FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-17** | Period of Report: **1994-04-03**
SEC Accession No. 0000950168-94-000200

FILER

COCA COLA BOTTLING CO CONSOLIDATED /DE/

CIK:**317540**| IRS No.: **560950585** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-09286** | Film No.: **94529058**
SIC: **2086** Bottled & canned soft drinks & carbonated waters

Mailing Address
1900 REXFORD RD
CHARLOTTE NC 28211

Business Address
1900 REXFORD RD
CHARLOTTE NC 28211
7045514400

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended April 3, 1994

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)

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

Class	Outstanding at May 6, 1994
Common Stock, $1 Par Value	7,958,059
Class B Common Stock, $1 Par Value	1,336,362

PART I - FINANCIAL INFORMATION

Item l. Financial Statements.

Coca-Cola Bottling Co. Consolidated
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
In Thousands of Dollars

	April 3, 1994	Jan. 2, 1994	April 4, 1993
ASSETS			
Current Assets:			
Cash	$ 2,686	$ 1,262	$ 2,724
Accounts receivable, trade, less allowance for doubtful accounts of $417, $425 and $586	11,438	4,960	7,062
Accounts receivable from The Coca-Cola Company	7,325	6,698	4,131
Due from Piedmont Coca-Cola Bottling Partnership	4,737	2,454	
Accounts receivable, other	7,108	10,758	9,894
Inventories	31,823	27,533	28,265
Prepaid expenses and other current assets	6,312	4,734	4,970
Total current assets	71,429	58,399	57,046
Property, plant and equipment, at cost	307,522	297,561	298,103
Less - accumulated depreciation and amortization	137,137	134,546	127,977
Property, plant and equipment, net	170,385	163,015	170,126
Investment in Piedmont Coca-Cola Bottling Partnership	67,754	68,400	
Other assets	19,018	18,700	21,534
Identifiable intangible assets, less accumulated amortization of $68,267, $65,803 and $63,484	265,251	267,715	467,210
Excess of cost over fair value of net assets of businesses acquired, less accumulated amortization of $19,971, $19,399 and $17,681	71,648	72,220	73,938
Total	$665,485	$648,449	$789,854

See Accompanying Notes to Consolidated Financial Statements

LIABILITIES AND SHAREHOLDERS' EQUITY

	April 3, 1994	Jan. 2, 1994	April 4, 1993
Current Liabilities:			
Portion of long-term debt payable within one year	$ 611	$ 711	$ 1,040
Accounts payable and accrued liabilities	66,381	69,232	45,851
Accounts payable to The Coca-Cola Company	4,366	1,876	4,426

Accrued interest payable	4,757	10,108	6,237
Total current liabilities	76,115	81,927	57,554
Deferred income taxes	79,511	80,065	111,112
Other liabilities	21,758	22,470	27,557
Senior long-term debt	461,497	434,358	568,376
Total liabilities	638,881	618,820	764,599
Shareholders' Equity:			
Convertible Preferred Stock, $100 par value: Authorized-50,000 shares; Issued-None			
Nonconvertible Preferred Stock, $100 par value: Authorized-50,000 shares; Issued-None			
Preferred Stock, $.01 par value: Authorized-20,000,000 shares; Issued-None			
Common Stock, $1 par value: Authorized-30,000,000 shares; Issued-10,090,859; 10,090,859 and 9,977,395 shares	10,090	10,090	9,977
Class B Common Stock, $1 par value: Authorized-10,000,000 shares; Issued-1,964,476 shares	1,965	1,965	1,965
Class C Common Stock, $1 par value: Authorized-20,000,000 shares; Issued-None			
Capital in excess of par value	136,998	139,322	142,931
Accumulated deficit	(99,189)	(98,488)	(111,972)
Minimum pension liability adjustment	(5,614)	(5,614)	
	44,250	47,275	42,901
Less-Treasury stock, at cost:			
Common-2,132,800 shares	17,237	17,237	17,237
Class B Common-628,114 shares	409	409	409
Total shareholders' equity	26,604	29,629	25,255
Total	$665,485	$648,449	$789,854

See Accompanying Notes to Consolidated Financial Statements

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

	First Quarter	
	1994	1993
Net sales (includes sales to Piedmont of $20,564 in 1994)	$163,817	$154,267
Cost of products sold (includes $18,905 related to sales to Piedmont in 1994)	97,484	84,425
Gross margin	66,333	69,842
Selling expenses	34,639	35,982

General and administrative expenses	12,659	12,479
Depreciation expense	5,773	5,640
Amortization of goodwill and intangibles	3,073	4,300
Income from operations	10,189	11,441
Interest expense	7,526	8,268
Other expense, net	14	605
Income before income taxes and effect of accounting change	2,649	2,568
Federal and state income taxes	1,139	1,219
Income before effect of accounting change	1,510	1,349
Effect of accounting change	(2,211)	
Net income (loss)	$ (701)	$ 1,349
Income (loss) per share:		
Income before effect of accounting change	$ .16	$ .15
Effect of accounting change	(.24)	
Net income (loss)	$ (.08)	$ .15
Cash dividends per share:		
Common Stock	$ .25	$ .22
Class B Common Stock	.25	.13
Weighted average number of Common and Class B Common shares outstanding	9,294	9,181

See Accompanying Notes to Consolidated Financial Statements

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

	Common Stock	Class B Common Stock	Capital in Excess of Par Value	Accumulated Deficit	Minimum Pension Liability Adjustment	Treasury Stock
Balance on January 3, 1993	$ 9,977	$ 1,965	$ 144,831	$ (113,321)		$ 17,646
Net income				1,349		
Cash dividends declared:						
Common			(1,900)			
Balance on April 4, 1993	$ 9,977	$ 1,965	$ 142,931	$ (111,972)		$ 17,646
Balance on January 2, 1994	$10,090	$ 1,965	$ 139,322	$ (98,488)	$ (5,614)	$ 17,646
Net loss				(701)		
Cash dividends declared:						
Common			(2,324)			

Balance on April 3, 1994	$10,090	$ 1,965	$ 136,998	$ (99,189)	$ (5,614)	$ 17,646

See Accompanying Notes to Consolidated Financial Statements

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

	First Quarter 1994	First Quarter 1993
Cash Flows from Operating Activities		
Net income (loss)	$ (701)	$ 1,349
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Effect of accounting change	2,211	
Depreciation expense	5,773	5,640
Amortization of goodwill and intangibles	3,073	4,300
Deferred income taxes	1,139	1,207
(Gains) losses on sale of property, plant and equipment	(356)	89
Amortization of debt costs	114	134
Undistributed loss of Piedmont Coca-Cola Bottling Partnership	646	
Increase in current assets less current liabilities	(20,899)	(15,025)
Increase in other noncurrent assets	(455)	(1,105)
Decrease in other noncurrent liabilities	(238)	(219)
Other	125	(13)
Total adjustments	(8,867)	(4,992)
Net cash used in operating activities	(9,568)	(3,643)
Cash Flows from Financing Activities		
Proceeds from the issuance of long-term debt	27,166	16,795
Repayments of long-term debt	(28)	(3,544)
Cash dividends paid	(2,324)	(1,900)
Other	(913)	(1,235)
Net cash provided by financing activities	23,901	10,116
Cash Flows from Investing Activities		
Additions to property, plant and equipment	(14,681)	(5,283)
Proceeds from the sale of property, plant and equipment	1,772	120
Net cash used in investing activities	(12,909)	(5,163)
Net increase in cash	1,424	1,310
Cash at beginning of period	1,262	1,414
Cash at end of period	$ 2,686	$ 2,724

See Accompanying Notes to Consolidated Financial Statements

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

1. Accounting Policies

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

The information contained in the financial statements is unaudited. The statements reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for the interim periods presented. Except for the accounting change discussed in Note 2, all such adjustments are of a normal, recurring nature.

The accounting policies followed in the presentation of interim financial results are the same as those followed on an annual basis. These policies are presented in Note 1 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended January 2, 1994 filed with the Securities and Exchange Commission.

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

2. Accounting Change

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS 112"). SFAS 112 requires the accrual, during the years that employees render service, of the expected cost of providing postemployment benefits if certain criteria are met. The Company adopted the provisions of SFAS 112 in the first quarter of 1994, effective January 3, 1994. As a result, the Company recorded an after-tax charge of $2.2 million. This charge appears within the caption "Effect of accounting change."

3. Summarized Income Statement Data of Piedmont Coca-Cola Bottling Partnership

On July 2, 1993, the Company and The Coca-Cola Company formed Piedmont Coca-Cola Bottling Partnership ("Piedmont") to distribute and market soft drink products primarily in 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 substantially all of the soft drink products for Piedmont and manages the operations of Piedmont pursuant to a management agreement. Summarized income statement data for Piedmont is as follows:

In Thousands	First Quarter 1994

Net sales	$43,961
Gross margin	19,174
Income from operations	1,015
Net loss	(1,292)

4. Inventories

Inventories are summarized as follows:

In Thousands	April 3, 1994	Jan. 2, 1994	April 4, 1993
Finished products	$20,203	$16,622	$18,114
Manufacturing materials	10,094	9,498	9,117
Used bottles and cases	1,526	1,413	1,034
Total inventories	$31,823	$27,533	$28,265

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

5. Long-Term Debt

Long-term debt is summarized as follows:

<TABLE>
<CAPTION>
<S> <C> <C> <C> <C> <C> <C> <C>

In Thousands	Maturity	Interest Rate	Fixed(F) or Variable (V) Rate	Interest Paid	April 3, 1994	Jan. 2, 1994	April 4, 1993
Lines of Credit	1997	3.67% - 3.93%	V	Varies	$116,525	$ 18,335	$105,461
Commercial Paper	1997	3.90%	V	Varies	3,989		5,994
Revolving Credit							40,000
Term Loan Agreement						75,000	75,000
Term Loan Agreement	2000	4.00%	V	Semi-annually	60,000	60,000	60,000
Term Loan Agreement	2001	3.94%	V	Semi-annually	60,000	60,000	60,000
Medium-Term Notes	1998	4.43%	V	Quarterly	10,000	10,000	10,000
Medium-Term Notes	1999	7.99%	F	Semi-annually	66,500	66,500	66,500
Medium-Term Notes	2000	10.05%	F	Semi-annually	57,000	57,000	57,000
Medium-Term Notes	2002	8.56%	F	Semi-annually	66,500	66,500	66,500

Notes acquired in Sunbelt acquisition	2001	8.00%	F	Quarterly	5,429	5,442	5,640
Capital leases and other notes payable	1994 - 2001	6.85% - 12.00%	F	Varies	16,165	16,292	17,321
					462,108	435,069	569,416
Less: Portion of long-term debt payable within one year					611	711	1,040
Senior long-term debt					$461,497	$434,358	$568,376

</TABLE>

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

5. Long-Term Debt (cont.)

As of April 3, 1994, the Company was in compliance with all of the covenants of its various borrowing agreements.

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

A $100 million commercial paper program was established in January 1990 with funds to be used for general corporate purposes. On April 3, 1994, approximately $4 million was outstanding under this program.

In June 1992, the Company entered into a three-year arrangement under which it has the right to sell an undivided interest in a designated pool of trade accounts receivable for up to a maximum of $40 million. The Company had sold trade receivables of $31 million, $33 million and $36.5 million as of April 3, 1994, January 2, 1994 and April 4, 1993, respectively.

6. Financial Instruments with Off-Balance-Sheet Risk

The Company actively manages its interest rate risk using a variety of rate hedging mechanisms. The Company has entered into transactions that resulted in a weighted average interest rate of 6.3% for the debt portfolio as of April 3, 1994. Approximately 46% of the total debt portfolio was subject to changes in short-term interest rates as of April 3, 1994.

Off-balance-sheet financial instruments on April 3, 1994 were as follows:

Description	In Thousands	Remaining Term
Interest swaps-floating	$221,600	6-9 years
Interest swaps-fixed	265,000	2-9 years
Interest caps	110,000	1 year
Financial guarantee	15,713	7 years

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

7. Income Taxes

Reported income tax expense differs from the amount computed at the statutory rate due to amortization of nondeductible goodwill, state income taxes, nondeductible premiums on officers' life insurance and other nondeductible expenses.

8. Supplemental Disclosures of Cash Flow Information

Changes in current assets and current liabilities affecting cash, net of effects from acquisitions and divestitures and effect of accounting change, are as follows:

	First Quarter	
In Thousands	1994	1993
Accounts receivable, trade, net	$ (6,478)	$ (3,265)
Due from Piedmont	(2,283)	
Accounts receivable, other	3,023	64
Inventories	(4,290)	(1,630)
Prepaid expenses and other current assets	(1,578)	(1,659)
Portion of long-term debt payable within one year	(100)	(139)
Accounts payable and accrued liabilities	(3,842)	(3,591)
Accrued interest payable	(5,351)	(4,805)
Increase	$(20,899)	$(15,025)

Cash payments during the period were as follows:

	First Quarter	
In Thousands	1994	1993
Interest	$ 12,764	$ 12,939
Income taxes	24	70

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

Introduction:

The following discussion presents management's analysis of the results of operations for the first three months of 1994 compared to the first three months of 1993 and changes in financial condition from April 4, 1993 and January 2, 1994 to April 3, 1994.

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 primarily in certain portions of North Carolina and South Carolina. The Company provides substantially all of the soft drink products to Piedmont and manages 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. Subsidiaries of the Company made an initial capital contribution to Piedmont of $70 million in the aggregate. The Company's capital contribution 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 Company sold other territories to Piedmont for an aggregate purchase price of approximately $118 million. 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. The Company is accounting for its investment in Piedmont using the equity method of accounting.

For the first quarter of 1994, the Company reported income before the effect of an accounting change of $1.5 million or $.16 per share as compared to net income of $1.35 million or $.15 per share in the first quarter of 1993. An after-tax, noncash charge of $2.2 million or $.24 per share was recorded in the first quarter of 1994 due to the adoption of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS 112"). The Company does not expect any significant impact on the results of future operations due to the adoption of this accounting standard.

The results for interim periods are not necessarily indicative of the results to be expected for the year due to seasonal factors.

Result of Operations:

Due to the formation of Piedmont on July 2, 1993, results of operations for the first quarter of 1994 are not directly comparable to the first quarter of 1993.

Excluding the results of the branches sold or contributed to Piedmont from 1993 results, franchise net sales increased 6.2%. This increase in franchise net sales was primarily due to increases in volume, predominately in the take-home market. Volume in the more profitable at-work channel was dampened due to severe weather conditions in much of the Company's franchise territory during January and February. The introduction of certain New Age beverages, such as Nestea and PowerAde, contributed approximately 1/2% of the first quarter 1994 franchise sales increase. Average net selling prices were essentially unchanged from the prior period. Sales to other bottlers increased over the same period in 1993 primarily due to the sale of finished products to Piedmont. Soft drink products are sold to Piedmont at cost.

Gross margin as reported decreased by 5.0% from the first quarter of 1993 to the first quarter of 1994. When the results are adjusted to reflect comparable territories, gross margin increased by more than 6%. Cost of goods sold as a percentage of net sales was unchanged as increases in concentrate and sweetener costs were offset by lower packaging costs.

Excluding the results of the branches sold or contributed to Piedmont from 1993 results, selling expenses increased approximately 12% due primarily to higher employment costs. This increase reflects normal wage rate adjustments, the volume increases discussed previously and planned increases in certain sales and operations functions to improve customer service and reduce turnover. Expenses associated with the introduction of New Age beverages also increased first quarter 1994 expenses. General and administrative expenses for the comparable franchise territories were slightly lower on a per-unit basis than for the 1993 period.

Amortization of goodwill and intangibles declined 29%, reflecting the sale and contribution of franchise territories to Piedmont.

Interest expense declined 9% from the first quarter of 1993 to the first quarter of 1994. This decline was due primarily to the decrease of more than $100 million in outstanding debt between the end of the first quarter of 1993 and the end of the same period in 1994. Proceeds from the sale of territories to Piedmont, net of the Company's cash contribution, were used to reduce the Company's long-term debt.

The decline in "other expense, net" was due to a first quarter 1994 gain on the sale of an idle production facility acquired in the 1991 Sunbelt acquisition. This facility was closed in April 1992.

The estimated annual effective tax rate for federal and state income taxes was 43% for the first quarter of 1994. The difference between the effective rate and the statutory rate was due to amortization of nondeductible goodwill, state income taxes, nondeductible premiums on officers' life insurance and other nondeductible expenses.

Changes in Financial Condition:

Working capital increased $18.8 million from January 2, 1994 and decreased $4.2 million from April 4, 1993 to April 3, 1994. Excluding the effect of the sale and contribution of assets to Piedmont, working capital increased $2.3 million from April 4, 1993. The increase from January 2, 1994 resulted principally from increases in trade accounts receivable and inventories and a reduction in accrued interest payable. Inventory balances of raw materials and finished products increased in order to support Piedmont's inventory requirements. The increase in trade accounts receivable resulted primarily from increases in net sales.

The Company expects that capital expenditures in 1994 will be higher than in 1993 as the Company is purchasing rather than leasing new vehicles and is making certain manufacturing improvements which are needed to produce new packages.

The Company actively manages its interest rate risk using a variety of rate hedging mechanisms. As of April 3, 1994, the debt portfolio had a weighted average interest rate of 6.3% and approximately 46% of the total portfolio was subject to changes in short-term interest rates. As a result of the recent increase in short-term interest rates, the Company expects that interest expense in the second half of 1994 will increase versus interest expense in the first half of 1994.

Long-term debt increased $27 million due to the increase in working capital and additions to property, plant and equipment. As of April 3, 1994, the Company was in compliance with all of the covenants of its various borrowing agreements.

It is the Company's intent to renew any borrowings under its $170 million revolving credit facility and the informal lines of credit as they mature and, to the extent that any borrowings under the revolving credit facility, the informal lines of credit and commercial paper program do not exceed the amount available under the Company's $170 million revolving credit facility, they are classified as noncurrent liabilities. As of April 3, 1994, the Company had no balances outstanding under the revolving credit facility, $116.5 million outstanding under the informal lines of credit and $4.0 million outstanding under the commercial paper program. The Company had sold trade accounts receivable of $31 million as of April 3, 1994 as compared to $33 million and $36.5 million on January 2, 1994 and April 4, 1993, respectively.

In February 1994, the Board of Directors approved an increase in the dividend for the first quarter of 1994. Quarterly dividends were increased to $.25 per share on both the Common and Class B Common shares outstanding. If the Company continues to pay quarterly dividends of $.25 per share on both classes of common stock, annual dividend payments will total approximately $9.3 million in 1994.

Management believes that the Company, through the generation of cash flow from operations and the utilization of unused borrowing capacity, has sufficient financial resources available to maintain its current operations and provide for its current capital expenditure requirements. The Company considers the acquisition of additional franchise territories on an ongoing basis.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description
10.1	Lease Funding No. 94001, dated as of March 11, 1994, of a Master Equipment Lease between the Company and Coca-Cola Financial Corporation covering various vending machines.

(b) Reports on Form 8-K

None

SIGNATURES

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

COCA-COLA BOTTLING CO. CONSOLIDATED
(REGISTRANT)

Date: May 17, 1994

By: /s/ David V. Singer
David V. Singer
Principal Financial Officer
of the Registrant
and
Vice President - Chief Financial
Officer

TREASURY BOND: 6.313%
RENTAL FACTOR: 3.14674%
LEASE FUNDING NO: 94001

LEASE SUPPLEMENT TO
MASTER EQUIPMENT LEASE (the "Master Lease")
BETWEEN
COCA-COLA FINANCIAL CORPORATION ("Lessor")
AND
COCA-COLA BOTTLING CO. CONSOLIDATED ("Lessee")
DATED FEBRUARY 9, 1993

Lease Supplement Date: 11 March, 1994.

1. Term

The "Initial Term" shall commence on the 11th day of March, 1994 (the "Lease Commencement Date") and will continue for a term of one hundred eight (108) months ending on 11 March, 2003.

2. Rent

(a) BASIC RENT: As Basic Rent hereunder, Lessee shall pay an aggregate rental charge of $646,160.76, payable in arrears in thirty-six (36) quarterly installments of $17,948.91 each, beginning on June 11, 1994 and continuing on the same day of each calendar quarter thereafter during the Initial Term, with the final such installment being due and payable on March 11, 2003.

(b) INTERIM RENT: Lessee shall pay Lessor Interim Rent on all payments made by Lessor for Equipment from the date of Lessor's payment, if paid prior to the Lease Commencement Date, until the Lease Commencement Date. Interim Rent shall be calculated from the date of such payment on the basis of a rate which shall be the lesser of (i) a daily rate of ______ per dollar so paid by Lessor, (which rate is based on the rate implied by the Basic Rent amount set forth above), or (ii) a per annum rate applied to the amount so paid by Lessor equal to the "Prime Rate" as published in The Wall Street Journal on the last business day prior to the date of such payment by Lessor. Interim Rent shall be payable in full on the Lease Commencement Date.

(c) SUPPLEMENTAL RENT: In addition to Basic Rent and Interim Rent, Lessee shall pay Lessor all Supplemental Rent provided for in the Master Lease including, without limitation, all applicable sales and use taxes.

3. Location of the Equipment

The location(s) of the Equipment leased is (are) set forth on Exhibit "A" attached hereto.

4. Equipment Leased

The Equipment leased is described on each equipment invoice and installation notification subject to this Lease Supplement. The supporting equipment invoices, installation notifications and equipment serial numbers are summarized on Exhibit "A" attached hereto.

5. Stipulated Loss Value

The "Stipulated Loss Value" of each item of Equipment, as of any particular date of computation, shall be determined with reference to Exhibit "B" attached hereto by multiplying the original cost of such item of Equipment as stated on Exhibit "A" hereto by the percentage set forth opposite the applicable month number of Exhibit "B" hereto. For this purpose the applicable month number means the number of months or partial months elapsed since the Lease Commencement Date. If only a portion of an item of Equipment is affected by any event causing calculation of "Stipulated Loss Value" as specified in the Master Lease, and the cost of such portion of the Equipment cannot be readily determined from the original cost of such item set forth on Exhibit A, then the Stipulated Loss Value for such portion of the Equipment shall be as reasonably calculated by Lessor, with written notice of such amount being sent to Lessee by Lessor.

6. Lease

This Lease Supplement is executed and delivered under and pursuant to the terms of the Master Lease, and this Lease Supplement shall be deemed to be a part of, and shall be governed by the terms and conditions of the Master Lease. For purposes of this Lease Supplement, capitalized terms which are used herein but which are not otherwise defined herein shall have the meanings ascribed to such terms in the Master Lease.

IN WITNESS WHEREOF, Lessee has caused this Lease Supplement to be duly executed and delivered by its duly authorized officer, this 10th day of March, 1994.

LESSEE:
COCA-COLA BOTTLING CO. CONSOLIDATED
By: Brenda B. Jackson
Title: Vice President & Treasurer

Accepted in Atlanta, Georgia, this 11th day of March, 1994.

LESSOR:
COCA-COLA FINANCIAL CORPORATION
By: Chris Tambeaux
Title: Vice President