FINAL TRANSCRIPT

Thomson StreetEvents℠

PEP - PepsiCo at Barclays Back-To-School Consumer Conference

Event Date/Time: Sep. 07. 2010 / 1:45PM GMT

CORPORATE PARTICIPANTS

Eric Foss
PepsiCo Inc. - CEO of PepsiCo Beverages Americas

Massimo d'Amore
PepsiCo Inc. - CEO of Pepsi Beverages Company

CONFERENCE CALL PARTICIPANTS

Michael Branca
Barclays Capital - Analyst

PRESENTATION

Michael Branca - *Barclays Capital - Analyst*

We are certainly pleased here at Barclays to have both Eric Foss, the CEO of Pepsi Beverages Company, and Massimo d'Amore, the CEO of PepsiCo Beverages Americas, here with us today. Eric and Massimo have guided the successful integration of Pepsi Bottling Group and Pepsi Americas into the PepsiCo organization, and together, they are crafting plans to unlock the strategic value of the merger, and in this case, take the combined beverage businesses forward.

There is certainly no shortage of topics and questions to cover, so with that, I am happy to turn the reins over to Eric and Massimo.

Eric Foss - *PepsiCo Inc. - CEO of PepsiCo Beverages Americas*

Thank you, Mike, and good morning, everybody. It is great to be here today. It has certainly been a busy six months since we saw many of you at Yankee Stadium for our investor conference, and Massimo and I are really looking forward to the next 45 minutes, as we have an opportunity to update you on our progress since the merger and discuss some of the priorities that we think are going to drive growth across North America Beverages.

Before we begin, I'd just ask you to take note of our cautionary statement.

But this certainly is an interesting and exciting time in the world of beverages. So what we thought we would do today relative to our discussion is really focus our dialogue in really three areas. First of all, we want to talk a little bit about what is happening in the world of beverages in North America. Second, we want to begin to share with you how we are thinking about unlocking some of the strategic value that we think this merger facilitates. And then finally, Massimo and I will tag team the final section, which is really a discussion on our progress that we are making against the key priorities that we laid out in March.

Let me start by just talking a little bit about what is happening in North America Beverages. Again, let me start by making the point, if you think about the world of global beverages, the reality is about 25% of that business is made up right here in North America. We see the US economy continuing to recover, still with high levels of unemployment, as well as some consumer confidence concerns. But we really do believe that as the economy recovers, so will LRB grow.

And so from our vantage point, there really is not much debate that the US market continues to be the most important beverage market in the world. It is an evolving landscape, certainly from a consumer standpoint, as they continue to seek out health and wellness and value that both continue to be top of mind.

And then from a customer standpoint, we continue to see consolidation where the big get bigger, but there is a somewhat more recent phenomenon in an emerging trend towards smallness, where we are starting to see small-box retailers growing pretty significantly. But the bottom line is that North America beverage market is a big market, it is a profitable market, it's an important market, and we think a market that has very solid potential as we face the future.

Let me spend a minute just taking you through again the rationale and some of the benefits that we think are created by this merger. First of all, from a strategic standpoint, it strengthens PepsiCo's position in the world's biggest and most profitable beverage market. It certainly increases our size and scale and strength. It certainly makes us more relevant to our customers. And it really optimizes a business model that was pretty complicated by a set of misaligned economics as stand-alone companies.

From a financial standpoint, the benefits are really the ability to unlock top-line growth going forward via greater innovation, as well as bottom-line growth through the elimination of redundant costs.

This merger we also think is going to yield many operational benefits, including one voice and one face to our customers, a streamlined supply chain and, really, our ability to flex our go-to-market system. And we really believe that that will unlock trapped value to the benefit of customers, employees and shareholders going forward.

I must tell you I'm pretty pleased and actually very proud of what we've accomplished in roughly six months since the integration began. We set very aggressive milestones and we've accomplished all of those. Our new structure is in place. We've staffed the organization with talented and experienced beverage executives. Our employees are enrolled and energized and engaged to be part of a bigger and more capable organization.

We started to create a mission and vision in the value statement that is going to help define and create this winning culture and winning mindset. And we've created very comprehensive and detailed integration roadmaps to ensure we stay on track and deliver against the objectives we set for ourselves. And we are on track to do that.

Now, I will talk more about our synergy progress later. And then finally, we've got established business priorities, where we've established an aligned agenda for the entire organization. So in short, a busy but very successful first six months.

At the end of the day, I believe really do believe this makes us a bigger, stronger and faster company. Bigger in the fact that we're the number one food and beverage business in North America; stronger given the fact that we now control over 80% of the beverages sold in North America. We are also a very important and very valuable supplier to our customers, and we now have a faster, simpler and more agile and responsive organizational structure that allows us to make better decisions through a clearer decision-making model.

I am also happy to report that we are starting to see improved business momentum, which was evident in our second-quarter results.

So hopefully, that helps ground you a little bit in what is happening in the North America beverage market and the benefits of this merger as we see them. What I would like to spend a few minutes on is talking about unlocking the strategic value of this deal.

As we look to the future, unlocking the strategic value of this deal is extremely important. And to do that, we intend to change in three important ways -- change the way we sell, change the way we market and change the way we go to market. And I'd like to share with you a couple of examples in each of these areas and some of the opportunities we now have as an integrated beverage business.

First of all, the importance of Foodservice is really reflected in its consumer reach and profitability, and we are fully committed to unlocking the strategic value that we see here. Foodservice generates about a third of the volume and accounts for roughly 40% of the LRB revenue.

It also has very strong growth potential. Prior to the economic crisis, it was growing faster than the overall LRB category. And for us to grow in Foodservice, we are really focused on, first, winning in priority channels by making sure we start with the profitable, local restaurant channel, where historically we've had a smaller share due to some historical structural disadvantages versus our primary competitor. This merger removes those barriers and opens up opportunities via local commissary distributors. And I'm happy to report we are already making good progress in this area by opening up new business via commissary delivery.

Next, we will pursue Power of One through a comprehensive selling approach by now having our sales reps sell the entire portfolio, including Pepsi, Frito, Quaker, Gatorade, Tropicana and IZZE and Naked Juices into our largest workplace, healthcare and education accounts. We've already doubled the market penetration of this initiative and have plans to continue that expansion as we move forward.

Finally, in today's environment, focusing on engaging the consumer with great value meals is also critical, and this depicts a recently ran, very successful Two-for-$2 promotion with Taco Bell, and we have plans for a lot more to come.

Power of One is a huge opportunity to really change the way we sell. We do believe that Power of One creates a competitive advantage by fully tapping into the strength of the PepsiCo enterprise that really allows us to create and capture incremental sources of growth. Now, our competitors can do joint beverage and snack value offers with other manufacturers. But what they can't do is bring customers the breadth and scale of the portfolio that we now represent. We are already seeing great results and we intend to step change our efforts in this area in a dramatic way to increase our levels of retail activation and joint merchandising.

One of the biggest potential unlocks was something we announced last week, which is our intent to distribute Gatorade via direct store delivery and the convenience and up-and-down-the-street channels. As most of you may or may not know, DSD is a proven, powerful and profitable go-to-market model. It is ideally suited for highly-penetrated, frequently-purchased and merchandising-intensive SKUs. It strategically aligns our go-to-market on ambient beverages in small format, giving us product strength in every category throughout the [covault] door.

Financially from a cost perspective, it allows us to add scale, increase drop sizes and improve our overall go-to-market economics. Operationally, it also allows us to improve frequency, lower out-of-stocks and really bundles our hydration portfolio, which will lead to improved growth and customer satisfaction. So I think this is great evidence and proof of the type of unlocks that are created as a result of this merger.

In the final chapter of our discussion today, we want to review and discuss some of our progress against the key priorities we shared at our Analyst Day earlier this year. There, we laid out four key priorities, which were winning with strategic channels and customers by helping them to grow their businesses faster; being great at the point of sale by extending our selling and executional advantage; harmonizing our supply chain to become the lowest-cost producer; and fourth, transforming innovation and consumer engagement and how we plan to reposition our portfolio.

When it comes to channels and customers, we start from a position of strength. As the number one food and beverage business, that I mentioned earlier, in the US, we are a very significant contributor to our customer in terms of revenue, profit and cash flow. In most instances, we are the number one or number two in each of those key metrics.

With that strong foundation, we plan to extend our leadership position by focusing in three areas. First of all, providing enhanced shopper insights that really give us the capability through our Center of Excellence to identify shopper opportunities and proactively influence the customer agenda and, ultimately, outcomes.

We've restructured our selling organization and created a new customer engagement model, predicated on one voice and one face, where one person sells the entire beverage portfolio.

Finally, in the area of supply chain leadership, we continue to extend our partnership with key retailers. And one of the big focus areas for us is to expand our advanced ship notice capabilities, which is driving cost efficiencies, not only for us, but also for our retail partners by reducing unproductive supply chain man hours.

When it comes to being great at the point-of-sale, we have four key priorities. First, we have to be a great selling company, and our approach is really to try to institutionalize one way to sell with the right selling processes, the right tools and the right technology as that foundation.

Second is our focus to extend our service advantage by reducing out-of-stocks, serving customers as scheduled and providing weekend service. Also, implementing a rapid response system when an issue arises. And I think our recently completed customer satisfaction survey, which again, showed very strong improvements across these key measures, as well as overall customer satisfaction and loyalty.

Third, we've got to ensure executional excellence by improving all of the things that drive volume in this business -- feature activity, growing display inventory and space.

Revenue management is also a core competence that we are pretty proud of. And again, our approach here really starts and ends with the consumer. We look to strike the right balance between volume and pricing, as well as profitability, not just for us, but also for our customers.

And we've really begun to refine our price pack offerings by channel and occasion. Our goal here is to make sure we capture consumer occasions in more channels through a deep understanding of consumer usage and value perceptions across the wide range of packages.

Finally, I want to emphasize again that improving pricing and improving revenue per case remains a very important priority, as well as a P&L lever, even under a combined bottling and concentrate company. So you will see us continue to maintain our focus here as we work to improve our returns on our lowest margin packages over time.

Harmonizing our supply chain is the last key priority I'm going to talk about this morning. Our efforts here really focus on asset utilization, as well as making sure we create an advantaged infrastructure and scale to reduce costs, and finally, to exploit automation and technology to our advantage. The goal of these initiatives is really simple. It's to improve return on invested capital over time.

A couple of recent examples that we are working on are we are rethinking our entire infrastructure across both hot-fill and cold-fill manufacturing assets. This work is already in motion. Another example is on the asset utilization front, is how we are working to better utilize our significant transportation assets and costs by joining with Frito-Lay on joint bidding to advantage our scale and drive reductions in rate, as well as improve service from common carriers.

Last, in the area of automation, it is all about driving costs out of our warehouse operations, where we are making great progress through some automation that we introduced earlier. And I look forward to sharing with you more specifics on that topic as we go forward.

One more important topic of interest, as I mentioned up front, our synergy delivery is on track for 2010. The majority of the work to unlock SG&A synergies is complete. We've eliminated corporate redundancies, we've eliminated duplicate public company costs. We've already begun to really execute against the supply chain synergy opportunities, and this focus will continue through the balance of the year as well as into 2011.

On the revenue side, I touched on two, both the Foodservice and the [small form] that Gatorade unlocks that are being pursued. But bottom line, the progress we've made to date gives me great confidence we will achieve $400 million in synergies by 2012.

And again, I want to emphasize, as you view this number, it is important to keep in mind that, number one, we had already optimized procurement within the system prior to the merger; and second, there was very little overlapping territories between PBG and PAS.

Our fourth and final priority is really all about consumer engagement, which is really about our plans to utilize our strengths while also repositioning our portfolio to win. So before I turn it over to Massimo, who is going to share our progress against this priority, let me just close and leave you with a couple of thoughts.

Hopefully, you are beginning to see how we intend to transform our business model and set ourself on a path for future success in North American Beverages. We are ahead of schedule relative to the integration and assimilation of three companies. We are on track to deliver our synergy targets. We've got a very powerful selling, service and executional machine. We believe Power of One truly is a competitive point of difference.

All of that is anchored in a very strong product portfolio, but maybe most importantly is the fact that we have great people and a great team ready to activate all of this. All of that gives me great confidence as we look towards a bright future that lies ahead in our North America beverage business. With that, let me turn it over to Massimo.

Massimo d'Amore - *PepsiCo Inc. - CEO of Pepsi Beverages Company*

Thanks, Eric. Good morning. It is great to be here talking about beverages after a long weekend -- nice, long weekend like this one, which is the perfect time to consume beverages. And indeed, if you look at what is happening with the category in which we are operating, well, for the first time, we see some positive signs.

The LRB growth that we are forecasting for the full year is going to be about half a point of growth, after the two years of decline that we all experienced. And actually, as most of you were at our investor meeting at Yankee Stadium, remember we talked to you about the four key segments that compose LRB, which is really the hydration, nourishment, transformation and enjoyment.

And that is exactly the point -- my second point for today's discussion, because, you see, not all LRBs are created equal. And actually, within this very, very large and attractive market that Eric described earlier, actually, there are some very strong growing segments and some of them are highly accretive.

And this really has been the focus of our turnaround in the North America Beverages. We are really focusing our resources in those segments of growth for today and especially growth for tomorrow. And I'm going to spend some time describing each one of them to you.

But what I want to set the stage for the discussion is that because we really believe in this strategy, as we have already told you before, as of 2010, as of this year, we are increasing our A&M investment supporting the brands, particularly focused in innovation in these areas that we are going to discuss today.

So, more innovation, more A&M, starting with hydration. The two lead horses there for us are really Gatorade and SoBe. So talking about Gatorade, this has been a very deep turnaround of this business. It is the first time I am really confident to tell you that Gatorade is back. It's actually not just Gatorade; it is the all G platform. We have transformed this brand. The innovation of the G series, which we kicked off at the Super Bowl down in February this year, has really taken off very successfully, and I will show you some numbers in a moment.

But in addition to this, as you know, we have really extended the lineup into some elite products, which in the past were only available in the locker rooms of all the key US venues. And this has allowed us to expand for the first time the retail footprint. Because indeed, the G Series Pro, which is the product you see featured above on the slide, are actually now being sold nationally throughout the GNC Network, and since June, also at Dick's Sporting Goods.

This is really giving us not only an expanded retail universe for our products, but more importantly, is giving us the ability to build the sports credentials of the brand, which has an immediate positive impact on the brand equity. And in addition to this, this is exactly you should think of this -- the analogy is the racing for car manufacturers. I mean, this is our ability to bring to market some new innovation and allows us to really test it to the elite consumers before we take it to the mass. So this model that we have put in place this year is going to help us really drive more and more relevant innovation and push it forward.

And the results have started coming in. Now as (inaudible) saw, we need to obviously deliver consistently against these numbers, but we are attracting consumers' behavior against the G Series. And as you see, all the key KPIs that -- the performance indicators that we are tracking, are positive. And the ones you see here on this page are those that have the best correlated with sales.

And indeed, the consumer numbers are up, but as you have been able to track on the syndicated data, also our sales are growing. These are total dollar sales in the US year-to-date. And as you see, we launched in what we call P2, which was really the Super Bowl. It took us about a month to get the right level of distribution, especially of the new products.

But through the start of the summer and our heated program start of Memorial Day, as you see, sales are really continuing to grow. And I have to tell you that despite the premium nature of the elite products we sell at GNC and Dick's Sporting Goods, we are above plan on that segment of the market as well. So obviously, small is not material to our overall numbers, but is a very good indication of the type of innovation that we will be able to bring in future to the mass retailer.

So that is the short story on G, but there is more to come, and we are very pleased with the results of this very transformational turnaround of the brand.

Now, the next good story in hydration is SoBe. SoBe lifewater was brought back to life two years ago at the Super Bowl. It continues to do extremely well. We continue to grow volume and dollar share versus our key competitor. And incidentally, we are not bothered or disturbed by any federal lawsuit, so this is good for us. And we are gaining both with the consumers, we are gaining with the marketshare.

But more important, you see, what lifewater has done to SoBe has really allowed us to re-energize the overall SoBe trademark, which as you recall, we acquired from the founder, from John Bello, about 10 years ago. And today, I have to tell you that SoBe base -- not the lifewater business, but the SoBe base -- has the largest volume ever.

So we are positive we continue to grow. And the positive momentum that we have had with lifewater has allowed us to relaunch the SoBe base product, with new, great innovation. We have zero-calorie, naturally-sweetened SoBe base product, using our superior formulation ability with stevia, with Reb A, as well as some new, cool PET packaging, which is allowing us to improve distribution footprint and at the same time reduce costs versus the old glass bottles.

So lifewater is growing, but the overall SoBe business is growing. And SoBe base, as I said, which was actually underperforming in the past, in quarter three to date is growing 16% in volume, which is a great performance for this business, that, as I said, we have had for the last 10 years.

So these are the two key highlights for the hydration segment. Now shifting to the right to enjoyment, I really wanted to spend a few minutes talking to you about our journey there. And recognizing it is still early -- as you know, we got after this -- the turnaround of the segment after the hydration, because of the importance of the category. But we have some really good news, I think, to share with you.

First of all, Naked. We hardly ever talk about the super premium segment, and there were doubts at the start of this economic recession that this segment would really suffer. But in reality, the segment is healthy and we are even healthier than the segment, as we are growing both volume and dollar share. So Naked is the leader. It is growing volume at 24% year-to-date, [dollar] 23%.

And this is happening because of really very deliberate strategy. First of all, we truly believe in innovation and we are the leaders in innovation in the super premium segment. We have launched at the end of January, only three months after closing the deal in Brazil, the Naked Coconut Water product, which immediately got the national buy by Whole Foods area.

And relative to the heated coconut water market, I have to tell you because of our acquisition in Brazil, that we have the largest, most reliable supply chain to the US for coconut water. So we own coconut plantations in Brazil and this allows us to really supply the best product in the most cost-effective way to the US.

But Naked Coconut Water is only one of the examples. We have four innovations here on the screen that for -- all for 2010, and they are all performing extremely well. We are extending the field of play for Naked, and the same time, really tapping in some new consumer trends, because the two processes here at the bottom are actually using coconut waters as an ingredient. So it is very different from the one at the top. So they don't taste as coconut water, but coconut water is a natural product, low in calorie, but very rich in minerals. And we use this as an ingredient. And it's working us extremely well.

So this is the innovation part of Naked, but the other thing is supply chain. Premium juices in the past were almost made in garage-type operations, with high manual workers and high rate of scrapping because of the fresh nature of the products. We have completely changed this. We have one manufacturing facility on the west coast which is producing Naked for the country at very, very competitive cost.

So we are focusing on innovation, but at the same time, we are really driving very hard the productivity in the middle of the P&L, which obviously is giving us an advantage going forward. So despite the economic recession, we are seeing some great performance with Naked.

Now shifting to our -- the other segment that is growing very nicely is the natural, low-calorie food and juice products. We created the segment with the launch of Trop50, as you recall, about 18 months ago. Trop50 passed the $100 million revenues in the first 12 months, and is very nicely growing toward the $200 million mark.

This month, we have launched -- sorry, in August, we launched the new carafe bottle that you see featured here on the left, and we are expanding the product range into large and very attractive segments of the market. We are launching an apple product right now, and we are moving to lemonade -- the lemonade-based products going forward. So this whole concept of Trop50 is 100% natural and lower calorie than full-juice products, yet it does all the wellness of juices, seems to be working very well with consumers across the country.

We believe in this segment very much. As I said, we are innovating. But we are also investing in A&M. And as you know, for juices, and especially for OJ, the really -- the consumption peak starts when -- after the summer. So when the rest of the portfolio goes into low seasonality, actually juices go into high seasonality.

And at the end of this month, at the end of September, we are bringing on the air some new advertising for Trop50, and we will have good media weight all the way until the middle December holiday break.

So I'm going to show you two commercials that we are going to air at the end of the month, and the first one is about featuring the new carafe of Trop50, and the second one is featuring the launch of apple. Can we play the commercials?

(Video playing)

All right. So this is going on the air at the end of the month. And Jane Krakowski, the actress you saw there, is right on target for the consumer that we are really targeting with Trop50. So we are looking forward to the positive impact on the business. And relative to the last couple of years, we will have, as I said, heavy media weight from the end of the month and all the way through December that we have not had for the last couple of years on Tropicana.

So continuing on this journey of innovation and focus on growth segments, I wanted to move to our growing business in ready-to-drink coffee. Since, as you know, Howard came back as the head of our Starbucks, our relationship with Starbucks has been at an all-time high. We have total alignment with them on the new priorities. And this is why you see us really focusing on the two ends of the market.

We are continuing to drive the premium segment with Frappuccino in sync with the Starbucks chain, and the focus of the -- in their retail stores. But at the same time, we are expanding nationally Seattle's Best as a mainstream coffee. And the combination of the two is really giving us basic control of this segment. We have the highest share ever, and we brought back growth to ready-to-drink coffee.

And as I said, there is more to come, because Howard has a very aggressive innovation agenda for Starbucks, and we are totally [flagged] in with them to grow this going forward.

And this takes me finally to the largest segment of the LRB market, which is enjoyment. And there, this continues to be the largest and most profitable in absolute in terms of dollars, and we have some good stuff that continues to work well, and some new stuff.

So the first one that continues to work well is DietDEW. DietDEW is growing 5% year-to-date. It is the number one diet flavor. And it is allowing us to drive growth to the entire trademark of Mountain Dew. So this is a successful story that has been going on for some time, but I can assure you we still have a lot of runway as the development of Dew continues to be a regional one. So we have a few significant areas of the states where we have a lot of growth potential with DietDEW, and we are really focusing on it. And both product innovation and consumer engagement are really working well here.

But as we told you at the Yankee Stadium, just marketing won't be sufficient to bring CSDs back to growth. We need some mainstream innovation, and I truly believe that with the launch of Sierra Mist Natural, which is happening as we speak, we are really bringing new, relevant innovation to the mainstream consumer.

The all-natural segment, as you know, is growing double-digit in the US. And there is not a single mainstream natural CSD product out there until we launched Sierra Mist. We have only natural ingredients. We replaced HFCS with sucrose. And we are launching it as a mainstream product this month.

It is supported by a very strong marketing mix, both in terms of media, [a lot] of something, the product tastes great; and then we are leveraging our partners of Frito-Lay for some very strong Power of One activation at retail, all focused on natural.

So Natural Sierra Mist is going to reach full national distribution across the country in the next few weeks, and we expect to see growth and a dynamic reaction by consumers in this segment. So lemon-lime natural is really the first of our mainstream innovation coming to soft drinks.

But you cannot talk about soft drinks without talking about colas, obviously, the largest segment. And as you know, we are in the middle of the Pepsi MAX relaunch. Pepsi MAX has been in the market for a few years, and it had really lost momentum in the last 12 months. But the issue was much more one of positioning and marketing support, not the product. The product is a great tasting product, performs extremely well in consumer testing.

So we decided to invest back on it and really relaunch it with some breakthrough marketing support, starting with a commercial that has created a lot of positive PR -- positive PR buzz about the Pepsi MAX, but not just Pepsi MAX, but about the cola wars and the cola wars coming back. So can we play the commercial, please?

(Video playing)

This is a little fun, but the cola wars have always been good for the growth of the category. So we are focusing on this. We have heavy media investment on Pepsi MAX all the way to the end of the year, combined with our investment in the NFL and the start of the season next week. So you will see this execution, as well as some other executions linked to NFL strongly on the air over the next few months, which also is a change from last year, where actually in this period of the year, we were pretty low from an A&M standpoint.

Just to conclude this review, we have talked about a lot of stuff happening as we speak this year and this coming quarter. But there is some news for our long-term commitment to innovation, which is the agreement we signed with Senomyx at the end of June and the close of the agreement that happened in August.

This is -- these guys are the absolute best-in-class biotech shop in mapping human taste receptors. And I'm not going to give you now the lesson I got the first time I went over there, but this is really state-of-the-art science in helping us formulate the products of tomorrow, both in terms of reducing the use of sugar, while providing the same level of sweetness, as well as enhancing the sweetness of our natural sweeteners that will allow us to have better-tasting product with less natural sweeteners in there, and therefore, a lower risk of aftertaste issues.

So this is something for the long term. We have some very aggressive plans with these guys for the next several years. We signed a four-plus-two-year of collaboration, and we expect to be in market with new products over the coming years.

So to conclude our piece, so Eric has been reviewing with you our -- we are progressing with the merger of the three companies, and now we are on track with our synergies commitment that we have shared with all of you early in the year. We have also, both of us, talked to you about the effectiveness of the LRB segment and the fact that we have seen some positive signs there.

And then finally, I just took you through the Cliff Notes version of our innovation agenda, both for this year and for the future. But this, as I said in the beginning, is really the first positive signs of our turnaround for the North America beverage business. And we are committed to continue investing in the interim, making sure that these bets will pay their dividends going forward.

So Mike, this takes us to the end of the session, and I think -- is there any time for Q&A? No. But we are moving to the breakout room, right, which is the Eleanor Room just across the hall.

Michael Branca - *Barclays Capital - Analyst*

Before you go -- thanking both Eric and Massimo for their presentation, and for the beverages they've provided in the Resource Room for the next couple of days. Thanks.
