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Green Mountain Coffee Roasters, Inc. F2Q09 (Qtr End 3/29/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from William Chappell – SunTrust.

William Chappell – SunTrust

Digging right into the Wal Mart announcement, can you tell us was there any revenue from sell in from that relationship in the March quarter? Will that all come really in the June quarter?

Michelle Stacy

No, there was no revenue from Wal Mart during the second quarter. It is all going to start in the third quarter.

William Chappell – SunTrust

Just building out, would you expect this announcement to kind of accelerate the time of getting of K-Cups into other grocery stores? You would think that now the machines are going to be even more prevalent, it makes more sense for the other grocers to start carrying K-Cups.

Michelle Stacy

We certainly know that as we increase the presence of the brand, the consumer is going to see it in more places and that will continue to drive more accounts and more distribution of the brand so we certainly think that this will continue the momentum that the brand has.

Lawrence Blanford

Its part of that continuous cycle that reinforces itself that Michelle really spoke about in her prepared comments.

William Chappell – SunTrust

I'm just trying also to understand over the next couple of quarters the incremental spend on staffing or Tully's or how we should look at the dilution that that's going to put on numbers near term. Is there any way to quantify that or is it primarily staffing with Tully's only just being a few cents dilution.

Frances Rathke

In terms of guidance for Q3 and Q4, we provided the impact on top line in my remarks and then in terms of the lower operating margin and what we reported this quarter is out there. A portion of that on lower margin and EPS is due to the dilution from Tully's, and I'd say it's essentially a few cents or so in Q3 and then we've got also pressure as we said on the margin from the start up or continued start up and ramping of Knoxville and also getting Seattle going.

William Chappell – SunTrust

I was trying also to understand the hit. It sounds like its more on gross margin than it is on SG&A in terms of the next few quarters.

Frances Rathke

That's correct.

Operator

Your next question comes from Alton Stump – Longbow Research.

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