

BEVERAGE DIGEST

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John D. Sicher, Editor/Publisher

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FOR IMMEDIATE RELEASE

Beverage Digest/Maxwell Ranks U.S. Soft Drink Industry for 2003. PepsiCo Out-Performs. Sierra Mist Joins Top-10 Brand List. Diet Pepsi and Diet Coke Post Strong Performance.

Bedford Hills, NY -- In 2003, the U.S. carbonated soft drink (CSD) industry posted volume growth of only +0.6% overall, according to the new Beverage Digest/Maxwell all-channel data. That growth rate represents a slight decrease from 2002's growth rate of +0.8%. It is far below the industry's annual 2%-4% growth rate range seen throughout most of the 1990s. In 2003, the industry's total sales were \$63.8 billion, and total volume was 10.1 billion cases.

Among the top-three companies, PepsiCo posted the best corporate performance, due largely to the growth of Sierra Mist and Diet Pepsi. In the early part of 2003, Sierra Mist reached nearly national distribution, boosting its volume significantly. PepsiCo's CSD volume was up +1.8%, and it gained +0.4 market share points. Its 31.8 market share of carbonated drinks is its highest since 1992.

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Top-10 CSD Companies and Brands

<u>2003 Rank</u>	<u>Companies.</u>	<u>2003 Market Share</u>	<u>Share Change</u>	<u>2003 Cases (millions)</u>	<u>Volume % Change</u>
1	Coca-Cola Co.	44.0	-0.3	4459.8	-0.2%
2	Pepsi-Cola Co.	31.8	+0.4	3227.7	+1.8%
3	Cadbury Schweppes	14.3	-0.7	1452.1	-4.2%
4	Cott Corp.	4.7	+0.5	477.9	+14.0%
5	National Beverage	2.4	+0.1	244.0	+4.5%
6	Big Red	0.4	flat	41.7	flat
7	Red Bull	0.2	+0.1	20.7	+45.0%
8	Hansen Natural	0.1	flat	12.9	+34.4%
9	Monarch Co.	0.1	flat	9.1	+3.5%
10	Carolina Beverage (Cheerwine)	<0.1	flat	5.3	+4.0%
	<u>Private label/other</u>	2.0	-0.1	191.7	-4.7%
	Total Industry	100.0		10142.9	+0.6%

<u>2003 Rank</u>	<u>Brands</u>	<u>2003 Market Share</u>	<u>Share Change</u>	<u>2003 Cases (millions)</u>	<u>Volume % Change</u>
1	Coke Classic (Coke)	18.6	-0.7	1889.4	-3.0%
2	Pepsi-Cola (Pepsi)	11.9	-0.7	1210.3	-4.5%
3	Diet Coke (Coke)	9.4	+0.4	950.5	+5.0%
4	Mt. Dew (Pepsi)	6.3	-0.1	638.7	-1.5%
5	Sprite (Coke)	5.9	-0.3	598.5	-5.0%
6	Diet Pepsi (Pepsi)	5.8	+0.3	586.0	+6.1%
7	Dr Pepper (Cadbury)	5.7	-0.2	573.7	-3.9%
8	CF Diet Coke (Coke)	1.7	flat	171.7	+2.0%
9	Sierra Mist (Pepsi)	1.4	+0.7	140.2	+88.0%
10	7UP (Cadbury)	1.2	-0.5	126.3	-27.6%

Market leader Coca-Cola Co's U.S. corporate CSD volume was down slightly in 2003, as was its market share. In 2002, it had gained significant share due to the rollout of Vanilla Coke. In 2003, it was cycling that successful introduction. It lost -0.3 share points in 2003, after gaining +0.6 share points in 2002.

Cadbury Schweppes' U.S. CSD business lost volume and market share last year. Its 7UP was down significantly, as much of the brand's volume moved from the Pepsi bottling system to the independent bottling system. Dr Pepper also lost volume and share. However, Diet Dr Pepper grew significantly -- up +8.4% -- and just missed the top-10 list. In 2002, it was the #10 brand, but was displaced last year by PepsiCo's Sierra Mist.

2003 was also another good year for Toronto-based Cott Corp., the leading producer of private label CSDs. It gained significant volume and share, mainly as the result of organic growth; a modest portion of its growth came from acquisitions. Hansen Natural is included in the top-10 CSD companies this year; in previous years, Beverage Digest included all of that company's volume in other categories; this year, the Hansen "natural" CSD and carbonated energy drink volume are included in the CSD data. Beverage Digest estimates that Monarch posted growth of its brands and that the company sells about another 2.5 million cases which is counted in the private label/other line of the table.

The industry's volume last year totaled about 10.1 billion 192-ounce cases, up slightly from 2002. Beverage Digest estimates the retail value of the industry grew +1.5% to about \$63.8 billion, up from \$62.9 billion in 2002. The top-3 companies -- Coke, Pepsi and Cadbury -- accounted for about 90% of industry volume.

CSD Brands.

All of the top-10 brands are owned by the top-three companies: Coca-Cola Co, PepsiCo and Cadbury Schweppes. Coke Classic continues in the number one spot, followed by Pepsi-Cola. Coca-Cola Co and PepsiCo each own four of the top-10 brands. Cadbury owns two.

The strongest performers among the top-10 brands in 2003 were Sierra Mist and the two leading diet colas: Diet Pepsi and Diet Coke. Diet Pepsi posted the strongest growth of any cola in the top-10 list, up +6.1%. Diet Coke also performed well with volume up +5%. Diet Pepsi moved ahead of Dr Pepper in the rankings. Diet Pepsi is now the #6 brand; last year Dr Pepper was ranked #6. Sierra Mist is now the #9 brand.

Beverage Digest/Maxwell tracks carbonated soft drink volume in all channels including retail, vending and fountain. The table shows the top-10 soft drink companies and brands for 2003.

Bottled Water.

This data covers only carbonated soft drinks. But it should be noted that the bottled water category continued to grow strongly last year. PepsiCo's Aquafina and Coke's Dasani are the top-2 bottled water brands in the U.S. Each of them posted volume in 2003 of more than 200 million cases, on double-digit growth. That means they are larger than all but the top-seven CSD brands.

Beverage Digest, based in Bedford Hills, NY, publishes a newsletter and several books on the non-alcoholic beverage business. The 2004 edition of the Beverage Digest Fact Book will be published this spring and will contain in-depth, brand-level data on CSDs, water and non-carbonated beverages. The company also holds two conferences each year: Wall Street Smarts in June and Future Smarts in December. For more information, see the company's website: www.Beverage-Digest.com. John C. Maxwell is Contributing Editor of Beverage Digest.