

# PEPSICO



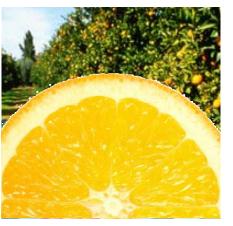
















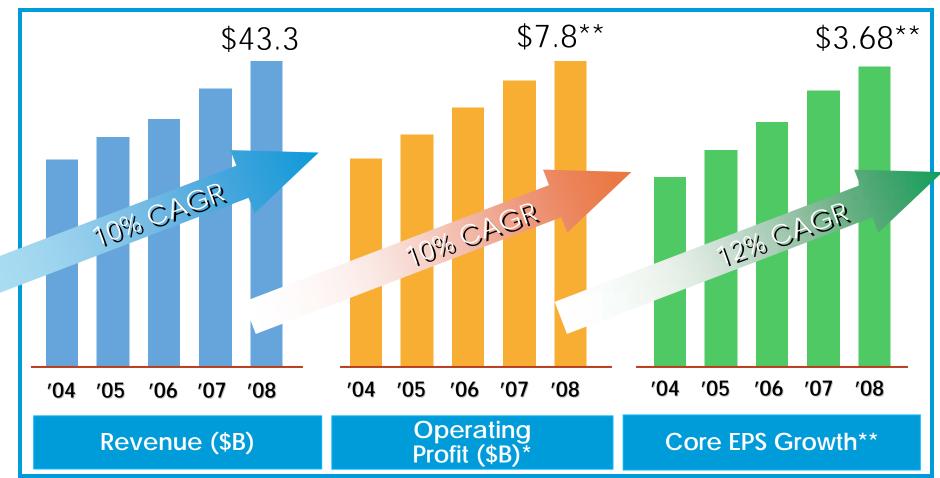
### Safe Harbor Statement

This material may contain "forward-looking" statements about our expectations regarding future performance, such as our business outlook. These forward-looking statements are based on currently available information, operating plans and projections about future events and trends. They inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such forward-looking statements. Such risks and uncertainties include, but are not limited to: changes in demand for our products, as a result of shifts in consumer preferences or otherwise; increased costs, disruption of supply or shortages of raw materials and other supplies; unfavorable economic conditions and increased volatility in foreign exchange rates; our ability to build and sustain proper information technology infrastructure, successfully implement our ongoing business process transformation initiative or outsource certain functions effectively; damage to our reputation; trade consolidation, the loss of any key customer, or failure to maintain good relationships with our bottling partners; our ability to hire or retain key employees or a highly skilled and diverse workforce; changes in the legal and regulatory environment; disruption of our supply chain; unstable political conditions, civil unrest or other developments and risks in the countries where we operate; and risks that benefits from our Productivity for Growth Initiative may not be achieved, may take longer to achieve than expected or may cost more than currently anticipated. For additional information on these and other factors that could cause our actual results to materially differ from those set forth herein, please see our filings with the Securities and Exchange Commission, including our most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Please refer the "Investors" section of PepsiCo's web site at <u>www.pepsico.com</u> under the heading "Financial News" to find disclosure and a reconciliation of any non-GAAP financial measures contained herein.

# We continue our strong track record of performance ...



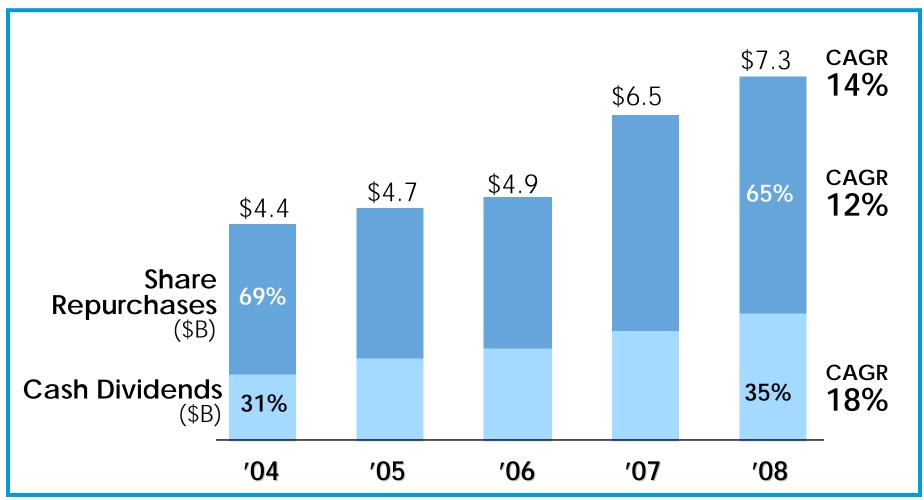


<sup>\* 2004</sup> was not restated to reflect our EIBI adjustment.

<sup>\*\*</sup> Core: Non-GAAP financial measures that exclude commodity mark-to-market net impact, certain tax benefits, restructuring and impairment charges including, for 2008, charges associated with our Productivity for Growth initiative, and our share of The Pepsi Bottling Group's (PBG) restructuring initiative and impairment charges. Please see Non-GAAP reconciliations on our website at www.pepsico.com.

### ... and continue to return cash to shareholders







### PepsiCo Long-Term Goals

### PepsiCo Long-Term Growth Goals

**Volume** 3 – 5%

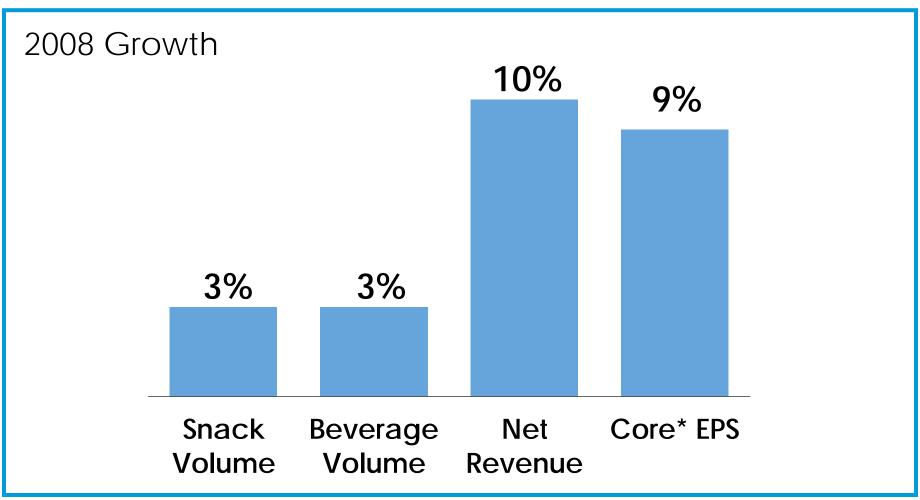
**Net Revenue** Ahead of

Volume

Core EPS At least 10%

# PEP delivered a strong 2008, despite macro headwinds ...

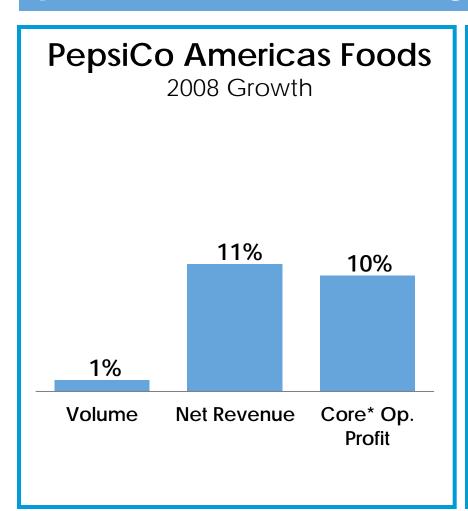


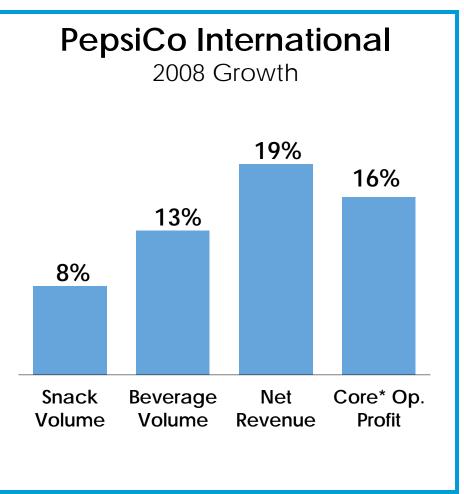


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# The majority of the PEP portfolio performed extremely well ...



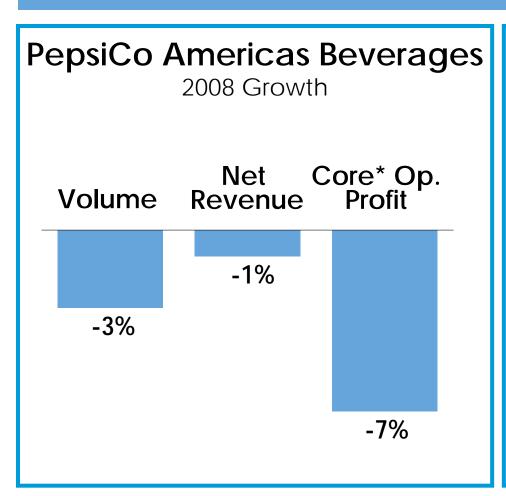




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### ... but part of the portfolio faced an unprecedented category slowdown





#### **PAB Actions**

- Rejuvenating the portfolio
  - Pepsi, Gatorade, Sierra Mist, Lifewater
- Creating consumer-preferred innovation
- Investing in brand-building
- Price/Pack architecture
- Expanding Energy portfolio
- Driving productivity across the entire system

<sup>\*</sup> Core: Non-GAAP financial measures that exclude restructuring and impairment charges including, for 2008, charges associated with our Productivity for Growth initiative. Please see Non-GAAP reconciliations on our website at www.pepsico.com.

### Key elements for 2009



### Sustaining consumer momentum

- Value
- Innovation
- Brand building

### Managing business drivers

- Flawless revenue management
- Relentless cost discipline
- Enhanced productivity

### Investments to generate long-term value

- R&D
- Key markets
- SAP
- People
- Sustainability

#### Maniacal focus on cash



### PepsiCo 2009 Guidance

### 2009 Guidance in Constant Currency

Net Revenue Growth

Mid- to High-Single Digit

Core\* EPS Growth

Mid- to High-Single Digit

FX would impact constant currency core EPS by ~8 percentage points\*\*

<sup>\*</sup> Core EPS guidance for 2009 excludes the following: commodity mark-to-market net impact; costs associated with the Productivity for Growth initiative, currently expected to be approximately \$30 million to \$60 million on a pre-tax basis; and our share of PBG's restructuring initiative and impairment charge, currently expected to be approximately \$20million on a pre-tax basis. The Company is providing 2009 net revenue and core EPS guidance assuming constant foreign currency exchange rates used for translation based on the rates in effect for the comparable period during 2008. The impact on EPS is determined using the impact to operating profit on a tax-effected basis using PepsiCo's anticipated effective tax rate.

<sup>\*\*</sup> As of Feb 13, 2009



# PEPSICO GLOBAL FOODS





















### PepsiCo has two great businesses

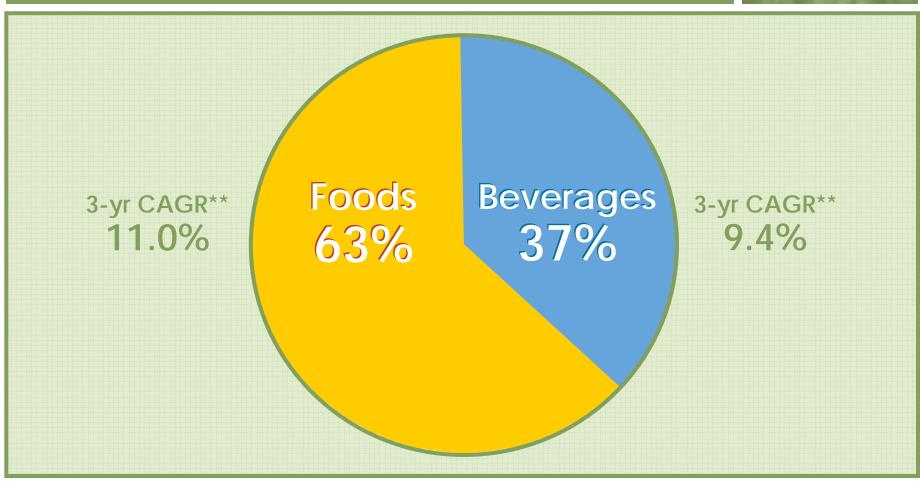






# Foods is significant driver of our \$43 billion revenues\*

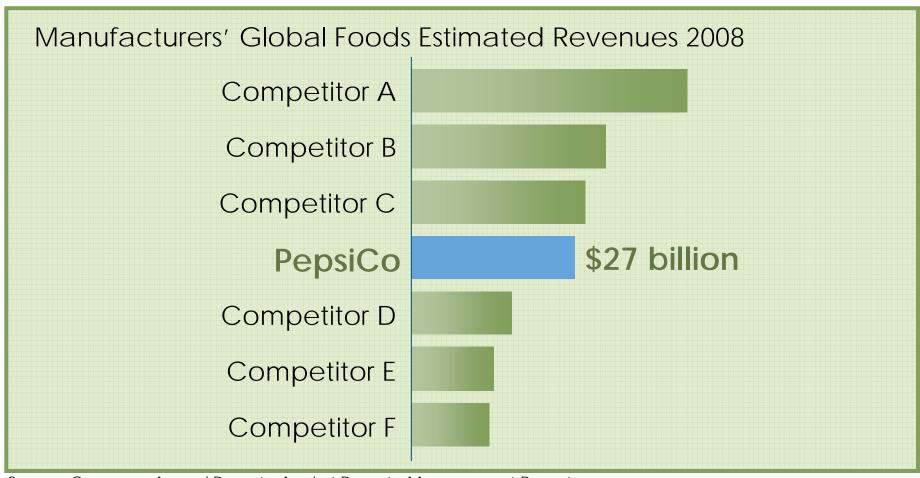




\*Based on PEP 2008 net revenues \*\*2005 excludes the impact of an extra reporting week as compared to 2008; please see Non-GAAP reconciliations at www.pepsico.com

# making PepsiCo the fourth largest food company in the world





Source: Company Annual Reports, Analyst Reports, Management Reports

# with healthy and broad-based growth<sup>(1)</sup>







(1) As compared to PY (2) Excludes restructuring and impairment charges including, in 2008, our Productivity for Growth initiative. Please see Non-GAAP reconciliations at www.pepsico.com

# and continued progress towards a healthier portfolio









## Frito-Lay North America is rock solid







(1) As compared to PY (2) Excludes restructuring and impairment charges including, in 2008, our Productivity for Growth initiative. Please see Non-GAAP reconciliations at www.pepsico.com

# confident in our ability to navigate environment



portfolio breadth revenue management know-how

DSD advantage

# portfolio breadth: managing our product mix







# revenue management: focusing on value in 2009









# DSD: leveraging a critical global advantage for PepsiCo



reach







flexibility







retailer cash flow







# PepsiCo Foods had an exceptional year in 2008(1)



volume

low single digit

net revenue

double digit

op. profit<sup>(2)</sup>

double digit

mid-teens commodity inflation

gaining value share

(1) PEP Global Foods Growth as compared to PY (2) Excludes restructuring and impairment charges including, in 2008, our Productivity for Growth initiative; please see Non-GAAP reconciliations at www.pepsico.com

### WE LOVE FOODS

Advantaged position

Tremendous growth potential





### global market is big and growing

















\$193 billion

>6% CAGR (2003-08)

## salty categories account for \$59 billion



Chips \$21B



Extruded \$21B



Corn \$9B



Popcorn \$6B



Pretzels \$2B



PEP global share ~40% salty per caps developed: 5.1 emerging: 0.4

go-to-market expertise

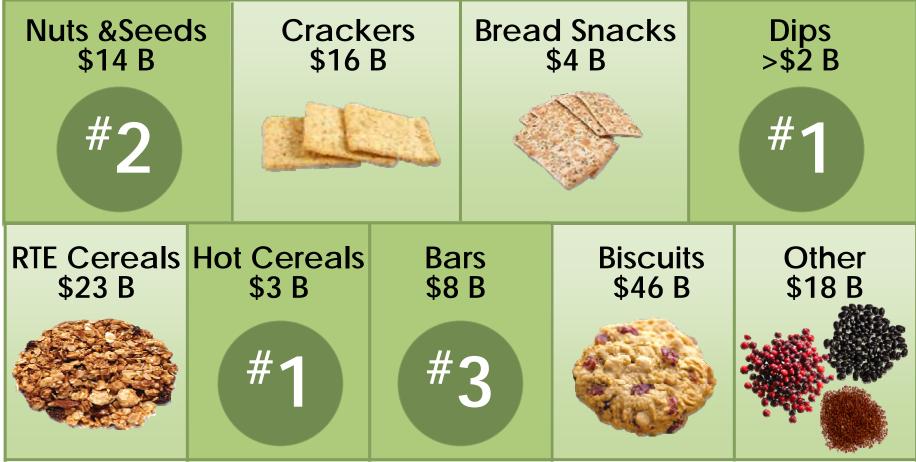
# additional categories account for \$134 billion





# PepsiCo already leads in some of these categories









in flagship brands with under-served cohorts



in flagship brands with under-served cohorts elevate the core

expand into adjacencies

targeting healthy convenience



in flagship brands with under-served cohorts elevate the core

expand into adjacencies

targeting healthy convenience

throughout supply chain

unleash productivity

3



in flagship brands with under-served cohorts elevate the core

expand into adjacencies

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throughout supply chain

unleash productivity

3

build new capabilities

4

across the enterprise



# strengthening our flagship brands





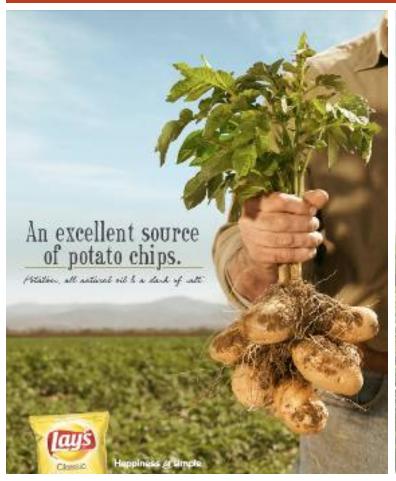
# embracing the simplicity of our products





#### communicating more clearly



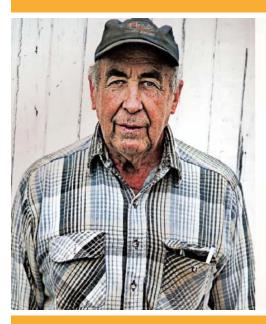




### connecting with our communities



#### through advertising...



Hi, I'm Seth your local Lay's potato farmer.

SETH JONES JONES POTATO FARM PARRISH FL.



#### ...and in-store









### targeting millennials as an important demographic group



1.8 billion population aged 13-29 globally











#### engaging millennials on their terms

















## Natch your favorite 2009 Super Bowl ads





"Free Doritos"

"Superpower of Doritos' Crunch"

YouTube Most Viewed

Produced by Rhyne Piggott; Design by Ron Coddington, USA TODAY

### responding to under-served cohorts







### historically approached women as family gatekeeper







### majority of women snack more than men





New Opportunity:

\$ 650 million\*

\*estimated annually

### making SunChips more relevant









make it convenient/portable

help me control my portions



make it nutritious,

take out the negatives

take away the guilt

#### introducing new products for her



functional, portable packaging

individual packs control sugar, fat, calories – 120 cal/pack



simple nutritious – excellent source of fiber (5g) and calcium (10%)

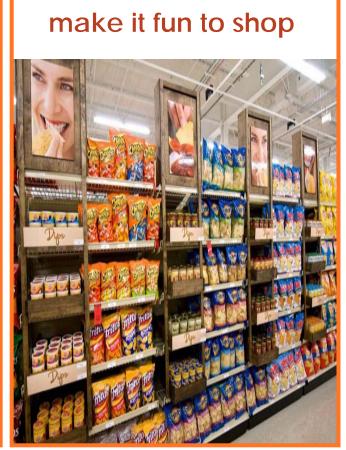
no artificial colors, flavors or preservatives

### reinventing the center of store experience















#### extending to other substrates









### building on Quaker's global leadership positions

























#1 oatmeal brand #3 bar brand

### introducing healthy foods and snacks around the world















#### bars





#### healthy snacks





### reinforcing Quaker as health & wellness icon



#### instore health centers



#### day-part solutions



oat for rice lunch & dinner





### making other popular grains more convenient











### growing our global nuts & seeds brand portfolio



























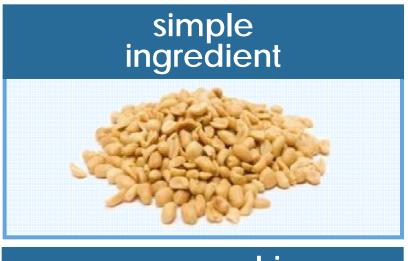
#### expanding ... Duyvis (Europe)







#### introducing... True North (USA)







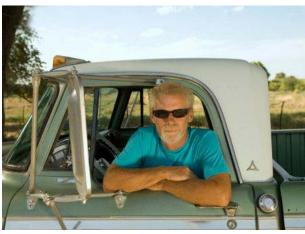
### addressing an underserved cohort at the same time



#### adults 45+

large and growing population













### driving seed-to-shelf efficiency



make move sell



140 plants



40,000 service routes



#### reducing our carbon footprint...



#### World's First Carbon **Reduction Label**



working with the Carbon Trust 75g CO<sub>2</sub>



 $CO_2$ -6%



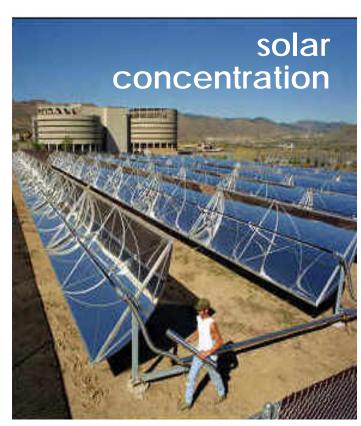
Waste -23%



Water -42%

### lowering our cost structure...







## ...and sustaining proprietary advantage where needed









# 4 build new capabilities



### creating a new R&D organization





build new capabilities

### clear roadmap to exploit growth potential



\$193 billion opportunity

elevate the core expand into adjacencies

unleash productivity build new capabilities

### WE LOVE FOODS

Strong revenue and profit growth

Investing in new products

Harnessing productivity





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Advantaged position

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