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## PepsiAmericas Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. The question and answer session will be conducted electronically. (Operating instruction). Now I pick up first question Lauren Torres of HSBC.

#### Lauren Torres-HSBC

Good morning

#### Bob Pohlad

Good morning Lauren

#### Lauren Torres-HSBC

I was hoping you could just talk a little bit more about trends you've seen with your single-serves business? Obviously it's a weak quarter and I guess you highlighted towards the end of the quarter. You said the business is getting a bit tougher. Can you just give us a sense of what you've seen over the last few weeks in CMG or in the food service business? How do you mitigate some of these more macro challenges to your business? Be it through product or whatever the case is, just give us a sense of restoring growth to the channel and how do you plan on doing it.

#### Kenneth Keiser

First of all we are now into the third week of our new quarter. I am pleased to say that the trends in both CMG, and "I promise" have changed and improved quite dramatically from what we saw in Q1. And so clearly in Q1 as you might suspect from the reports that we got from our CMG customers, it was a decline due to the yield of field squeeze. But as we look at the trip we're going to take, as historically in our summer months, the consumers in the stores capture a bigger share of their purchase dollars. And our programs are as strong as ever. I think most importantly for us, the democracy is simply huge for us because of the big Dew business we have across PepsiAmericas. Mountain Dew is the number one selling single serve item in CMG. And so we suspect that will be big. Our Pepsi stuff has started to take hold, we have a lot of energy programs going forward.

I anticipate that, while I think the CMG channel will continue to be challenging, it will provide us with some opportunities to improve growth and we will see better trends than we saw in Q1. I should also add that we had a big space initiative, particularly against NCB, those resets were done in over the course of the quarter. So those just start to take a hold as well. So without being overly optimistic

Lauren, I think we'll be realistic and I do believe the trends will be much better than what we saw in Q1.

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