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## Lance, Inc. Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions). So, our first question comes from the line of Heather Jones with BB&T Capital Management.

**Heather Jones - BB&T Capital Management**

Good morning.

**Rick Puckett**

Good morning, Heather.

**Dave Singer**

Good morning.

**Heather Jones - BB&T Capital Management**

And Happy Valentines Day.

**Dave Singer**

Same to you.

**Heather Jones - BB&T Capital Management**

Thank you. I have a few questions. One, I was wondering your guidance, does that assume that looks in Soybean oil price is currently I think around \$0.53 and wheat, spot basis are 9.50 to \$10 range, does your guidance assume, it stays in that range?

**Dave Singer**

At this point it does. We have looked forward. We've bought some commodities. We own more in the early stage of the year and less in the later stage of the year. But at this point, it assumes that commodities will stay there, and we will ultimately get enough price to cover them.

**Heather Jones - BB&T Capital Management**

Okay. And as far as the price increases you took last year, the branded price increases, are those fully implemented now?

**Dave Singer**

The branded pricing is in place as of January 1st, but the pricing was based on a lower level, but in our branded business, we are being very careful because of the pretty wide margins that we have, and we have to be more comfortable, we have a sense of what the price elasticity will do.

We've taken more of an increase than we've seen in many years, and we really don't have experience with what price elasticity might do at this new level. And so, we will track that during the first quarter, and decide if we need more pricing or if where we are is a good number.

**Heather Jones - BB&T Capital Management**

So, basically, see what commodities do, as well as, how volumes respond at this pricing before you take another?

**Dave Singer**

On the branded side, yes; on the private brand side no. Because of the margin structure in the private branded side, we and as well as everybody in the industry is very focused on taking a second round of pricing, and as I said, the level of price increases are as high as 25% in some of our private brands lines. But our original pricing that we took effective January 1 was well under half of that.

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