



PEPSICO



PepsiCo is a world leader in convenient snacks, foods, and beverages, with revenues of more than \$43 billion and more than 198,000 employees.

Ranked the number one food consumer products company by *Fortune Magazine*, PepsiCo has more than 220 food and beverage brands worldwide. PepsiCo brands generate sales at a retail level of more than \$107 billion. Headquartered in Purchase, NY, PepsiCo was founded in 1965 through the merger of Pepsi-Cola and Frito-Lay. The company further expanded its portfolio with the acquisition of Tropicana in 1998 and the merger with Quaker Oats, in 2001. Today it includes a broad portfolio of food and beverage products ranging from treats to more nutritious offerings, across markets in 200 countries.



Its principal businesses include: Frito-Lay snacks, Pepsi-Cola beverages, Gatorade sports drinks, Tropicana juices and Quaker foods. The PepsiCo portfolio includes 18 brands that generate \$1 billion or more each in annual retail sales.

2008 Net Revenues

PepsiCo Americas Foods: 47% of Revenues

- Frito-Lay North America
- Quaker Foods North America
- Latin America Foods

PepsiCo Americas Beverages: 25% of Revenues

- PepsiCo Beverages North America
- Latin America Beverages

PepsiCo International: 28% of Revenues

- UK/Europe
- Middle East, Africa, Asia

PepsiCo International
28%



PepsiCo Americas Foods
47%

PepsiCo Americas Beverages
25%

2008 Financial Highlights Millions

Net revenue	\$43,251
Net income	\$5,142
Net cash provided by operating activities	\$6,999
Common share repurchases	\$4,720
Dividends paid	\$2,541

Beverages
37%



Foods
63%

Outside U.S.
48%



U.S.
52%

Performance with Purpose

PepsiCo's commitment to sustainable growth, defined as Performance with Purpose, is focused on generating healthy financial returns while giving back to communities the company serves.

This includes meeting consumer needs for a spectrum of convenient foods and beverages, replenishing the environment through water, energy and packaging initiatives, and supporting its employees through a diverse and inclusive environment that recruits and retains world-class talent. PepsiCo is listed on the Dow Jones Sustainability North America Index and the Dow Jones Sustainability World Index.

Portfolio Transformation

PepsiCo has transformed its portfolio through a combination of acquisitions and organic growth – strategically expanding its offerings of healthier products to complement PepsiCo's strong flagship brands such as Lay's, Pepsi and Mountain Dew.

In the 1990's, nearly 100% of PepsiCo's U.S. Portfolio was "Fun For You" treats like these. Today, about 45 percent is nutritious or nutritionally-improved products. The company is reducing portion sizes and calories per serving by using smaller packs and containers, and reducing sugars and fats as well.

This transformation is creating tremendous opportunities for PepsiCo to grow – through partnerships such as the recently expanded joint venture agreements with Starbucks on ready-to-drink coffee and Unilever for ready-to-drink Lipton teas; through organic growth like Frito-Lay's 2008 launch of TrueNorth Nuts; and through tuck-in acquisitions.

Tuck-in Acquisitions

- Sabra fresh dips and spreads in the U.S. and Canada – 2008
- Spitz nuts and seeds in Canada - 2008
- V-Water in the UK – 2008
- Naked Juice in the U.S. – 2007
- Sandora juice business in the Ukraine (with bottler Pepsi Americas) - 2007
- Penelopa nuts and seeds in Bulgaria – 2007
- Bluebird Foods in New Zealand – 2007
- Lucky Snacks in Brazil - 2007
- Duyvis nuts in Europe – 2006

With approximately 48% of revenues coming from outside the United States, PepsiCo's transformation strategy also includes capturing the vast international growth opportunity. The BRIC markets are some of PepsiCo's biggest, and PepsiCo has the leading savory snack share in all the BRICs. Last year, in partnership with Pepsi Bottling Group, PepsiCo acquired Lebedyansky, the largest juice company in Russia, adding market leading, healthy juice brands to its portfolio in this large and growing market. PepsiCo also announced plans to invest \$1 billion in China over the next five years and \$500 million in India over the next three years. PepsiCo's international business includes a mix of many different developed and developing markets, with rapid growth opportunities also coming from Vietnam, Eastern Europe, Turkey, Pakistan, Egypt and S. Africa.

Indra K. Nooyi, 53, was named Chairman and Chief Executive Officer of PepsiCo in 2006, becoming the fifth CEO in PepsiCo's 44-year history.

She has directed the company's global strategy for over a decade and was the primary architect of PepsiCo's restructuring, including the divestiture of its restaurants into the successful YUM! Brands, Inc., the spin-off and public offering of company-owned bottling operations into anchor bottler Pepsi Bottling Group (PBG), acquiring Tropicana, and the merger with Quaker Oats that brought the vital Quaker and Gatorade businesses to PepsiCo. Recently, she has been driving critical cross-business initiatives to enhance operations and enable PepsiCo to meet the changing needs of consumers and retailers.

Prior to becoming Chairman and CEO, Nooyi served PepsiCo in a variety of roles including President and Chief Financial Officer, Senior Vice President and Chief Financial Officer, and Senior Vice President of Corporate Strategy and Development.