BEVERAGE DIGEST

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Special Issue: Top-10 CSD Results for 2008.

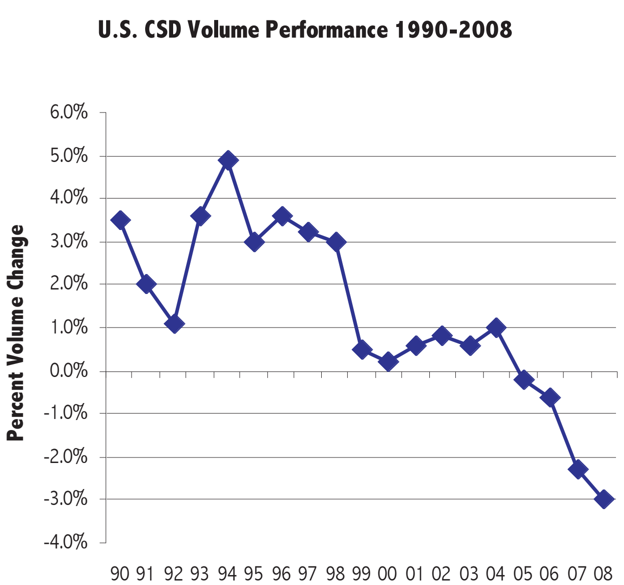
Years of Growth Wiped Out. Category Down -3%. Coke, Pepsi and Dr Pepper Snapple Lose Volume. Dr Pepper Snapple Gains Share. Diet Mt. Dew Is Strongest-Performing Top-10 Brand.

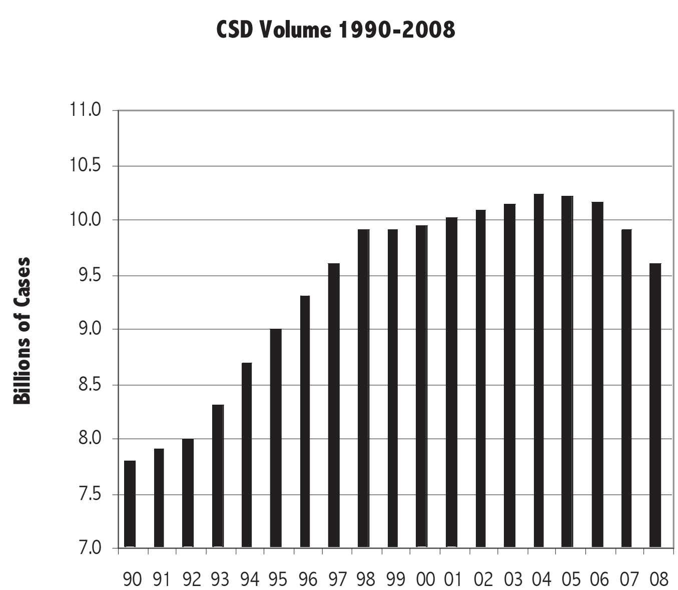
The volume of the U.S. CSD market declined -3% in 2008. That compares to a -2.3% decline in 2007; a -0.6% decline in 2006; and a -0.2% decline in 2005. The declines of the last four years have eliminated years of growth from 1997 to 2004. The industry's total volume in 2008 was about 9.6 bil case, a level not seen since 1997. As shown by the left chart below, the CSD industry has moved from roughly +3% growth in the 1990's to increasing rates of decline in the last four years. BD's CSD data includes energy drinks. This all-channel data captures all CSD volume: retail, fountain, vending, etc.

LRBs. In the U.S., with the CSD decline accelerating, other categories slowing and the country in a recession, total liquid refreshment beverage (LRB) results are also slipping. For 2008, Coke's LRB volume was down -1.6%. Pepsi was down -5%. And Dr Pepper Snapple was down -2.3%. LRBs include CSDs plus bottled water, sports drinks, etc.; BD does not include refrigerated juices and juice drinks in LRBs.

CSD cases and dollars. With 2008 CSD volume at about 9.6 bil 192-oz cases, the category has slipped well below 10 bil cases, a threshold it passed in 2001 (right chart below). The retail dollar value of the U.S. CSD business in 2008 was up about +1% to $72.7 bil. That compares to $72 bil in 2007 and $70.1 bil in 2006. The retail value increase -- in the face of declining volume -- is due to two factors: price increases of traditional CSDs and the growth in premium-priced energy drinks.

Per caps. With the decline in CSD volume and the growth in the U.S. population, BD estimates that CSD per capita consumption for 2008 fell to about 760 eight-ounce servings. That compares to about 790 eight-ounce servings in 2007 and 817 servings in





Top-10 CSD Companies and Brands for 2008

2008 Rank	Companies	2008 Market Share	2007 Market Share	Share Change	2008 Cases (millions)	2007 Cases (millions)	Volume % Change
1	Coca-Cola Co.	42.7	42.8	-0.1	4107.6	4241.1	-3.1%
2	PepsiCo	30.8	31.1	-0.3	2960.4	3082.8	-4.0%
3	Dr Pepper Snapple	15.3	15.0	+0.3	1471.2	1491.3	-1.3%
4	Cott Corp.	4.7	4.8	-0.1	448.0	476.6	-6.0%
5	National Beverage	2.6	2.5	+0.1	247.5	243.9	+1.5%
6	Hansen Natural	0.8	0.8	flat	79.0	76.5	+3.3%
7	Red Bull	0.7	0.6	+0.1	67.2	63.9	+5.2%
8	Big Red	0.4	0.4	flat	43.6	42.4	+2.7%
9	Rockstar	0.4	0.4	flat	40.2	41.0	-2.0%
10	Private label and other	1.6	1.6	flat	156.3	160.3	-2.5%
	Total Industry	100	100		9621.0	9919.8	-3.0%

2008 Rank	Brands	2008 Market Share	2007 Market Share	Share Change	2008 Cases (millions)	2007 Cases (millions)	Volume % Change
1	Coke (Coke)	17.3	17.2	+0.1	1664.6	1707.3	-2.5%
2	Pepsi-Cola (Pepsi)	10.3	10.7	-0.4	990.9	1059.8	-6.5%
3	Diet Coke (Coke)	10.0	10.0	flat	960.3	990.0	-3.0%
4	Mt. Dew (Pepsi)	6.8	6.6	+0.2	653.0	659.6	-1.0%
5	Dr Pepper (DPS)	6.1	5.9	+0.2	586.1	585.9	flat
6	Diet Pepsi (Pepsi)	5.7	6.0	-0.3	550.3	594.9	-7.5%
7	Sprite (Coke)	5.6	5.6	flat	536.7	553.3	-3.0%
8	Fanta (Coke)	1.8	1.8	flat	175.8	177.6	-1.0%
9	Diet Mt Dew (Pepsi)	1.8	1.6	+0.2	169.6	163.1	+4.0%
10	Diet Dr Pepper (DPS)	1.6	1.6	flat	157.6	154.0	+2.3%

2006; 828 servings in 2005; and 849 servings in 2000. Even with the recent declines, the U.S. still has the highest CSD per caps in the world. However, on a per cap basis, the U.S. industry has not been at this level since 1992.

Companies. The top-two companies, Coke and Pepsi, generated similar results last year. Coke's CSD volume was down -3.1% and PepsiCo's was down -4%. Both lost share. Dr Pepper Snapple's CSD volume was down -1.3%; its share was up. As in 2007, the strongest growth performers in 2007 were the energy drink companies. Hansen Natural -- with both energy drinks and other CSDs in its portfolio -- is the #6 company; it posted +3.3% CSD growth. Red Bull volume up +5.2%. The Hansen CSD volume does not include the dairy-coffee energy drink Java Monster; BD estimates that Monster overall, including Java, was up in the 10%-11% range. Rockstar's CSD volume, similarly, does not include the Rockstar Roasted dairy-coffee drink; BD estimates Rockstar volume was up slightly with Roasted.

Brands. Even in the difficult CSD climate, some brands posted volume growth last year. Diet Mt. Dew grew +4%; Diet Dr Pepper +2.3%. Among brands below the top-10, Coke Zero grew +36%; Pepsi Max was up +25%. However, the big flagship cola brands -- Coke and Pepsi -- both declined, as did the two big diet colas, Diet Coke and Diet Pepsi.

Methodology. BD tracks CSD volume in all channels including retail, vending and fountain. CSD, non-carb and water all-channel data will be available in BD's "Fact Book 2009"; spring publication; order form included as separate attachment in email transmitting this Special Issue. BD's all-channel data is based on BD estimates, which, in some cases, may differ from companies' data and is, in the end, based on BD's evaluation, analysis and opinion.

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