelt/Affiliated Acquisition Agreement, dated as of December 29, 1989, between Sunbelt Coca-Cola Bottling Company, Inc., Sunbelt Carolina Acquisition Company, Inc., certain of the common stockholders of Coca-Cola Bottling Co. Affiliated, Inc. and the stockholders of TRNH, Inc.	Exhibit 10.04 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 1992.

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

(10.21)	Asset Purchase Agreement, dated as of July 2, 1993, by and among Carolina Coca-Cola Bottling Partnership,* Fayetteville Coca-Cola Bottling Company and Coca-Cola Bottling Co. Consolidated.	Exhibit 2.03 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.22)	Asset Purchase Agreement, dated as of July 2, 1993, by and among Carolina Coca-Cola Bottling Partnership,* Palmetto Bottling Company and Coca-Cola Bottling Co. Consolidated.	Exhibit 2.04 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.23)	Definition and Adjustment Agreement, dated July 2, 1993, by and among Carolina Coca-Cola Bottling Partnership,* Coca-Cola Ventures, Inc., Coca-Cola Bottling Co. Consolidated, CCBC of Wilmington, Inc., Carolina Coca-Cola Bottling Investments, Inc., The Coca-Cola Company, Carolina Coca-Cola Holding Company, The Coastal Coca-Cola Bottling Company, Eastern Carolina Coca-Cola Bottling Company, Inc., Coca-Cola Bottling Co. Affiliated, Inc., Fayetteville Coca-Cola Bottling Company and Palmetto Bottling Company.	Exhibit 2.05 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.24)	Management Agreement, dated as of July 2, 1993, by and among Coca-Cola Bottling Co. Consolidated, Carolina Coca-Cola Bottling Partnership,* CCBC of Wilmington, Inc., Carolina Coca-Cola Bottling Investments, Inc., Coca-Cola Ventures, Inc. and Palmetto Bottling Company.	Exhibit 10.01 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.25)	Post-Retirement Medical and Life Insurance Benefit Reimbursement Agreement, dated July 2, 1993, by and between Carolina Coca-Cola Bottling Partnership* and Coca-Cola Bottling Co. Consolidated.	Exhibit 10.02 to the Company's Current Report on Form 8-K dated July 2, 1993.
(10.26)	Aiken Asset Purchase Agreement, dated as of August 6, 1993 by and among Carolina Coca-Cola Bottling Partnership,* Palmetto Bottling Company and Coca-Cola Bottling Co. Consolidated.	Exhibit 2.01 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 1993.
(10.27)	Aiken Definition and Adjustment Agreement, dated as of August 6, 1993, by and among Carolina Coca-Cola Bottling Partnership, Coca-Cola Ventures, Inc., Coca-Cola Bottling Co. Consolidated, Carolina Coca-Cola Bottling Investments, Inc., The Coca-Cola Company and Palmetto Bottling Company.	Exhibit 2.02 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 1993.

(10.28)	Amended and Restated Guaranty Agreement, dated as of July 15, 1993 re: Southeastern Container, Inc.	Exhibit 10.06 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 1993.
(10.29)	Agreement, dated as of December 23, 1993, between the Company and Western Container Corporation covering purchase of PET bottles.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 1994.
(10.30)	Management Agreement, dated as of June 1, 1994, by and among Coca-Cola Bottling Co. Consolidated and South Atlantic Canners, Inc.	Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1994.
(10.31)	Guaranty Agreement, dated as of July 22, 1994, between Coca-Cola Bottling Co. Consolidated and Wachovia Bank of North Carolina, N.A.	Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1994.
(10.32)	Selling Agency Agreement, dated as of March 3, 1995, between the Company, Salomon Brothers Inc. and Citicorp Securities, Inc.	Exhibit 10.83 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(10.33)	Agreement, dated as of March 1, 1994, between the Company and South Atlantic Canners, Inc.	Exhibit 10.85 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(10.34)	Stock Option Agreement, dated as of March 8, 1989, of J. Frank Harrison, Jr. * *	Exhibit 10.86 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(10.35)	Stock Option Agreement, dated as of August 9, 1989, of J. Frank Harrison, III. * *	Exhibit 10.87 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995.
(10.36)	First Amendment to Credit Agreement, Line of Credit Note and Mortgage, and Reaffirmation of Term Note, Security Agreement, Guaranty Agreement and Addendum to Guaranty Agreement, dated as of March 31, 1995, by and among the Company, South Atlantic Canners, Inc. and Wachovia Bank of North Carolina, N.A.	Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 1995.
(10.37)	Guaranty Agreement and Addendum, dated as of March 31, 1995, between the Company and Wachovia Bank of North Carolina, N.A.	Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 1995.

(10.38)	Can Supply Agreement, dated November 7, 1995, between the Company and American National Can Company.	Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 1995.
(10.39)	Lease Agreement, dated as of July 17, 1988, between the Company and GE Capital Fleet Services covering various vehicles.	Exhibit 19.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1990.
(10.40)	Master Motor Vehicle Lease Agreement, dated as of December 15, 1988, between the Company and Citicorp North America, Inc. covering various vehicles.	Exhibit 19.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1990.
(10.41)	Master Lease Agreement, beginning on April 12, 1989, between the Company and Citicorp North America, Inc. covering various equipment.	Exhibit 19.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1990.
(10.42)	Master Lease Agreement, dated as of January 7, 1992 between the Company and Signet Leasing and Financial Corporation covering various vehicles.	Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 1992.
(10.43)	Master Equipment Lease, dated as of February 9, 1993, between the Company and Coca-Cola Financial Corporation covering various vending machines.	Exhibit 10.37 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1993.
(10.44)	Motor Vehicle Lease Agreement No. 790855, dated as of December 31, 1992, between the Company and Citicorp Leasing, Inc. covering various vehicles.	Exhibit 10.39 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1993.
(10.45)	Master Lease Agreement, dated as of February 18, 1992, between the Company and Citicorp Leasing, Inc. covering various equipment.	Exhibit 10.69 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1994.
(10.46)	Lease Agreement dated as of December 15, 1994 between the Company and BA Leasing & Capital Corporation.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 1995.
(10.47)	Beverage Can and End Agreement dated November 9, 1995 between the Company and Ball Metal Beverage Container Group.	Exhibit 10.48 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
(10.48)	Member Purchase Agreement, dated as of August 1, 1994, between the Company and South Atlantic Canners, Inc., regarding minimum annual purchase requirements of canned product by the Company.	Exhibit 10.49 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.

(10.49)	Member Purchase Agreement, dated as of August 1, the Company's 1994, between the Company and South Atlantic Canners, Inc., regarding minimum annual purchase requirements of 20 ounce PET product by by the Company.	Exhibit 10.50 to Annual Report on Form 10-K for the fiscal year ended December 31,1995.
(10.50)	Member Purchase Agreement, dated as of August 1, 1994, between the Company and South Atlantic Canners, Inc., regarding minimum annual purchase for requirements of 2 Liter PET product by the Company.	Exhibit 10.51 to the Company's Annual Report on Form 10-K the fiscal year ended December 31, 1995.
(10.51)	Member Purchase Agreement, dated as of August 1, 1994, between the Company and South Atlantic Canners, Inc., regarding minimum annual purchase requirements of 3 Liter PET product by the Company.	Exhibit 10.52 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
(10.52)	Description of the Company's 1999 Bonus Plan for officers. * *	Exhibit included in this filing.
(10.53)	Agreement for Consultation and Services between the Company and J. Frank Harrison, Jr. * *	Exhibit 10.54 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1996.
(10.54)	Agreement to assume liability for postretirement benefits between the Company and Piedmont Coca-Cola Bottling Partnership.	Exhibit 10.55 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1996.
(10.55)	Participation Agreement (Coca-Cola Trust No. 97-1) dated as of April 10, 1997 between the Company (as Lessee), First Security Bank, National Association (solely as Owner Trustee under Coca-Cola Trust No. 97-1) and the other financial institutions listed therein.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 1997.
(10.56)	Master Equipment Lease Agreement (Coca-Cola Trust No. 97-1) dated as of April 10, 1997 between the Company (as Lessee) and First Security Bank, National Association (solely as Owner Trustee under Coca-Cola Trust No. 97-1).	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 1997.
(10.57)	Franchise Asset Purchase Agreement, dated as of January 21, 1998, by and among Coca-Cola Bottling Company Southeast, Incorporated, as Seller, NABC, Inc., an indirect wholly-owned subsidiary of Guarantor, as Buyer, and Coca-Cola Bottling Co. Consolidated, as Guarantor.	Exhibit 10.58 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997.

(10.58)	Operating Asset Purchase Agreement, dated as of January 21, 1998, by and among Coca-Cola Bottling Company Southeast, Incorporated, as Seller, CCBC of Nashville, L.P., an indirect wholly-owned subsidiary of Guarantor, as Buyer, and Coca-Cola Bottling Co. Consolidated, as Guarantor.	Exhibit 10.59 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997.
(10.59)	Master Equipment Lease Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of January 14, 1998 between the Company (as Lessee) and First Security Bank, National Association (solely as Owner Trustee under Coca-Cola Trust No. 97-1).	Exhibit 10.60 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997.
(10.60)	Participation Agreement (1998 Transaction) (Coca-Cola Trust No. 97-1) dated as of January 14, 1998 between the Company (as Lessee) and First Security Bank, National Association (solely as OwnerTrustee under Coca-Cola Trust No. 97-1) and other financial institutions listed herein.	Exhibit 10.61 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997.
(10.61)	Lease Agreement, dated as of January 5, 1999, between the Company and Beacon Investment Corporation, related to the Company's corporate headquarters and an adjacent office building in Charlotte, North Carolina.	Exhibit included in this filing.
(10.62)	Coca-Cola Bottling Co. Consolidated Director Deferral Plan, dated as of January 1, 1998.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 1998.
(10.63)	Soft Toll Agreement for Aluminum Can Stock among the Company, The Coca-Cola Trading Company and Aluminum Company of America, dated as of December 22, 1998.	Exhibit included in this filing.
(21.1)	List of subsidiaries.	Exhibit included in this filing.
(23.1)	Consent of Independent Accountants to Incorporation by Reference into Form S-3 (Registration No. 33-4325) and Form S-3 (Registration No. 33-54657).	Exhibit included in this filing.
(27.1)	Financial data schedule for period ended January 3,1999.	Exhibit included in this filing.

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

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

B. Reports on Form 8-K

A current report on Form 8-K was filed on February 19, 1999 related to the Company's purchase of equipment previously leased under various operating lease agreements.

Schedule II

COCA-COLA BOTTLING CO. CONSOLIDATED

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

(IN THOUSANDS)

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions	Balance at End of Year
Allowance for doubtful accounts:				
Fiscal year ended January 3, 1999	$ 513	$ 426	$ 339	$ 600
Fiscal year ended December 28, 1997	$ 410	$ 492	$ 389	$ 513
Fiscal year ended December 29, 1996	$ 406	$ 436	$ 432	$ 410

SIGNATURES

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

COCA-COLA BOTTLING CO. CONSOLIDATED

(REGISTRANT)

Date: March 31, 1999 By: /s/ J. Frank Harrison, III

J. FRANK HARRISON, III
CHAIRMAN OF THE BOARD OF DIRECTORS
AND CHIEF EXECUTIVE OFFICER

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

By: /s/ J. Frank Harrison, Jr. J. FRANK HARRISON, JR.	Chairman Emeritus of the Board of Directors and Director	March 31,1999
By: /s/ J. Frank Harrison, III J. FRANK HARRISON, III	Chairman of the Board of Directors Chief Executive Officer and Directo	March 31,1999
By: /s/ James L. Moore, Jr. JAMES L. MOORE, JR.	President and Chief Operating Officer and Director	March 31,1999
By: /s/ Reid M. Henson REID M. HENSON	Vice Chairman of the Board of Directors and Director	March 31,1999
By: /s/ H. W. McKay Belk H. W. MCKAY BELK	Director	March 31,1999
By: /s/ John M. Belk JOHN M. BELK	Director	March 31,1999

By: /s/ Evander Holyfield ---------------------------- EVANDER HOLYFIELD	Director	March 31,1999
By: /s/ H. Reid Jones ---------------------------- H. REID JONES	Director	March 31,1999
By: /s/ Ned R. McWherter ---------------------------- NED R. MCWHERTER	Director	March 31,1999
By: /s/ John W. Murrey, III ---------------------------- JOHN W. MURREY, III	Director	March 31,1999
By: /s/ Charles L. Wallace ---------------------------- CHARLES L. WALLACE	Director	March 31,1999
By: /s/ David V. Singer ---------------------------- DAVID V. SINGER	Vice President and Chief Financial Officer	March 31,1999
By: /s/ Steven D. Westphal ---------------------------- STEVEN D. WESTPHAL	Vice President and Chief Accounting Officer	March 31,1999

COCA-COLA BOTTLING CO. CONSOLIDATED
ANNUAL BONUS PLAN

PURPOSE

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

PLAN ADMINISTRATION

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

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

PLAN GUIDELINES

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

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

QUALIFICATION AND AMOUNT OF AWARD:

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

   (a) Corporate goals set for the fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AMENDMENTS, MODIFICATIONS AND TERMINATION

The Committee is authorized to amend, modify or terminate the Plan retroactively at any time, in part or in whole; PROVIDED, HOWEVER, that any such amendment may not cause payments to "covered employees" under the Plan to cease to qualify as "performance-based compensation" under Section 162(m) unless such amendment has been approved by the full Board of Directors of the Company.

SHAREHOLDER APPROVAL REQUIREMENT

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

ANNEX A

APPROVED PERFORMANCE CRITERIA FOR
AWARDING BONUS PAYMENTS

CORPORATE GOALS

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

* To be set as Part of Approved Plan

NOTES:

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

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

- Sales of franchise territories

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

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

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

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

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

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

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

ANNEX A FOR 1999

APPROVED PERFORMANCE CRITERIA FOR
AWARDING BONUS PAYMENTS

CORPORATE GOALS

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

* Set as Part of Approved Plan

NOTES:

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

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

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

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

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

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

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

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

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

1999 VOLUME GOALS

VOLUME	% BONUS PAYMENT
U.S. Coca-Cola Average to 6.50%	80%
6.51% to 7.50%	90%
7.51% to 8.50%	100%
8.51% to 10%	110%
10.1% to 12%	120%
12.1% and up	150%

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG LEASE

THIS LEASE, made and entered into this the 5th day of January,1999, by and between BEACON INVESTMENT CORPORATION, a North Carolina corporation, hereinafter called "LANDLORD," and COCA-COLA BOTTLING CO. CONSOLIDATED, a Delaware corporation, hereinafter called "TENANT";

WITNESSETH:

THAT for and in consideration of the mutual agreements of the parties, including the rental agreed to be paid by Tenant to Landlord, Landlord hereby leases to Tenant, and Tenant leases and rents from Landlord the following described premises on the terms and conditions hereinafter set forth, to wit:

ARTICLE I

BASIC LEASE TERMS

Section 1. Commencement, Termination and Base Rent.

Buildings:	1900 Rexford Road (the "REXFORD BUILDING") 6301 Morrison Boulevard (the "MORRISON BUILDING")
Location of Premises:	See Exhibit B attached hereto.
Rentable Area of Building:	Rexford Building: 108,668 square feet Morrison Building: 65,000 square feet
Rentable Area of Premises:	See Exhibit B attached hereto.
Lease Term:	
Commencement Date:	January 5, 1999
Termination Date:	December 31, 2008
Base Rent:	
Initial Annual Base Rent:	$2,794,620.00
Initial Quarterly Base Rent:	$698,655.00

Section 2. Address of Landlord and Tenant; Notices.

Rental and Other Payments To:	Beacon Investment Corporation Attn: Ms. Karen D'Eredita 1900 Rexford Rd. Charlotte, NC 28211
Correspondence To:	Beacon Investment Corp. Attn: J. Frank Harrison, III P.O. Box 31487 Charlotte, NC 28231
Address of Tenant:	Coca-Cola Bottling Co. Consolidated Attn: Mr. Mike Perkis 1900 Rexford Rd. Charlotte, NC 28211

All sums of money to be paid to Tenant by Landlord and all written notices by Landlord to Tenant shall be delivered to the address for the Premises (as hereinafter defined) as set forth above unless a different address for Tenant is set forth above.

All sums of money to be paid to Landlord by Tenant and all written notices by Tenant to Landlord shall be delivered to the respective addresses of Landlord as set forth above.

All notices required or permitted under this Lease shall be in writing, signed by the party giving such notice and transmitted by certified mail, postage prepaid, and shall be deemed given when deposited in an official depository of the United States Mails. Either party may change the address to which money due or notices shall be sent by giving the other party written notice of such change of address.

Tenant hereby appoints as its agent for service of process in all dispossessory, distraint and summary ejectment proceedings which may be brought against it by Landlord, any person occupying the Premises, provided that if no person is occupying the Premises, then Tenant agrees that such service may be made by attachment thereof to the main entrance to the Premises; provided, Landlord additionally delivers a copy of such service of process to the Tenant at the address set forth above.

ARTICLE II

LEASED PREMISES

Section 1. Description of Premises. The Premises this day leased and demised (hereinafter called the "PREMISES") are to be located within the Buildings identified in Article I (hereinafter called the "BUILDINGS"; each a "BUILDING") which are located on the real property described in Exhibit A attached hereto and incorporated herein by reference (said land and the buildings and improvements thereon being herein called the "PROPERTY"). The Premises are shown as outlined on the floor plans of the Buildings attached hereto as Exhibit B and incorporated herein by reference. In addition, the Landlord shall make available to Tenant an area of space located on the first floor entrance area of each Building suitable for placement of a receptionist for Tenant, and Tenant shall be entitled to place a sign identifying the Tenant's corporate name and products in each such receptionist's area.

Section 2. Tenant's Acceptance of Property. Except as specifically provided to the contrary in Exhibit C attached to this Lease, Tenant shall accept the Premises in "as is" condition and Landlord shall have no obligation to upfit the same. Except as expressly set forth herein, neither Landlord nor its agents have made any representations with respect to the Premises, the Buildings or the Property and no rights, easements or licenses are acquired by the Tenant by implication or otherwise. The taking of possession of the Premises by Tenant shall be conclusive that the Premises and the Buildings were in satisfactory condition at the time possession was taken. In the event that someone other than Landlord constructs any improvements to the Premises, then those improvements must be constructed using, at least, finishes which are standard to the Buildings and according to plans and specifications approved by Landlord in advance, and Tenant will furnish Landlord with a complete set of as-built plans and specifications within sixty (60) days of the completion of these improvements. In all cases, Tenant's mechanical and electrical work, and any penetration of floors, must be performed by Landlord's contractors and subcontractors.

Section 3. Common Areas. Tenant and its employees, agents, invitees and licensees are granted the right, in common with others and subject to the exclusive control and management thereof at all times by Landlord, to the non-exclusive use of such of the areas as are from time to time designated as common areas by Landlord (the "COMMON AREAS"). These areas shall include the facilities in the Buildings which are designated for the general use, in common, of the occupants of the Buildings, and, to the extent the same are provided, the parking areas, sidewalks, roadways, loading platforms, restrooms, ramps, maintenance and mechanical areas, lobbies, corridors, elevators, stairwells and landscaped areas.

Section 4. Quiet Enjoyment. The Landlord agrees that the Tenant, on paying the stipulated rental and keeping and performing the agreements and covenants herein contained, shall hold and enjoy the Premises for the term aforesaid, subject, however, to the terms of this Lease.

ARTICLE III

LEASE TERM

Section 1. Term. The term of this Lease shall commence and end on the Commencement Date and Termination Date, respectively, set forth in Article I, subject to any termination right granted herein. However, if due to causes beyond Landlord's reasonable control, including without limitation, the inability of Landlord, despite due diligence, to complete any work that it is obligated to perform in the Premises or to obtain possession of the Premises because of a holdover tenant therein, Landlord is unable to deliver the Premises to Tenant by the Commencement Date, then in such case the Commencement Date and Termination Date shall be deferred by the number of days of such delays.

At any time prior to said Commencement Date, Tenant shall have the right, at its own risk, to enter upon the Premises for any reasonable purpose expressly permitted by Landlord; provided, however, that such entry shall not interfere with any work being done by or on behalf of Landlord therein, and Tenant shall indemnify Landlord against any loss or liability arising from such entry.

Section 2. Holding Over. If Tenant continues to occupy the Premises after the last day of the term hereof or after the last day of any renewal or extension of the term hereof and if Landlord elects to accept rent, a monthly tenancy terminable at will by either party be created which shall be on the same conditions as those herein specified, except Tenant shall pay double the monthly rent paid for the last full month of the lease term for each month or partial month during which Tenant retains possession of the Premises and after such expiration of termination date. Tenant shall indemnify Landlord against all liabilities and damages sustained by Landlord by reason of such retention of possession. The provisions of this section shall not constitute a waiver by Landlord of any reentry rights available under this lease or by law.

ARTICLE IV

RENTAL

Section 1. Base Rental. The Tenant covenants and agrees to pay to Landlord as rental for the Premises the Initial Quarterly Base Rent set forth in Article I, adjusted as hereinafter provided, on or before the first day of each quarter, in advance, without demand during the term of this Lease at the address set forth in Article I, Section 2; provided, however, that if the term of this Lease does not begin on the first day or end on the last day of a month, the Rental for that partial quarter shall be prorated by multiplying the Quarterly Base Rent by a fraction, the numerator of which is the number of days of the partial quarter included in the term and the denominator of which is the total number of days in the full calendar quarter that is being prorated.

Section 2. Adjustment of Annual and Quarterly Base Rent. On each anniversary of the Commencement Date, the Annual Base Rent shall be adjusted to an increased amount that may result from multiplying the Annual Base Rent, as set forth in Article I, Section 1, by a fraction whose numerator shall be the Consumer Price Index for the month during which such anniversary of the Commencement Date occurs and whose denominator shall be the Consumer Price Index for the month during which the Commencement Date occurs (the annual base rent as increased shall be referred to as the "CPI RENT"). Notwithstanding any term or provision in this Lease to the contrary, in no event shall the Annual or Quarterly Base Rent be less than the Annual or Quarterly Base Rent stated in Article I, Section 1. The Landlord shall notify the Tenant in writing of any adjusted Annual and Quarterly Base Rent and such notice shall include a detailed computation of the new Annual and Quarterly Base Rent.

For the purpose of this paragraph, "CPI" shall mean Consumer Price Index published monthly for All Urban Consumers, U.S. City Average, Base Year 1982-84 = 100 issued by the Bureau of Labor Statistics of the United States Department of Labor, or in the event such index is no longer published, then such other index as shall be generally acceptable as being comparable thereto.

Section 3. Additional Rent. The additional annual rent to be paid by Tenant during the Term shall be based upon changes in the Adjusted Eurodollar Rate (as defined hereinafter) (the "ADDITIONAL RENT") and shall be calculated as provided in this section. For the duration of the Term, for each basis point change in the Adjusted Eurodollar Rate from 5.3125, the Additional Rent shall increase or decrease in the direction corresponding to the Adjusted Eurodollar Rate change, by the amount of $1,900.00 per annum.

"ADJUSTED EURODOLLAR RATE" as used herein shall mean the Adjusted Eurodollar Rate as defined in Exhibit H for any of the normal time periods (30, 60, 90, or 180 days) for which such rates are made available to qualified borrowers and which shall be mutually agreed to by Landlord and Tenant. If as a result of any government regulations eurodollar loans are unavailable, then the additional annual rent shall be based on a floating rate offered by NationsBank, N.A., in Charlotte, North Carolina, which is acceptable to both parties.

Exhibit I illustrates computations of the combined annual CPI Rent and Additional Rent at various Adjusted Eurodollar Rates based upon CPI increases of 2% and 1.5% annually. Exhibit I is intended for illustration purposes only; the CPI Rent and Additional Rent payable by Tenant shall be calculated in the manner described in this Lease by applying actual changes in the CPI and the Adjusted Eurodollar Rate.

Section 4. Adjustment to Rent for Increases in Landlord's Operating Cost. Landlord and Tenant agree that $456,052.00 of the Annual Base Rent represents Landlord's projection of its expenses to operate the Premises during the first year of the Term. Landlord and Tenant further agree that the rent payable hereunder has been calculated in part upon agreed-to service levels and Landlord's current and projected costs to operate the Buildings and the Premises. In the event Landlord's Operating Cost (as defined hereinafter) increase at a rate in excess of the CPI, Landlord will provide written notice to Tenant together with documentation of such increases, and Tenant agrees to increase its rent payments in amounts sufficient to cover such increases in Operating Cost.

The term "Operating Cost" shall mean and include all costs, expenses, and disbursements of every kind and nature which Landlord shall pay or become obligated to pay in connection with the management, operation, maintenance, replacement and repair of all building systems, components and appurtenances according to first class management principles for a building located in Charlotte, North Carolina and according to what is best for the Buildings in the Landlord's judgment. Such costs will include, but will not be limited to, maintenance, operation, and repair of personal property, fixtures, machinery, equipment systems and apparatus used in connection with the Buildings; cleaning; insurance; security; any assessments that may be payable to any Owners' or Merchants' Association on the same basis as other buildings in the area in which the Buildings are located; management fees; utilities; seasonal decorations, redecoration of public areas; contract services; amortization of non-permanent equipment (example: trash containers) which otherwise might be leased; and those items listed on Exhibit D which are not identified in this paragraph.

Operating Cost shall not include costs for tenant improvements, interest and principal payments on loans for the Building, salaries and other compensation for executive officers of the Landlord or Manager; expenditures for which the Landlord has been reimbursed (other than pursuant to Additional Rent provisions in tenant leases); expenses incurred in enforcing obligations of other tenants; ad valorem personal and real property taxes associated with the ownership and operation of the Building; and capital expenditures or capital leases (except as otherwise provided herein and except for costs associated with capital expenditures or capital leases by Landlord which are the purpose of reducing Operating Cost).

Section 5. Payment of Annual Base Rent and CPI Rent. Tenant shall pay the Annual Base Rent and CPI Rent in quarterly installments in advance without demand on the first day of each and every quarter during the Term. Due to the delay in the publication of the CPI after its calculation, the amount of the quarterly installments of CPI Rent payable prior to the publication of the CPI during each 12-month period of the Term beginning on the first 12-month anniversary of the Commencement Date shall be based upon the annualized change determined from the CPI most recently published prior to the beginning of the applicable 12-month period. After the CPI for each 12-month period of the Term is published, Landlord shall calculate any adjustment to the CPI Rent needed as a result of such publication, and any amount due Landlord shall be paid by Tenant with the next quarterly installment of CPI Rent. Any amount due Tenant as a result of such an adjustment shall be paid by Landlord within 30 days of the adjustment.

Section 6. Payment of Additional Rent. Tenant shall pay the Additional Rent in quarterly installments in advance without demand on the first day of each and every quarter during the Term. Each installment of the Additional Rent payable on the first day of each quarter of the Term as provided herein shall be adjusted retroactively at the expiration of each quarter to reflect changes in the Adjusted Eurodollar Rate, as determined pursuant to Section 3 hereof, during such quarter. Upon such adjustment, Landlord shall refund to Tenant or Tenant shall pay to Landlord, as appropriate, within ten days of demand therefor, such sums as are necessary for Tenant to have paid the installment of the Additional Rent, as adjusted, which was owed by it for the preceding quarter.

Section 7. Adjustments to Rent for Lease of Additional Areas of the Building. Should Tenant desire to lease any areas of the Buildings which are not part of the Premises and should such additional areas be available for lease or when such areas become so available, Landlord, upon written notice from Tenant, agrees to lease such areas to Tenant on the same terms and conditions provided in this lease, and such additional areas shall become part of the Premises leased and demised hereunder. The Base Rent then in effect shall be increased by an amount equal to the product of the then existing Base Rent per square foot of the Premises multiplied by the square footage of the additional areas of the Building which Tenant is to lease.

Section 8. Tenant Services; Adjustments to Rent. Landlord acknowledges that Tenant desires to assume direct responsibility for maintaining, cleaning and insuring certain portions of the Property. In this regard, provided Landlord has approved in writing all contracts for the providing of such services and insurance, Tenant shall be entitled to receive a credit against Annual Base Rent for the providing of such services and insurance in an amount equal to $199,612.87 (the "Rental Credit"). Provided, however, on each anniversary of the Commencement Date, the Rental Credit shall be adjusted to an increased amount that may result from multiplying the Rental Credit, as set forth in the immediately preceding sentence, by a fraction whose numerator shall be the Consumer Price Index for the month during which such anniversary of the Commencement Date occurs and whose denominator shall be the Consumer Price Index for the month during which the Commencement Date occurs. If, at any time during the Lease Term, Tenant desires to assume direct responsibility for providing any additional services for or to the Property, Tenant shall notify Landlord in writing. Provided Landlord agrees to allow Tenant to assume direct responsibility for providing such additional services and provided Landlord approves in writing all contracts for the providing of such services, as reimbursement to Tenant for providing such services, the Rental Credit shall be increased at such time by an amount determined by Landlord. Notwithstanding the foregoing, Landlord may, at any time during the Lease Term, revoke Tenant's right to provide certain services and/or insurance for or to the Property pursuant to this Section 8, whereupon the Rental Credit shall be decreased by an amount determined by Landlord.

Section 9. Late Payment. If rent or any other payment due hereunder from Tenant to Landlord remains unpaid ten (10) days after said payment is due, the amount of such unpaid rent or other payment shall be increased by a late charge to be paid to Landlord by Tenant in an amount equal to five percent (5%) of the amount of the delinquent rent or other payment. The amount of the late charge to be paid for such month shall be computed on the aggregate amount of delinquent rent and other payment then outstanding for such month. Landlord and Tenant agree that such late charge shall not be deemed to be a penalty, it being understood between the parties that late payments by Tenant shall result in additional administrative expense to Landlord which is difficult and impractical to ascertain and that such late charge is a reasonable estimate of the loss and expense to be suffered by Landlord as a result of such late payment by Tenant.

If rent or any other sums due Landlord by Tenant hereunder shall not be paid within thirty (30) days of its due date, then in such case in addition to the late charge provided for herein above, such rent or other sum shall bear interest beginning on the thirty-first (31st) day after its due date at the rate of eighteen percent (18%) per annum (or, if less, the highest rate allowed by law).

If rent or any other sums due Landlord by Tenant hereunder is collected by or through an attorney at law, Tenant agrees to pay Landlord's actual and reasonable attorneys' fees incurred with respect thereto not in excess of fifteen percent (15%) of the total sums due, or if the laws of the State of North Carolina in effect at the time of such collection limit the amount so payable as attorneys' fees, then the maximum percentage not in excess of fifteen percent (15%) allowed by such laws, of the amount so collected.

Nothing herein shall relieve Tenant of the obligation to pay rent or any other payment on or before the date on which any such payment is due, nor in any way limit Landlord's remedies under this Lease or at law in the event said rent or other payment is unpaid after it is due. Amounts due hereunder shall be deemed to be additional rent and the failure to pay the same within ten (10) days after they are due shall constitute a default of this Lease.

Section 10. Application of Payments Received from Tenant. Landlord, acting in its sole discretion, shall have the right to apply any payments made by Tenant to the satisfaction of any debt or obligation of Tenant to Landlord regardless of the instructions of Tenant as to application of any sum whether such instructions be endorsed upon Tenant's check or otherwise, unless otherwise agreed upon by both parties in writing. The acceptance by Landlord of a check or checks drawn by anyone other than Tenant shall in no way effect Tenant's liability hereunder nor shall it be deemed an approval of any assignment of this Lease by Tenant.

ARTICLE V

UTILITIES, SERVICES AND MAINTENANCE

Section 1. Landlord's Services and Maintenance. Unless otherwise provided by Tenant pursuant to Article IV, Section 8 hereof, Landlord shall provide the following services: (1) maintain a heating and air conditioning unit or units in good condition and repair in the Premises; (2) city water from the Buildings' fixtures for drinking, lavatory and toilet purposes; (3) customary cleaning and janitorial services in the Premises Monday through Friday, excluding Federal holidays in accordance with the janitorial specifications attached hereto as Exhibit G; (4) customary cleaning, mowing, grounds keeping, snow removal and trash removal in the areas of the Buildings; (5) window washing in the Premises, inside and outside, at reasonable intervals; (6) adequate passenger elevator service in common with other tenants of the Buildings; (7) customary security services consistent with first-class office buildings in Charlotte, North

Carolina comparable to the Buildings; (8) heating, air conditioning, customary cleaning and janitorial services, and electricity for the Common Areas in the Buildings; (9) replacement of lamps (both fluorescent and incandescent) only in the Buildings with standard lighting fixtures as specified by Landlord for the Premises and Common Areas of the Buildings (any lamps for non-Building standard lighting fixtures shall be Tenant's responsibility); and (10) keep the Buildings open to guests, invitees, employees and customers of Tenant Monday through Friday from 8:00 a.m. until 6:00 p.m., excluding federal holidays.

Landlord shall not be obligated to furnish any services or utilities, other than those stated above. If Landlord elects to furnish services or utilities requested by Tenant, in addition to those listed above or at times other than those stated above, Tenant shall pay to Landlord the prevailing charges for such services and utilities within thirty (30) days after billing. If Tenant fails to make any such payment, Landlord may, without notice to Tenant and in addition to Landlord's other remedies under this Lease, discontinue any or all of such additional or after-hours services. No such discontinuance of any service shall result in any liability of Landlord to Tenant or be considered an eviction or a disturbance of Tenant's use of the Premises.

Landlord shall have no liability or responsibility to Tenant for loss or damage should the furnishing of any of the utilities and services as herein provided be prohibited or stopped for repairs, alterations or improvements or by reason of causes beyond Landlord's control including, without limitation, accidents, strikes, storms, Acts of God, labor trouble or disturbances, lockouts or orders or regulations of the federal, state or municipal government.

The cost of Landlord's performing any maintenance, repair or replacement caused by the negligence of Tenant, its employees, agents, servants, licensees, subtenants, contractors or invitees, or the failure of Tenant to perform its obligations under this Lease shall be paid by Tenant, except to the extent of insurance proceeds, if any, actually collected by Landlord with regard to the damage necessitating such repairs.

Section 2. Tenant's Services and Maintenance. Tenant shall make arrangements directly with the public utility electric company serving the Buildings for all electric power or current required by Tenant in the Premises, including the provision of electric power for heat and air conditioning, and directly with the telephone company or companies for all telephone service required by Tenant. Tenant shall pay for all electric and telephone service used or consumed in the Premises, including the cost of installation of any separate meters.

Landlord shall not be responsible for the maintenance, repair or replacement of any systems which are located within the Premises and are supplemental or special to the standard systems of either Building, whether installed pursuant to a work letter or otherwise, for any lamps (whether fluorescent or incandescent) for any special or non-Building standard lighting fixtures, or for any floor or wall coverings in the Premises. Tenant shall be responsible for all services; maintenance and repairs not specifically delegated to Landlord hereunder which are required to keep the interior of the Premises in good condition and repair.

If heat generating machines or equipment are used in the Premises by Tenant which affect the temperature otherwise maintained by the heating and air conditioning systems of either Building, Landlord shall have the right to install supplemental air conditioning units in the Premises and the cost of the units, and the cost of installation, operation and maintenance thereof, shall be paid by Tenant to Landlord within thirty (30) days of demand by Landlord.

Section 3. Extra Services. Whenever Landlord knows that any tenant (including Tenant) is using extra services because of either non-business hour's use or high consumption, Landlord may directly charge that tenant for the extra use and exclude those charges from Operating Cost. Extra services include:

(i) Non-Business Use. Landlord provided utilities and services required by Tenant during non business hours shall be supplied upon reasonable advance verbal notice. If more than one tenant directly benefits from these services then the cost shall be allocated proportionately between or among the benefiting tenants based upon the amount of time each tenant benefits and the square footage of each leases.

(ii) Excess Utility Use. Tenant shall not place or operate in the Premises any electrically operated equipment or other machinery, other than typewriters, personal computers, adding machines, reproduction machines, and other machinery and equipment normally used in offices, which will overload the electrical systems of either Building. If Tenant uses any Landlord provided service or utility in excess of that reasonably required for normal office use, Landlord may require payment for such extra use.

(iii) Payment. Tenant's charges for the utilities and services provided under (i) and (ii) above shall be one hundred and ten percent (110%) of Landlord's actual cost of labor and utilities.

Tenant's failure to pay the charges in (i) and (ii) above within thirty (30) days of receiving a proper and correct invoice shall entitle Landlord to the same remedies it has upon Tenant's failure to pay Base Rent, Additional Rent, or any other charges due under this Lease.

ARTICLE VI

ALTERATIONS, REPAIRS AND MAINTENANCE

Section 1. Alterations. Tenant agrees that it will make no alterations, additions or improvements to the Premises without the prior written consent of the Landlord and that all alterations, additions or improvements made by or for the Tenant, including, without limitation, any and all subdividing partitions, walls or railings of whatever type, material or height, excepting movable office furniture installed at the expense of Tenant, shall, when made, become the property of the Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the end of the Lease term, unless Landlord shall notify Tenant to remove same, in which latter event Tenant shall comply to the end that the Premises shall be restored to the same condition in which they were found prior to the Commencement Date, normal wear and tear excepted. Tenant shall not core drill or in any other manner attempt to penetrate or penetrate the floors of the Buildings without obtaining permission of Landlord.

In the event that Tenant constructs any improvements to the Premises, then those improvements must be constructed (a) using, at least, finishes which are standard to the Buildings and according to plans and specifications and using only contractors and subcontractors approved by Landlord in advance, and (b) in compliance with all applicable laws, ordinances, rules, building codes, and regulations of Federal, State, municipal and county authorities, including without limitation, the procurement of a building permit, and (c) in a diligent, good and workmanlike manner. Tenant shall obtain a Builders' Risk Insurance Policy in such amount as is reasonably requested by Landlord, naming Landlord as an additional insured and providing that it will not be canceled without giving Landlord at least 15 days prior written notice thereof. Any mechanical or electrical work and any penetration of floors must be performed by Landlord's contractors and subcontractors. Upon completion of any such construction by Tenant, Tenant must furnish Landlord with a complete set of as-built plans and specifications for the same. Tenant will not permit and will indemnify Landlord and hold it harmless from any mechanic's or materialmen's liens against the Premises, in connection with any such improvements.

Section 2. Right of Entry. The Tenant agrees that Landlord shall have the right to enter and to grant licenses to enter the Premises at any time (a) to examine the Premises, (b) to make alterations and repairs to the Premises or to the Buildings (including the right, during the progress of such alterations or repairs, to keep and store within the Premises all necessary materials, tools and equipment) or (c) to exhibit the Premises to prospective purchasers or tenants and that no such entry shall render the Landlord liable to any claim or cause of action for loss of or damage to property of the Tenant by reason thereof, nor in any manner affect the obligations and covenants of this Lease.

Section 3. Tenant's Care of Premises. Tenant shall:

(i) keep the Premises and fixtures in good order, including, without limitation, maintenance and repair, including replacement if necessary, of all doors (exterior and interior), all interior plate glass and window glass, and all wall and floor coverings, effecting all such maintenance and repairs at its own expense and employing materials and labor of a kind and quality equal to the original installations;

(ii) make repairs and replacements to the Premises or Buildings needed because of Tenant's misuse or primary negligence, or as provided in any other provision of this Lease including, without limitation, Section 5 of this Article VI;

(iii) repair and replace special equipment or decorative treatments above Building standard installed by or at Tenant's request and that serve the Premises only, or any trade fixtures of Tenant, except to the extent the repairs or replacements are needed because of Landlord's misuse or primary negligence, and are not covered by Tenant's insurance or the insurance Tenant is required to carry under Article VIII, Section 2, whichever is greater.

(iv) if Tenant fails to replace or repair equipment or other installations in or about the Premises as above provided, then immediately after advising Tenant in writing as to the necessity therefore, Landlord may accomplish the required work and add the cost thereof to the next due Quarterly Base Rent, but Tenant shall not be liable to Landlord for any failure to fulfill the obligations of this Section until such time as the Tenant shall be notified, as aforesaid, in writing of the requirements therefor.

Section 4. Landlord's Repairs. Landlord shall make the repairs and replacements to the Buildings, other than the repair obligations of Tenant outlined in Section 3 and in Article IV, Section 8 hereof, including to the roof, foundation, exterior walls, interior structural walls, all structural components, and all systems, such as mechanical, electrical, HVAC, and plumbing.

Section 5. Time for Repairs. Repairs or replacements required hereunder shall be made within a reasonable time (depending on the nature of the repair or replacement needed) after receiving notice or having actual knowledge of the need for a repair or replacement.

Section 6. Surrendering the Premises. Upon the Termination Date or the date the last extension term, if any, ends, whichever is later, Tenant shall surrender the Premises to Landlord in the same broom clean condition that the Premises were in on the Commencement Date except for:

(i) ordinary wear and tear;

(ii) damage by the elements, fire, and other casualty unless Tenant would be required to repair under Section 3;

(iii) condemnation;

(iv) damage arising from any cause not required to be repaired or replaced by Tenant; and

(v) alterations as permitted by this Lease unless consent was conditioned on their removal.

On surrender, Tenant shall remove from the Premises its personal property, trade fixtures, and any alterations required to be removed under Section 1 and repair any damage to the Premises caused by the removal. Any items not removed by Tenant as required above shall be considered abandoned. Landlord may dispose of abandoned items as Landlord chooses and bill Tenant for the cost of their disposal, minus any revenues received by Landlord for their disposal.

ARTICLE VII

USE AND COVENANTS

Section 1. Use and Occupancy. Tenant agrees that the Premises will be used only for general office purposes, that no unlawful use of the Premises will be made, that no sign, name, legend, notice or advertisement of any kind will be fixed, printed, painted or displayed on any part of the Buildings without the prior written approval of Landlord, except that the name and suite number of the Tenant may be displayed in a manner prescribed by Landlord and except as may be provided in Article II, Section 1 hereof.

Section 2. Parking. Tenant agrees for itself, its employees, agents and invitees to comply with the parking rules contained in the Parking Rules and Regulations attached hereto as Exhibit E together with all reasonable modifications and additions thereto which Landlord may from time to time make. Tenant shall use parking spaces only in a manner which is compatible with the day-to-day general use of the Buildings by its employees, visitors, customers, invitees, guests and other tenants in the Buildings. Tenant agrees that Landlord shall have the right to tow vehicles of Tenant and its employees, agents, guests and visitors that are parked in such a way as to be in violation of the Parking Rules and Regulations.

Landlord reserves the right from time to time without notice to Tenant to (a) change the location or configuration of the parking areas of the Buildings (the "Parking Areas"), or any portion thereof; (b) change the number of parking spaces located within the Parking Areas, or any portion thereof; (c) install systems to control and monitor parking in the Parking Areas, or any portions thereof, including without limitation, a parking gate and identification card system; (d) utilize parking guards or attendants to supervise and control parking within the Parking Areas and to enforce the parking rules; (e) have full access to the Parking Areas (including the right to close or alter the means of access to the Parking Areas, or portions thereof) to make repairs and alterations thereto, to prevent a taking by adverse possession or prescription or to comply with applicable legal and governmental requirements; (f) modify the parking rules; (g) tow motor vehicles parked in violation of the parking rules; and (h) enforce the parking rules by appropriate legal action.

Section 3. Rules and Regulations of the Buildings. The Tenant has read the rules and regulations attached hereto as Exhibit F and made a part hereof and hereby agrees to abide by and conform to the same and to such further reasonable rules and regulations as the Landlord may from time to time make or adopt for the care, protection and benefit of the Buildings or the general comfort and welfare of the Buildings' occupants. The Tenant further agrees that the Landlord shall have the right to waive any and all of such rules in the case of any one or more tenants without affecting the Tenant's obligations under this Lease and that the Landlord shall not be responsible to the Tenant for the nonconformance by any other tenant to any rules or regulations.

ARTICLE VIII

INSURANCE AND INDEMNITY

Section 1. Landlord's Insurance. Landlord shall keep the Buildings insured against damage and destruction by fire, earthquake, vandalism, and other perils in the amount of at least 80% of the collective replacement value of the Buildings, as said collective value may exist from time to time. In addition, Landlord shall maintain a policy of commercial general public liability insurance with respect to the Common Areas, covering bodily injury, death and property damage, with a contractual liability endorsement, in the amount of at least ($1,000,000.00) per occurrence and with an aggregate limit of at least One Million Dollars ($1,000,000.00). Landlord's responsibility to insure its Buildings shall not obligate Landlord to insure fixtures or other property of Tenant.

Section 2. Tenant's Insurance. Tenant shall keep in force, during the full term of this Lease or any renewal or extension thereof, workmen's compensation insurance and public liability insurance issued by a nationally recognized insurance company, with such limits as may be reasonably requested by Landlord from time to time, but with minimum limits not less than $1,000,000.00 in the aggregate on account of bodily injury, including death, or property damage, or both, in any one occurrence. Said policy shall name Landlord as an additional insured and provide that it shall not be canceled for any reason unless and until Landlord is given fifteen (15) days' notice in writing by the insurance company. The insurance policy or other evidence of coverage satisfactory to Landlord shall be deposited with Landlord upon occupancy of Premises by Tenant.

Section 3. Insurance Criteria. Insurance policies required by this Lease shall:

(i) be issued by insurance companies licensed to do business in the state of North Carolina with general policyholder's ratings of at least A and the financial rating of at least XI in the most current Best's Insurance Reports available on the Commencement Date. If the Best's ratings are changed or discontinued, the parties shall agree to an equivalent method of rating insurance companies.

(ii) be primary policies - not as contributing with, or in excess of, the coverage that the other party may carry;

(iii) be permitted to be carried through a "blanket policy" or "umbrella" coverage; and

(iv) be maintained during the entire Term and any extension Terms.

Section 4. Increase in Insurance Premium. If, because of anything done, caused to be done, permitted or omitted by the Tenant, the premium rate for any kind of insurance affecting the Buildings shall be raised, the Tenant agrees that the amount of the increase in premium which the Landlord shall thereby be obligated to pay for such insurance shall be paid by the

Tenant to the Landlord, on demand, and that if the Landlord shall demand that the Tenant remedy the condition which caused the increase in the insurance premium rate, the Tenant will remedy such condition within thirty (30) days after such demand. The Tenant agrees that it shall not do or cause to be done or permit on the Premises, anything deemed more hazardous than use as a normal business office.

Section 5. Tenant's Indemnity. The Tenant agrees to defend the Landlord and the officers directors, agents, servants and employees of the Landlord against and from any and all claims asserted by or on behalf of any person, firm or corporation arising by reason of injury to any person or property occurring in or about the Premises or the Buildings, occasioned in whole or in part by any act or omission on the part of the Tenant or any employee (whether or not acting within the scope of employment), agent, visitor, licensee, invitees, contractor, subcontractor, assignee or tenant of the Tenant, or by reason or nonperformance of any covenant in this Lease on the part of the Tenant and also for any matter or thing growing out of the occupancy or use of the Premises by the Tenant or anyone holding or claiming to hold through or under the Tenant and to indemnify and hold Landlord harmless from any costs, damages or expenses, including reasonable attorney's fees, resulting from such claims. Tenant agrees to pay for all damage to the Buildings, as well as all damage to tenants or occupants thereof, caused by the misuse or neglect of said Premises, its apparatus or appurtenances by Tenant or any employee (whether or not acting within the scope of employment), agent, visitor, licensee, invitees, contractor, subcontractor, assignee or tenant of the Tenant. Landlord shall not be liable to Tenant for any damage by or from any act or negligence of any co-tenant or other occupant of the Buildings or by any owner or occupant of adjoining or contiguous property or by any employee, agent, visitor, licensee, invitees, contractor, subcontractor, assignee or tenant of any such co-tenant or other occupant.

Section 6. Landlord's Indemnity. Subject to Section 7 below and to any other exclusions from liability contained herein or incorporated herein by reference, the Landlord agrees to indemnify and save harmless the Tenant and the agents, servants and employees of the Tenant from any and all claims for personal injury or death or property damage resulting from incidents occurring in or about the Premises or the Buildings and caused by the negligence or willful misconduct of Landlord, its agents, employees (whether or not acting within the scope of employment).

Section 7. Tenant's Personal Property. Tenant shall keep its personal property and trade fixtures in the Premises and the Buildings insured with "all risks" insurance in an amount to cover one hundred percent (100%) of the replacement cost of the said property and fixtures. Tenant shall also keep any non-Building standard improvements made to the Premises at Tenant's request insured to the same degree as Tenant's personal property. Notwithstanding any other provision of this Agreement, Tenant agrees that all personal property in the Premises shall be and remain at Tenant's sole risk, and Landlord shall not be liable for any damage to, theft of, or loss of such personal property arising from any acts of negligence of any persons or from fire or from the leaking of the roof or from the bursting, leaking, or overflowing of water, sewer or steam pipes or from any other cause whatsoever; Tenant expressly agrees to indemnify and save Landlord harmless in all such cases.

Section 8. Waiver of Subrogation. Each party waives claims arising in any manner in its (injured party's) favor and against the other party for loss or damage to injured party's property located within or constituting a part or all of the Buildings. This waiver applies to the extent the loss or damage is covered by the injured party's insurance or the insurance the injured party is required to carry under this Article VIII, whichever is greater. The waiver also applies to each party's directors, officers, employees, shareholders, and agents. The waiver does not apply to claims caused by a party's willful misconduct.

If despite a party's best efforts it cannot find an insurance company meeting the criteria in Section 3 that will give the waiver at reasonable commercial rates, then it shall give notice to the other party within thirty (30) days after the Lease's Commencement Date. The other party shall then have thirty (30) days to find an insurance company that will issue the waiver. If the other party also cannot find such an insurance company, then both parties shall be released from their obligation to obtain the waiver.

If an insurance company is found but it will give the waiver only at rates greater than reasonable commercial rates, then the parties can agree to pay for the waiver under any agreement they can negotiate. If the parties cannot in good faith negotiate an agreement, then both parties shall be released from their obligation to obtain the waiver.

ARTICLE IX

DAMAGE TO PREMISES

Section 1. Definition. "Relevant Space" means:

(i) the Premises as defined in Article II, excluding Tenant's non-Building standard fixtures;

(ii) access to the Premises; and

(iii) any part of the Buildings that provide essential services to the Premises.

Section 2. Repair of Damage. Subject to Section 5 of this Article IX, if the Relevant Space is damaged in part or whole from any cause and the Relevant Space can be substantially repaired and restored within one hundred and eighty (180) days from the date of the damage using standard working methods and procedures, Landlord shall at its expense promptly and diligently repair and restore the Relevant Space to substantially the same condition as existed before the damage. This repair and restoration shall be made within one hundred and eighty (180) days from the date of the damage unless the delay is due to causes beyond Landlord's reasonable control.

If the Relevant Space cannot be repaired and restored within the one hundred and eighty (180) day period, then either party may, within ten (10) days after determining that the repairs and restoration cannot be made within one hundred and eighty (180) days, cancel the Lease by giving notice to the other party. Nevertheless, if the Relevant Space is not repaired and restored within one hundred and eighty (180) days from the date of the damage, then Tenant may cancel the Lease at any time after the one hundred and eightieth (180th) day and before the two hundred and tenth (210th) day following the date of damage. Tenant shall not be able to cancel this Lease if its willful misconduct caused the damage unless Landlord is not promptly and diligently repairing and restoring the Relevant Space.

Section 3. Abatement. Unless the damage is caused by Tenant's willful misconduct, the Base Rent and Additional Rent shall abate in proportion to that part of the Premises that is unfit for use in Tenant's business. The abatement shall consider the nature and extent of interference to Tenant's ability to conduct business in the Premises and the need for access and essential services. The abatement shall continue from the date the damage occurred until ten (10) business days after Landlord completes the repairs and restoration to the Relevant Space or the part rendered unusable and notice to Tenant that the repairs and restoration are completed, or until Tenant again uses the Premises or the part rendered unusable, whichever is first. In the event of a full abatement of rent as aforesaid, the term of this Lease shall be extended automatically for a period equal to the period of such abatement.

Section 4. Tenant's Property. Notwithstanding anything contained in Section 1, Landlord is not obligated to repair or restore damage to Tenant's trade fixtures, furniture, equipment, or other personal property, or any Tenant improvements.

Section 5. Damage to Building. If:

(i) more than forty percent (40%) of either Building is damaged and the Landlord decides not to repair and restore such Building;

(ii) any mortgagee of either Building shall not allow adequate insurance proceeds for repair and restoration;

(iii) the damage is not covered by Landlord's insurance required by Article VIII, Section 1; or

(iv) the Lease is in the last twelve (12) months of its term;

then Landlord may cancel this Lease. To cancel, Landlord must give notice to Tenant within thirty (30) days after the Landlord knows of the damage. The notice must specify the cancellation date, which shall be at least thirty (30) but not more than sixty (60) days after the date notice is given.

Section 6. Cancellation. If either party cancels this Lease as permitted by this Article, then this Lease shall end on the day specified in the cancellation notice. The Base Rent, Additional Rent, and other charges shall be payable up to the cancellation date and shall account for any abatement. Landlord shall promptly refund to Tenant any prepaid, unaccrued Rent and Additional Rent, accounting for any abatement, plus security deposit, if any, less any sum then owing by Tenant to Landlord.

ARTICLE X

EMINENT DOMAIN

If more than twenty percent (20%) of the floor area of the Premises is taken for any public or quasi-public use under any governmental law, ordinance or regulation or by right of eminent domain or by private purchase in lieu thereof, then either party hereto shall have the right to terminate this lease effective on the date physical possession is taken by the condemning authority or private purchaser.

If less than twenty percent (20%) of the floor area of the Premises is taken for any public or quasi-public use in said manner, this Lease shall not terminate. However, in the event any portion of the Premises is taken and the Lease not terminated, the rental specified herein shall be reduced during the unexpired term of this Lease in proportion to the area of the area of the Premises so taken and the reduction shall be effective on the date physical possession is taken by the condemning authority or private purchaser.

Any election to terminate this Lease following condemnation shall be evidenced only by written notice of termination delivered to the other party not later than fifteen (15) days after the date on which physical possession is taken by the condemning authority or private purchaser and shall be deemed effective as of the date of said taking. If, however, the Lease is not terminated following a partial condemnation, Landlord shall promptly make all necessary repairs or alterations to the Building(s) and Premises which are required to make the Building(s) usable by Tenant subsequent to such taking.

All compensation awarded for any taking (or the proceeds of private sale in lieu thereof), whether for the whole or a part of the Premises, shall be the property of the Landlord whether such award is compensation for damages to Landlord's or Tenant's interest, provided Landlord shall have no interest in any award made to Tenant for loss of business or for the taking of Tenant's fixtures and other property within the Premises if a separate award for such items is made to Tenant.

ARTICLE XI

DEFAULT AND WAIVER

Section 1. Tenant's Default. Each of the following constitutes a default:

(i) Tenant's failure to pay Base Rent, Additional Rent or any other sum due hereunder, or to procure or maintain insurance as required under Article VIII within five (5) days after Tenant receives notice from Landlord of Tenant's failure to pay Base Rent, Additional Rent, or such other sum or to procure or maintain insurance;

(ii) Tenant's failure to pay Base Rent or Additional Rent by the due date, at any time during a calendar year in which Tenant has already received two notices of its failure to pay Base Rent or Additional Rent by the due date;

(iii) Tenant's failure to perform or observe any other Tenant obligation, except the obligation to procure and maintain insurance pursuant to Article VIII, after a period of thirty (30) days or the additional time, if any, that is reasonably necessary to promptly and diligently cure the failure, after it receives notice from Landlord setting forth in reasonable detail the nature and extent of the failure and identifying the applicable Lease provision;

(iv) Tenant's abandoning or vacating the Premises if Tenant fails to timely pay the Base Rent, Additional Rent, and other charges due under the Lease by the due date;

(v) Tenant's failure to vacate or stay any of the following within thirty (30) days after they occur:

A. a petition in bankruptcy is filed by or against Tenant;

B. Tenant is adjudicated as bankrupt or insolvent;

C. a receiver, trustee, or liquidator is appointed for all or a substantial part of Tenant's property; or

D. Tenant makes an assignment for the benefit of creditors.

Section 2. Landlord's Remedies.

(i) Landlord, in addition to the remedies given in this Lease or under the law, may do one or more of the following if Tenant commits a default under Section 1:

A. end this Lease, and Tenant shall then surrender the Premises to Landlord;

B. enter and take possession of the Premises either with or without process of law and remove Tenant, with or without having ended the Lease; and

C. alter locks and other security devices at the Premises.

Tenant waives claims for damages by reason of Landlord's reentry, repossession, or alteration of locks or other security devices and for damages by reason of any legal process.

(ii) Landlord's exercise of any of its remedies or its receipt of Tenant's keys shall not be considered an acceptance of surrender or a surrender of the Premises by Tenant. A surrender must be agreed to in writing by Landlord.

(iii) If Landlord ends this Lease or ends Tenant's right to possess the Premises because of a default, Landlord may hold Tenant liable for Base Rent, Additional Rent, and other indebtedness accrued to the date the Lease ends. Tenant shall also be liable for the Base Rent, Additional Rent and other indebtedness that otherwise would have been payable by Tenant during the remainder of the term had there been no default, reduced by any sums Landlord receives by reletting the Premises during the term. If Landlord is able to relet the Premises during any part of the remainder of the term, at a rental in excess of that provided for under this Lease, Tenant shall not be entitled to any such excess rental and Tenant waives any claim thereto.

(iv) Tenant shall also be liable for that part of the following sums paid by Landlord and attributable to that part of the term ended due to Tenant's default:

A. reasonable broker's fees incurred by Landlord for reletting part or all of the Premises prorated for the part of the reletting term ending concurrently with the then current term of this Lease;

B. the cost of removing and storing Tenant's property;

C. the cost of minor repairs, alterations, and remodeling necessary to put the Premises in a condition reasonably acceptable to a new tenant; and

D. other necessary and reasonable expenses incurred by Landlord in enforcing its remedies.

(v) Landlord may sue and take any other action provided by law to collect the amounts due hereunder at any time and from time to time without waiving its rights to sue for and collect further amounts due from Tenant hereunder.

Section 3. Waiver. The waiver by Landlord of any breach of any covenant or agreement herein contained shall not be deemed to be waiver of such covenant or agreement or any subsequent breach of the same or any other covenant or agreement herein contained. The subsequent acceptance of rent or of any other payment or charge hereunder by Landlord shall not be deemed to be a waiver of any breach by Tenant of any covenant or agreement of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such breach at the time of acceptance of such rent.

Section 4. Landlord's Default. Landlord's failure to perform or observe any of its Lease obligations after a period of thirty (30) days or the additional time, if any, that is reasonably necessary promptly and diligently to cure or to commence the cure such failure after receiving notice from Tenant, is a default. The notice shall be in writing and give in reasonable detail the nature and extent of the failure and identify the Lease provisions(s) containing the obligations(s). If Landlord commits a default, Tenant may pursue any remedies given to Tenant in this Lease or under the law.

Section 5. Survival. The remedies provided in this Article XI and the indemnities provided in Article VIII, Sections 5 and 6 shall survive the ending of this Lease. Any other provision of this Lease which by its nature would require the survival of the ending of this Lease, shall also survive the ending of this Lease.

ARTICLE XII

ASSIGNMENT AND SUBLETTING

Section 1. Consent Required. Tenant shall not transfer, mortgage, encumber, assign, or sublease all or part of the Premises without Landlord's advance written consent. Landlord's consent to any assignment or sublease shall not be unreasonably withheld or unduly delayed.

Section 2. Reasonableness. Landlord's consent shall not be considered unreasonably withheld if:

(i) the proposed subtenant's or assignee's financial responsibility does not meet the same criteria Landlord uses to select comparable tenants for the Buildings;

(ii) the proposed subtenant's or assignee's business is not suitable for the Buildings considering the business of the other tenants and the prestige of the Buildings; or

(iii) the proposed use is inconsistent with the use permitted by Article VII, Section 1.

Section 3. Procedure. Tenant must provide Landlord in writing:

(i) the name and address of the proposed subtenant or assignee;

(ii) the nature of the proposed subtenant's or assignee's business it will operate in the Premises;

(iii) the terms of the proposed sublease or assignment; and

(iv) reasonable financial information so that Landlord can evaluate the proposed subtenant or assignee under this paragraph.

Landlord shall, within thirty (30) days after receiving the information required under this Article, give notice to Tenant to permit or deny the proposed sublease or assignment. If Landlord denies consent, it must explain the reasons for the denial. If Landlord does not give notice within the thirty (30) day period, then Tenant may sublease or assign part or all of the Premises upon the terms Tenant gave in the information under this Article.

Section 4. Conditions. Subleases and assignments by Tenant are also subject to:

(i) The terms of this Lease;

(ii) The term shall not extend beyond the Lease term;

(iii) Tenant shall remain liable for all Lease obligations;

(iv) Consent to one sublease or assignment does not waive the consent requirements for future assignments or subleases; and

(v) Fifty (50%) percent of the consideration ("Excess Consideration") received by Tenant from an assignment or sublease that exceeds the amount Tenant must pay Landlord, which amount is to be prorated where a part of the Premises is subleased or assigned, shall also be paid to Landlord. Excess Consideration shall exclude reasonable leasing commissions paid by Tenant, payments attributable to the amortization of the cost of Tenant improvements made to the Premises at Tenant's cost for the assignee or sublessee, and other reasonable, out-of-pocket costs paid by Tenant, such as attorney's fees directly related to Tenant's obtaining an assignee or sublessee. Tenant shall pay this Excess Consideration to Landlord at the end of each calendar year during which tenant collects any Excess Consideration. Each payment shall be sent with a detailed statement showing:

A. The total consideration paid by the subtenant or assignee and

B. Any exclusions from the consideration permitted by this paragraph.

Landlord shall have the right to audit Tenant's books and records to verify the accuracy of the detailed statement.

ARTICLE XIII

SUBORDINATION

Tenant shall, upon request by Landlord, subject and subordinate all or any of its rights under this Lease to any and all mortgages and deeds of trust now existing or hereafter placed on either Building; provided, however, that Tenant will not be disturbed in the use or enjoyment of the Premises so long as it is not in default hereunder. Tenant agrees that this Lease shall remain in full force and effect notwithstanding any default or foreclosure under any such mortgage or deed of trust and that it will attorn to the mortgagee, trustee or beneficiary of such mortgage or deed of trust, and the successor or assign of any of them, and to the purchaser or assignee under any foreclosure. Tenant will, upon request by Landlord, execute and deliver to Landlord, or to any other person designated by Landlord, any instrument or instruments, including, but not limited to, such subordination, attornment and nondisturbance agreement as may be required by the beneficiary in any deed of trust on the property required to given effect to the provisions of this paragraph and shall execute and deliver to Landlord such amendments to this Lease as may be required by a proposed beneficiary in a deed of trust on the Property; provided, however, that such amendments do not materially increase the obligations and duties of Tenant hereunder.

ARTICLE XIV

GENERAL PROVISIONS

Section 1. Transfer of Landlord's Interest. The term "Landlord" as used in this Lease means only the owner or the mortgagee in possession for the time being of the Buildings or Property or the owner of the Lease of the Buildings or Property so that in the event of any sale of said Buildings or Property or said Lease, or in the event of a lease of said Buildings, Landlord shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the purchaser at any such sale or lease of the Buildings or Property, that the purchaser or the lessee of the Buildings or Property has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder.

Notwithstanding anything to the contrary contained in this Lease, it is specifically understood and agreed that the liability of the Landlord hereunder shall be limited to the equity of the Landlord in the Property in the event of a breach or the failure of Landlord to perform any of the terms, covenants, conditions and agreements of this Lease to be performed by Landlord. In furtherance of the foregoing, the Tenant hereby agrees that any judgment it may obtain against Landlord as a result of the breach of this Lease as aforesaid shall be enforceable solely against the Landlord's interest in the Property. It is further agreed that none of the stockholders, officers, directors or heirs of stockholders, officers or directors of Tenant shall be personally liable with respect to any covenants or conditions of this Lease.

Any security given by Tenant to Landlord to secure performance of Tenant's obligations hereunder may be assigned and transferred by Landlord to the successor in interest to Landlord; and, upon acknowledgement by such successor of receipt of such security and its express assumption of the obligation to account to Tenant for such security in accordance with the terms of this Lease, Landlord shall thereby be discharged of any further obligation relating thereto.

Landlord's assignment, sale or transfer of the Lease or of any or all of its rights herein shall in no manner affect Tenant's obligations hereunder. Tenant shall thereafter attorn and look to such assignee as Landlord; provided, Tenant first has written notice of such assignment of Landlord's interest.

Section 2. Landlord Not Partner. It is expressly understood and agreed that the Landlord is a not a partner, joint venturer or associate of Tenant in the conduct of Tenant's business, that the provisions of this Lease with respect to the payment by Tenant of rent are not sharing of profits and that the relationship between the parties hereby is and shall remain at all times that of landlord and tenant.

No provision of this Lease shall be construed to impose upon the parties hereto any obligation or restriction not expressly set forth herein.

Section 3. Recording. The recording of this Lease is prohibited except as allowed in this section. However, at the request of either party, the parties shall promptly execute and record, at the cost of the requesting party, a short form memorandum describing the Premises and stating the term of this Lease, its Commencement and Termination Dates, and any other information the parties agree to include.

Section 4. Additional Instruments. The parties agree to execute and deliver any instruments in writing necessary to carry out any agreement, terms, condition or assurance in this Lease whenever occasion shall arise and reasonable request for such instrument shall be made.

Section 5. Lease Not an Offer. Landlord has given this Lease to Tenant for review. It is not an offer to lease. This Lease shall not be binding unless signed by both parties.

Section 6. Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person(s), firm(s), or corporation(s) may require.

Section 7. Counterparts. This Lease may be executed in counterparts, all of which taken together, shall be deemed one original.

Section 8. Amendment and Modification. This Lease embodies the full agreement of the parties and supersedes any and all prior understandings or commitments concerning the subject matter of this Lease. Any modification or amendment must be in writing and signed by both parties.

Section 9. Binding Effect. This Lease shall be binding upon and inure to the benefit of the parties hereto, their assigns, administrators, successors, estates, heirs and legatees respectively, except as herein provided to the contrary.

Section 10. Controlling Law. This Lease and the rights of the Landlord and Tenant hereunder shall be construed and enforced in accordance with the law of the State of North Carolina.

Section 11. Partial Invalidity. In the event that any part or provision of this Lease shall be determined to be invalid or unenforceable, the remaining parts and provisions of said Lease which can be separate from the invalid, unenforceable provision shall continue in full force and effect.

Section 12. Captions. The section titles, numbers and captions contained in this Lease are inserted only as a matter of convenience and for reference, and in no way define, limit, extend, modify, or describe the scope or intent of this Lease nor any provision herein.

Section 13. Relocation. In the event Tenant occupies office space amounting to less than fifty percent (50%) of the total area of any floor of either Building, the Landlord shall have the right to relocate the Tenant to another location within such Building. Landlord will pay all actual costs of the relocation. Such a relocation is to be preceded by the Landlord's giving the Tenant thirty (30) days written notice of such a move.

Section 14. Right of First Refusal. Landlord agrees that if it receives a bona fide offer (the "OFFER") to rent any areas of the Buildings, which Offer Landlord intends to accept, Landlord will offer to lease said area to Tenant on the same terms and conditions as those specified in the Offer. Tenant shall then have the right within five (5) days to accept Landlord's Offer and enter into a lease for the additional area. If Tenant shall not accept Landlord's Offer within the same period, Landlord may then lease the area on the terms and conditions set forth in the Offer. Landlord shall be obligated to make Offers to Tenant during the term or extension of this Lease, unless Tenant has notified Landlord that it intends to vacate the Premises at the end of the term or applicable extension.

Section 15. Time of Essence. Time is of the essence in the performance of the provisions of this Lease.

Section 16. Warranties. Tenant warrants that it has had no dealing with any broker or agent in connection with the negotiation or execution of this Lease and Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction.

Section 17. Authority of Parties. Each party warrants that it is authorized to enter into this Lease, that the person signing on its behalf is duly authorized to execute the Lease, and that no other signatures are necessary.

Section 18. Termination of Existing Lease. Effective as of the Commencement Date hereunder, Landlord and Tenant acknowledge and agree that the Lease entered into between Landlord and Tenant dated June 1, 1993, related to the lease by Tenant from Landlord of a portion of the Premises shall automatically and immediately terminate and be of no further force and effect.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed under seal the date and year first above written.

ATTEST: LANDLORD:
BEACON INVESTMENT CORPORATION

/s/ Karen D'Eredita /s/ Umesh Kasbekar
____________________________ By______________________________
Asst. Vice
_____________ Secretary ________________ President

[CORPORATE SEAL]

ATTEST: TENANT:
COCA-COLA BOTTLING CO. CONSOLIDATED

/s/ Patricia Gill /s/ David V. Singer
____________________________ By______________________________
Asst. Vice
______________ Secretary _________________ President

[CORPORATE SEAL]

SOFT TOLL AGREEMENT
FOR ALUMINUM CAN STOCK
AMONG
COCA-COLA BOTTLING CO. CONSOLIDATED
AND
THE COCA-COLA TRADING COMPANY
AND
ALUMINUM COMPANY OF AMERICA

THIS SOFT TOLL AGREEMENT FOR ALUMINUM CAN STOCK (hereinafter referred to as the "Agreement") is effective as of the date of last signature of CCBCC, TCCTC, and Alcoa,

Among	COCA-COLA BOTTLING CO. CONSOLIDATED a _______________________ corporation having a place of business at: _____________________________________ _____________________________________ (hereinafter referred to as "CCBCC")
And	THE COCA-COLA TRADING COMPANY a Delaware corporation having a place of business at: One Coca-Cola Plaza, N.W., Atlanta,Georgia 30313 U.S.A. (hereinafter referred to as "TCCTC")
And	ALUMINUM COMPANY OF AMERICA a Pennsylvania corporation having a place of business at 1100 Riverview Plaza, Knoxville, PA 37902 U.S.A. (hereinafter referred to as "Alcoa")

RECITALS:

A. TCCTC is a direct, wholly-owned subsidiary of The Coca-Cola Company ("TCCC") and is engaged in providing services in respect of the supply of aluminum can sheet for fabrication into can bodies and ends to be used by TCCC, its subsidiaries and participating bottlers, canners, and other companies authorized by TCCC to package, distribute and/or sell beverages under the trademarks of TCCC, including CCBCC.

B. Alcoa is a producer of aluminum can sheet and desires to avail itself of services provided by TCCTC to have CCBCC designate Alcoa as a supplier of aluminum can sheet for can bodies and ends to be used by CCBCC or its Affiliates.

C. CCBCC, TCCTC, and Alcoa have reached agreement on the terms and conditions necessary for implementation.

NOW, THEREFORE, IN CONSIDERATION of the promises and obligations of the parties contained in this Agreement, the parties agree as follows:

1. DEFINITIONS

1.1 ALUMINUM CAN STOCK

"ALUMINUM CAN STOCK" means aluminum beverage can body, end and tab stock that complies with TCCC's and its qualified can supplier's standards and specifications, applied in a consistent manner to all its aluminum can stock suppliers.

1.2 CAN MANUFACTURER

"CAN MANUFACTURER ('CM')" means Ball Corporation, Crown Cork & Seal Company, Inc., American National Can Company, and any current U.S. supplier to CCBCC of aluminum can bodies and/or ends that will use Aluminum Can Stock supplied hereunder.

1.3 AFFILIATES

"Affiliates" shall mean, as to any entity, any other entity which is controlled by, controls, or is under common control with such entity. The term "control" (including the terms "controlled," "controlled by," and "under common control with") shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity.

1.4 DELIVERY TERMS

"FOB" shall mean "Free on Board" as more fully defined by INCOTERMS 1990.

1.5 GROSS WEIGHT AND NET WEIGHT

The term "Gross Weight" means the input weight of Aluminum Can Stock used to make a given number of can bodies and ends. The term "Net Weight" means the Gross Weight minus the weight of scrap generated in making the given number of can bodies and ends.

1.6 TERM

This Agreement will be effective with shipments of Aluminum Can Stock beginning January 1, 1999 and will terminate on December 31, 2000, unless sooner terminated as provided herein.

2. CAN MANUFACTURERS' COOPERATION

2.1 CMS' COOPERATION

TCCTC and CCBCC agree to use commercially reasonable efforts to secure the cooperation of the CMs in implementing the structure contemplated hereunder. If that cooperation cannot be achieved, then the parties to this Agreement shall meet to discuss issues that prevent the parties from achieving the objectives of this Agreement, and, appropriately modify this Agreement by mutual agreement.

2.2 AGREEMENTS WITH CMS

If, by December 31, 1998, agreements with respect to the use of the Aluminum Can Stock to be purchased by CMs as contemplated by this Agreement for can bodies and ends are not in place between CCBCC and its CMs, and which include those commitments by the CMs that are required under this Agreement, and which include commitments by the CMs to directly purchase all Aluminum Can Stock committed hereunder, and which are otherwise satisfactory to CCBCC, then CCBCC may terminate this Agreement with respect to the affected commitments.

CCBCC will use commercially reasonable efforts to include, in those conversion agreements with the CMs, obligations on the CMs to (1) report to Alcoa the gross and net amounts of Aluminum Can Stock used hereunder by product and the net amount of Aluminum Can Stock used hereunder per thousand can bodies and ends, (2) accept Aluminum Can Stock committed hereunder at CCBCC's designated CM plants or other plants acceptable to

Alcoa, (3) return class scrap to Alcoa on terms and conditions to be negotiated between the CM and Alcoa, and (4) to provide quarterly status reports to Alcoa, CCBCC, and TCCTC.

3. QUALITY AND DELIVERY

3.1 WARRANTIES

Alcoa warrants to TCCTC, CCBCC, and TCCC that all Aluminum Can Stock delivered under the Agreement (i) is merchantable and is fit for its intended purpose, in both cases, for making aluminum cans that meet the standards of TCCC and CM in effect on the date hereof, and (ii) meets or exceeds TCCC's and its qualified CMs' standards for Aluminum Can Stock to be used to manufacture can bodies and ends to meet TCCC's performance criteria and standards for aluminum can bodies and ends, which are being reasonably applied in a consistent manner to all such CM's Aluminum Can Stock suppliers, as they may change from time to time; provided, however, that Alcoa has agreed to such changes, and (iii) does not infringe the intellectual property rights of third parties.

3.2 CMS TO LOOK TO ALCOA

CCBCC will use good faith efforts to cause the CMs to look directly and exclusively to Alcoa for remedies for any quality or delivery problems with Aluminum Can Stock purchased under this Agreement, whether the CMs buy directly from Alcoa or through CCBCC. Alcoa agrees to directly provide, and to be solely responsible for providing, such remedies to the CMs. Any limitations on Alcoa's liability for quality or delivery problems will be determined between each CM and Alcoa. However, Alcoa will not limit its liability for quality or delivery problems with each CM for Aluminum Can Stock purchased under this Agreement more than it limits its liability with that CM for Aluminum Can Stock not purchased hereunder, and in any case no more than it limits it liability with that CM as of the last signing date of this Agreement. Alcoa shall not be responsible to TCCTC, CCBCC or TCCC for their incidental or consequential damages arising hereunder.

3.3 INDEMNIFICATION

Alcoa shall indemnify and hold harmless TCCTC, TCCC, and CCBCC, and all of their subsidiaries, officers, agents, and employees, collectively referred to as the "indemnified parties," against all claims, costs (including, without limitation, reasonable attorneys' fees, and full goods replacement and recall costs) and damages to the extent that they arise because of the Aluminum Can Stock supplied by Alcoa under this Agreement. The limitations on damages set forth in Section 3.2 above apply to this Section 3.3 except in the case of third party beverage consumer (other than CMs) and other beverage filler claims arising against the indemnified parties to the extent due to the Aluminum Can Stock supplied hereunder.

3.4 DISQUALIFICATION

TCCC or CCBCC may, without waiving other rights for failing to meet these warranties, disqualify Alcoa if its Aluminum Can Stock fails to meet these warranties, or if Alcoa repeatedly fails to provide timely delivery. Rejection or revocation of acceptance of Aluminum Can Stock may be made by the selected CM, and Alcoa shall work expeditiously, while coordinating with CCBCC and the CM, to replace such Aluminum Can Stock.

In the event that Alcoa is disqualified or unable to be qualified at a CCBCC selected CM's plant, CCBCC will work with the CM and Alcoa to requalify or qualify. Until Alcoa is requalified or qualified, CCBCC shall be free to make alternative arrangements for its Aluminum Can Stock requirements. Alcoa shall pay to CCBCC any additional, direct, reasonable costs associated with rolling forward its aluminum metal hedge position with Alcoa or taking or transferring a metal position to another supplier resulting from those alternative arrangements. Until Alcoa is requalified or qualified, CCBCC is relieved of the affected volume commitments under this Agreement.

4. PURCHASE AND SALE OF ALUMINUM CAN STOCK

4.1 VOLUME COMMITMENT

4.1.1 NO TCCTC COMMITMENT

The Aluminum Can Stock commitments hereunder are made by CCBCC alone, and TCCTC has no liability for the commitments of CCBCC.

4.1.2 COMMITMENT FOR CCBCC'S VOLUME

During the term of this Agreement, CCBCC will require its CMs to purchase, from Alcoa, one hundred percent (100%) of CCBCC's requirements for Aluminum Can Stock for can bodies and ends used at CCBCC's Nashville, Tennessee and Roanoke, Virginia can filling lines. Such purchases shall be in addition to any other purchase commitments any CM has with Alcoa, and shall in no event be a deduction or set off from any contractual commitment between such CM and Alcoa. However, if purchases hereunder are not in addition to any other purchase commitments any CM has with Alcoa, or are a deduction or set off from any contractual commitment between such CM and Alcoa, then Alcoa may terminate this Agreement, and CCBCC and TCCTC will have no liability, financial or otherwise as a result of such termination other than CCBCC's for any direct, reasonable Alcoa cost or expense incurred with respect to Aluminum Can Stock which has already been priced. It is estimated that these two filling locations will use approximately 500 million can bodies and ends per year (this estimate is not a commitment to purchase).

4.1.3 ALCOA OBLIGATED TO SUPPLY

Alcoa will supply the amounts committed by CCBCC under this Agreement to the designated CMs for CCBCC's needs, and time is of the essence in all orders.

4.2 PURCHASES BY CCBCC

The parties contemplate that actual purchases of the Aluminum Can Stock committed hereunder will be made by CCBCC's CMs, as outlined below under Section 6.2. However, CCBCC may, with Alcoa's consent, purchase the Aluminum Can Stock.

5. SCRAP PURCHASE

Alcoa will work individually with CCBCC's CMs to handle scrap generated in the use of Aluminum Can Stock purchased hereunder.

6. ALUMINUM CAN STOCK PRICING AND INVOICING

6.1 PRICING

Prices applicable hereunder are provided in the Pricing Schedule (Exhibit 1).

6.2 INVOICING

Except with respect to Aluminum Can Stock sold to CCBCC as provided in Section 4.2, Alcoa shall invoice (the "Alcoa invoices") the CM selected by CCBCC at the price of Section 1 of the Pricing Schedule.

Any positive difference between the price invoiced under the Alcoa invoices and the CCBCC price under Section 2 price of the Pricing Schedule shall be paid by Alcoa to CCBCC, each calendar quarter, for each pound to which the prices correspond. If the CCBCC price under Section 2 of the Pricing Schedule is higher than that of the Alcoa invoices for particular pounds, then Alcoa shall issue to CCBCC, each calendar quarter, an invoice (payable net 30 days) for that difference. All invoicing hereunder shall be netted.

When Alcoa invoices the CM, the CMs are the purchasers of the Aluminum Can Stock, and therefore own and have title to the Aluminum Can Stock.

7. ALCOA OPTION TO MEET ALCAN OFFERS

7.1 ALCOA'S OPTION

Alcoa is to remain competitive with offers received from Alcan Aluminum Corporation ("Alcan"), as described below in this Section 7.1. For Aluminum Can Stock that has not yet been priced by CCBCC under Section 3 of the Pricing Schedule, Alcoa has the option to meet the terms and conditions of any Alcan competitive offer(s) on conversion fees up to the aggregate volume not yet priced hereunder. If Alcoa does not meet the competitive offer on all of CCBCC's volume not yet priced hereunder, then CCBCC is free to accept it and is relieved of as much of the volume commitments under this Agreement as CCBCC so chooses, except to the extent it would relieve CCBCC of volume already priced under Section 3 of the Pricing Schedule.

7.2 CERTIFICATION BY CCBCC'S CFO

If CCBCC cannot provide to Alcoa a copy of a competitive offer under Section 7.1, Alcoa may request CCBCC's CFO to provide a representation letter to Alcoa certifying the competitive offer. If requested by and paid for by Alcoa, CCBCC's outside auditor will also certify that CCBCC is complying with this Section 7. In no way will these audit rights jeopardize the confidentiality of other CCBCC suppliers or provide Alcoa with competitive information.

8. MOST FAVORED NATION

8.1 ALCOA SALES

If Alcoa, or any Alcoa Affiliate, agrees to supply aluminum can sheet directly to any (a) U.S. soft drink maker or (b) CM at a price which includes a metal component price having a ceiling of less than $0.85 per pound, the parties will meet as soon as practicable for the purpose of revising this Agreement to reflect the implications of such a lower ceiling price level, if any.

Except as provided below, if, taking into account, without limitation, all incentives, promotional activities, discounts, rebates, credits, subsidies for hedging costs, and the like, whether or not denominated as related to conversion, Alcoa, or any Alcoa Affiliate, is selling aluminum can sheet at a price which has a conversion fee component which is lower than that hereunder (whether or not such sale was initiated by Alcoa or was made in response to a request, initiative, or counter of another purchaser) directly to any (a) U.S. soft drink maker or (b) CM, then such lower fee shall be substituted for the conversion cost/lb. hereunder, during the same delivery period and on the same quantity as it is effective for such can maker. For purposes of determining conversion fees hereunder, the following shall be excluded from consideration:

- o Any systems savings programs between Alcoa and a U.S. canmaker;
- o Any promotional prices or toll fees in connection with the promotion of new products;
- o Spot pricing or toll fees for incremental business; and
- o Annual or multi-year toll fee arrangements; provided, however, that within 5 business days of entering into such an arrangement with a CM which has a conversion fee lower than that provided hereunder, Alcoa shall give CCBCC notice of the material terms thereof, and CCBCC shall, within 10 business days of receipt of such notice, advise Alcoa of its interest in pursuing a similar arrangement and Alcoa will offer such similar arrangement with respect to the same quantity of Aluminum Can Stock, up to the quantity of volume unpriced for the delivery period in question.

8.2 CERTIFICATION BY CFO

If requested by CCBCC, Alcoa will certify, by letter from Alcoa's Rigid Packaging Division's Chief Financial Officer, that it is complying with this Section 8. If requested by and paid for by CCBCC, Alcoa's outside auditor will also certify that Alcoa is complying with this Section 8. In no way will these audit rights jeopardize confidentiality of other Alcoa customers or provide CCBCC with competitive information.

9. CAN PROMOTION

Alcoa shall pay to CCBCC, quarterly, a can promotion allowance of $0.90/thousand cans produced out of Aluminum Can Stock purchased under this Agreement. Alcoa may request CCBCC's CFO to provide a representation letter to Alcoa certifying the number of cans so produced.

10. CHANGES IN INDUSTRY PRICING

If pricing structures in the industry (such as the formula pricing of adding a metal component (including the midwest premium) and a conversion fee) change, then the parties shall meet to discuss appropriate modifications that may be necessary to achieve the objectives of the parties.

11. CHANGES IN CAN STOCK SPECIFICATIONS

The parties anticipate that changes in Aluminum Can Stock specifications will occur over time, and that Alcoa will be able to supply such Aluminum Can Stock. If Alcoa is unable to supply such Aluminum Can Stock in the necessary quantities and it is otherwise available, the parties shall meet to discuss and appropriately agree upon modification or termination of this Agreement to ensure CCBCC receives appropriate Aluminum Can Stock.

12. COST AND QUALITY INITIATIVES

Alcoa and CCBCC will work together to lower system costs wherever possible without injury or hardship to each other. Alcoa and CCBCC will work together to improve system quality and service.

13. FORCE MAJEURE

The obligations of each party hereunder shall be excused to the extent that party's performance, or the performance of another party obligated to that party, is prevented or substantially impeded by strikes, work stoppages and slowdowns, war, insurrection, government action, (including levies, etc.), casualty (including without limitation, fire, flood, accident and explosion), acts of God and any other or different circumstances beyond the reasonable control of such party (any of the foregoing events being referred to as an event of"Force Majeure"). The party affected by an event of Force Majeure shall promptly notify the other party, identifying the event and estimated duration. The parties shall take reasonable steps to limit the consequences hereunder of any Force Majeure events.

14. CONFIDENTIALITY

Except to the extent that disclosures to other persons of confidential information relating to this Agreement may be required by law or such confidential information becomes public through no fault of the appropriate party, TCCTC, TCCC, CCBCC and Alcoa agree not to disclose, and to cause their Affiliates not to disclose, to any person any pricing or cost information, or any other terms of this Agreement, or any other confidential or proprietary information provided pursuant to this Agreement. However, after consultation with the other parties, a party may provide, but only on a need to know basis and only to the extent necessary, such information, in confidence, to financial, tax, and legal advisors.

15. ENTIRE AGREEMENT

This Agreement and its Exhibits constitute the entire agreement between the parties with respect to the subject matter hereof, and supersede all prior oral or written agreements between the parties concerning the subject matter hereof.

16. AMENDMENT

No amendment to this Agreement shall be binding unless it is in writing and signed by all parties.

17. WAIVER

No waiver by any party of any breach of any provision of this Agreement shall constitute a waiver of any other breach of that or any other provision of this Agreement.

18. SEVERABILITY

In the event that any of the provisions of this Agreement are held to be unenforceable the remaining provisions of this Agreement shall remain in full force and effect, except to the extent that the objectives of the parties are frustrated.

19. ASSIGNMENT

19.1 IN GENERAL

Except as otherwise provided herein, no party shall assign any rights or delegate any duties under this Agreement without the prior written approval of the other parties.

19.2 TO AFFILIATES

Any party may assign this Agreement to an Affiliate provided that such assignee shall agree in writing to be bound by all terms of this Agreement in the same manner and to the same extent as the party is bound.

19.3 CHANGE OF CONTROL

If a sale or other transfer, to an entity or Affiliate of an entity substantially involved in the manufacture, sale, marketing or distribution of non-alcoholic beverages, of a controlling interest in Alcoa or a controlling Affiliate is concluded, or a sale or other transfer, to an entity or Affiliate of an entity substantially involved in the manufacture, sale, marketing or distribution of non-alcoholic beverages, of substantially all of the assets of Alcoa or a controlling Affiliate is concluded, then CCBCC may terminate this Agreement.

19.4 TO CCBCC SUCCESSORS

In addition, should a sale or other transfer of a controlling interest in CCBCC be concluded, or a sale or other transfer of substantially all of the assets of CCBCC be concluded, then, with Alcoa's agreement, CCBCC shall assign and delegate its respective rights and duties under this Agreement to the successor entity, and the successor entity must agree to be bound in writing to the same extent as the assigning and delegating party. If Alcoa withholds agreement to such sale or transfer, then CCBCC may terminate this Agreement.

20. APPLICABLE LAW

The validity, interpretation and performance of this Agreement shall be governed by the laws applicable to contracts to be performed in the State of Georgia without giving effect to the conflict of law or choice of law rules thereof.

AGREED:

COCA-COLA BOTTLING CO. CONSOLIDATED	ALUMINUM COMPANY OF AMERICA, RIGID PACKAGING DIVISION
By: /s/ James L. Moore ------------------------------------ ------------------------------------ President and Chief Operating Officer	By: /s/ Michael Coleman ---------------------------- ---------------------------- President
Date: 1/5/99 ------------------------------------	Date: 12/22/98 --------------------------
	THE COCA-COLA TRADING COMPANY
	By: Kenneth L. Carty ---------------------------- Kenneth L. Carty Vice President
	Date: 1/8/99 ----------------------------

EXHIBIT 1
PRICING SCHEDULE

1. PRICING TO CMS

THE FOLLOWING IS A GENERIC DESCRIPTION OF ALCOA'S CURRENT PRICING PRACTICES FOR ALUMINUM CAN SHEET FOR SALES TO ITS U.S. CAN MAKER CUSTOMERS.

1.1 EFFECTIVE AND PRICING PERIODS FOR CM PRICING

Throughout the term of this Agreement, prices to be charged by Alcoa to the CMs are calculated in Pricing Periods and then apply during Effective Periods, as follows:

Pricing Period	Effective Period
3/1/1998 - 8/31/1998	1/1/1999 - 3/31/1999
9/1/1998 - 2/28/1999	4/1/1999 - 9/30/1999
3/1/1999 - 8/31/1999	10/1/1999 - 3/31/2000
9/1/1999 - 2/28/2000	4/1/2000 - 9/30/2000
3/1/2000 - 8/31/2000	10/1/2000- 12/31/2000.

1.2 CM PRICING

The price per pound of Aluminum Can Stock charged by Alcoa to the CMs hereunder is equal to the sum of a "CM Metal Component" and a "CM Conversion Fee." All prices for Aluminum Can Stock are FOB the CM's plant.

1.2.1 CM METAL COMPONENT

The CM Metal Component equals "CM Metal Cost" plus the "CM Midwest Premium," defined as follows:

"CM Metal Cost" during an Effective Period is the average of the daily per pound cash settlement London Metal Exchange price for aluminum, as published in PLATT'S METAL WEEK during a corresponding six month "Pricing Period."

"CM Midwest Premium" during an Effective Period is the average of the weekly per pound closing Midwest Premium for aluminum, as published in PLATT'S METAL WEEK, during a corresponding six month "Pricing Period."

1.2.2 CM CONVERSION FEE

The "CM Conversion Fee" for Aluminum Can Stock for can bodies, ends, and tab are listed in Alcoa's published price schedule dated 1997 February 28, attached hereto as Exhibit 2, as revised from time to time during the term hereof and subject to annual adjustments on each of April 1, 1999 and April 1, 2000, at one-half (1/2) of the year over year change in the Producer Price Index for Intermediate Materials, Supplies and Components, as published monthly by the U.S. Department of Commerce.

2. CCBCC PRICING

The CCBCC price per pound of Aluminum Can Stock purchased hereunder is equal to the sum of a "CCBCC Metal Component" and a "CCBCC Conversion Fee." All prices for Aluminum Can Stock are FOB the CM's plant.

2.1 CCBCC METAL COMPONENT

The CCBCC Metal Component equals "CCBCC Metal Cost" plus the "CCBCC Midwest Premium," defined as follows:

"CCBCC Metal Cost" during a calendar month is the average of the daily per pound cash settlement London Metal Exchange price for aluminum for the immediately preceding calendar month, as published in PLATT'S METAL WEEK. For example, the CCBCC Metal Cost during March, 1999 is equal to the average of the daily per pound cash settlement London Metal Exchange price for aluminum for February, 1999.

"CCBCC Midwest Premium" during a calendar month is the average of the weekly per pound closing Midwest Premium for aluminum for the immediately preceding calendar month, as published in PLATT'S METAL WEEK.

However, the "CCBCC Metal Cost" component may be changed by CCBCC as provided in Section 3 below.

2.2 CCBCC CONVERSION FEE

The "CCBCC Conversion Fee" for Aluminum Can Stock for can bodies, ends, and tab are listed in Alcoa's published price schedule dated 1997 February 28, subject to annual adjustments on each of April 1, 1999 and April 1, 2000, at one-half (1/2) of the year over year change in the Producer Price Index for Intermediate Materials, Supplies and Components, as published monthly by the

U.S. Department of Commerce ("PPI"), or alternate agreed index if this PPI is no longer calculated. For example, the 2000 CCBCC Conversion Fee will be equal to the 1999 one plus (the 1999 conversion fee x (0.5 x ((1999 PPI - 1998 PPI)/ 1998 PPI))). If the PPI decreases, the CCBCC Conversion Fee will not be changed for the appropriate year. (In the event of extraordinary increases in cost items which were not included in, or a component of, the change in the PPI, the parties agree to review and if mutually agreeable, to make appropriate modifications.) However, CCBCC Conversion Fee is subject to the meeting competition and most favored nations provisions of the Agreement.

3. ALTERNATIVE PRICING OF THE CCBCC METAL COST

As an alternative to Section 2.1 above, CCBCC may establish a price for the CCBCC Metal Cost for particular volumes by requesting Alcoa to (1) make spot metal purchases, (2) fix a metal price forward, (3) establish a minimum and maximum metal price band, or (4) establish a ceiling metal price. In such cases, Alcoa and CCBCC wi11 negotiate a charge, if any, to establish such pricing, and agree upon any timing or related pricing issues. Alcoa will issue an invoice to CCBCC for any such agreed upon charge, to be netted quarterly with the invoicing of Section 6.2 and the can promotion of Section 9 of the Agreement. The charge, if any, shall reflect the cost of establishing the price requested by CCBCC.

Once a volume of Aluminum Can Stock has been priced, it cannot be repriced. Furthermore, this Section 3 can only be used to price the Net Weight of Aluminum Can Stock. Once Aluminum Can Stock has been priced under this Section 3, CCBCC must take that volume of Aluminum Can Stock in the agreed periods, or pay Alcoa to the extent Alcoa is directly and actually harmed by a canceled order or deferred delivery date, unless such cancellation or deferrals are due to disqualification..

LIST OF SUBSIDIARIES

INVESTMENT IN	STATE/DATE INCORPORATION	OWNED BY	PERCENT OWNERSHIP
C C Beverage Packing, Inc.	Delaware 3/15/88	Consolidated	100%
Case Advertising, Inc.	Delaware 2/18/88	Consolidated	100%
Category Management Consulting, LLC	North Carolina 6/29/95	Consolidated/Roanoke	100%
CCBC of Nashville, LP	Tennessee 12/20/96	CCBC of Tennessee, LLC / Consolidated Volunteer	100%
CCBCC, Inc.	Delaware 12/20/93	Consolidated	100%
Chesapeake Treatment Company, LLC	North Carolina 6/5/95	Consolidated/Case Adv.	100%
COBC, Inc.	Delaware 11/23/93	Columbus Coca-Cola Bottling Company	100%
Coca-Cola Bottling Co. Affiliated, Inc.	Delaware 4/18/35	Consolidated	100%
Coca-Cola Bottling Co. of Roanoke, Inc.	Delaware 2/5/85	Consolidated	100%
Coca-Cola Bottling Company of North Carolina, LLC	North Carolina 12/18/95	Consolidated / Affiliated	100%
Coca-Cola Bottling Company of Mobile, LLC	Alabama 12/20/96	CCBC of Alabama, LLC / CC Beverage	100%
Coca-Cola Bottling Company of Alabama, LLC	Delaware 12/17/96	CC Beverage/ Consolidated	100%
Coca-Cola Bottling Company of Tennessee, LLC	Tennessee 12/12/96	CCBC of Roanoke/ Consolidated	100%

LIST OF SUBSIDIARIES (CONT.)

INVESTMENT IN	STATE/DATE INCORPORATION	OWNED BY	PERCENT OWNERSHIP
Coca-Cola Ventures, Inc.	Delaware 6/17/93	Coca-Cola Bottling Co. Affiliated, Inc.	100%
Columbus Coca-Cola Bottling Company	Delaware 7/10/84	Consolidated	100%
Consolidated Leasing, LLC	North Carolina 1/14/97	Consolidated/CCBC of WV	100%
Consolidated Volunteer, Inc.	Delaware 12/11/96	Consolidated	100%
ECBC, Inc.	Delaware 11/23/93	Coca-Cola Bottling Co. Affiliated, Inc.	100%
Jackson Acquisitions, Inc.	Delaware 1/24/90	Consolidated	100%
Metrolina Bottling Company	Delaware 5/21/93	Consolidated	100%
MOBC, Inc.	Delaware 11/23/93	CC Beverage Packing, Inc.	100%
NABC, Inc.	Delaware 11/23/93	Consolidated Volunteer, Inc.	100%
Panama City Coca-Cola Bottling Company	Florida 10/5/31	Columbus CCBC, Inc.	100%
PCBC, Inc.	Delaware	Panama City Coca-Cola Bottling Company	100%
ROBC, Inc.	Delaware	Coca-Cola Bottling Co. of Roanoke, Inc.	100%

St. Paul Coca-Cola Bottling Company, Incorporated	Virginia 7/24/14	Consolidated	100%

LIST OF SUBSIDIARIES (CONT.)

INVESTMENT IN	STATE/DATE INCORPORATION	OWNED BY	PERCENT OWNERSHIP
Tennessee Soft Drink Production Company	Tennessee 12/22/88	Consolidated Volunteer, Inc.	100%
The Coca-Cola Bottling Company of West Virginia, Inc.	West Virginia 12/28/92	Consolidated	100%
Thomasville Acquisitions, Inc.	Delaware 1/8/97	Consolidated	100%
Thomasville Coca-Cola Bottling Co.	North Carolina 6/3/32	Consolidated	100%
TOBC, Inc.	Delaware 3/24/97	Thomasville CCBC	100%
WCBC, Inc.	Delaware 11/23/93	Coca-Cola Bottling Co. Affiliated, Inc.	100%
Whirl-i-Bird, Inc.	Tennessee 11/3/86	Consolidated	100%
WVBC, Inc.	Delaware 11/23/93	The Coca-Cola Bottling Company of West Virginia, Inc.	100%

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-4325), Registration Statement on Form S-3 (No. 33-54657) and Registration Statement on Form S-3 (No. 333-71003) of Coca-Cola Bottling Co. Consolidated of our report dated February 11, 1999 appearing in this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Charlotte, North Carolina
March 31, 1999

This schedule contains summary financial information extracted from the
financial statements as of and for the year ended January 3, 1999 and is
qualified in its entirety by reference to such financial statements.

0000317540
Coca-Cola Bottling Co. Consolidated
1,000
U.S. Dollars

Year
JAN-03-1999
DEC-29-1997
JAN-03-1999
1
6,691
0
57,817
600
41,010
138,551
454,959
196,630
825,228
133,931
491,234
12,055
0
0
3,731
825,228
928,502
928,502
534,919
534,919
326,293
0
39,947
23,245
8,367
14,878
0
0
0
14,878
1.78
1.75