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## The Pepsi Bottling Group, Inc., Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### **Operator**

Thank you. (Operator Instructions) Our first question today is coming from William Pecoriello. Please announce your affiliation, then pose your question.

#### **William Pecoriello - Consumer Edge Research**

Consumer Edge Research. Thank you. Eric, I was wondering if you can address your thoughts on whether you agree the franchise model is in the right or best strategy for the future given the changing landscape in the beverage industry and your view is the logic for the separation no longer valid for the future. Thanks.

#### **Eric Foss**

Good morning, Bill. I think as you look at the franchise bottler model. I can look at over the last 10 years where that been the model at least for the Blue System and I guess my assessment would be that it has worked pretty well. I think if you look at the key stakeholders through our eyes, PBG's eyes, you can look at it from a shareholder perspective and look at PBG, it's a company that's doubled our revenue our compounded annual EPS growth has been about 19%, our stock prices up over a 100% in an environment where the down, as [compete] and others are down.

I think importantly if you look at another key stakeholder like customers, customers I think is benefited. There has been an improvement in our satisfaction ratings and royalty ratings and I think the DSP go-to-market model and specifically PBGs people and capability in the area what we call our journey of excellence is performed really well from point-of-sale.

And then I think as we look at employees, its been a good model as well, we doubles the size of our work force, we think we have created a great company, great place to work, made great progress on diversity and some of the cultural measures like appreciation and recognition. So, I think my assessment is this, it's worked well and it I think can continue to work well as I look at what we have to do with right now in the marketplace.

#### **Mary Winn Settino**

Alright, operator we will take the next question.

#### **Operator**

Thank you. Our next question today is coming from Judy Hong. Please announce your affiliation, then pose your question.

**Judy Hong - Goldman Sachs**

Thanks. Goldman Sachs. Hello everyone.

**Mary Winn Settino**

Hi Judy.

**Judy Hong - Goldman Sachs**

Eric, you talked about the improving trends in the CST category in the first quarter. If you look at the scanner data, a lot of the volume growth is actually been driven by private labels and to some extent Dr. Pepper's brand. So, I am just wondering if you can give us some perspective on sort of that volume dynamics and how you see that playing out as you get into the balance of the year and given some of the volume share pressures that you are seeing across your brands and Coke, your views on sort of the pricing environment as you get into the key summer selling season.

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