



EAT...



DRINK...



AND BE MERRY!

Financial Highlights

PepsiCo, Inc. and Subsidiaries
(\$ in millions except per share amounts; all per share amounts assume dilution)

	As Reported			Pro Forma ^(b)		
	2000	1999	% Chg ^(a)	2000	1999	% Chg ^(a)
Summary of Operations						
Net sales	\$20,438	\$20,367	—	\$20,144	\$18,666	8
Segment operating profit	\$3,550	\$3,068	16	\$3,482	\$3,080	13
Net income	\$2,183	\$2,050	6	\$2,139	\$1,850	16
Net income per share	\$1.48	\$1.37	8	\$1.45	\$1.24	17
Other Data						
Net cash provided by operating activities	\$3,911	\$3,027	29			
Share repurchases	\$1,430	\$1,285	11			
Dividends paid	\$796	\$778	2			
Long-term debt	\$2,346	\$2,812	(17)			
Capital spending	\$1,067	\$1,118	(5)			

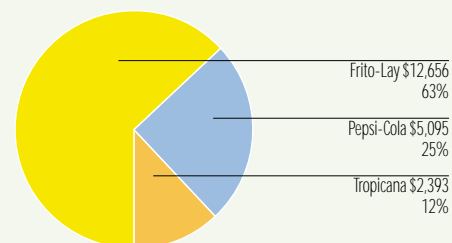
(a) Percentage changes are based on unrounded amounts.

(b) PepsiCo's fiscal year ends on the last Saturday in December and, as a result, a fifty-third week is added every 5 or 6 years. The fiscal year ended December 30, 2000 consisted of fifty-three weeks. For comparative purposes, the pro forma information for 2000 excludes the impact of the fifty-third week. The pro forma information for 1999 also gives effect to the bottling transactions described in Note 2 to the financial statements as if the transactions occurred at the beginning of PepsiCo's 1998 fiscal year. In addition, the 1999 pro forma results exclude the Frito-Lay impairment and restructuring pre-tax charge of \$65 million (\$40 million after-tax), the pre-tax gain on the sale of a chocolate business in Poland of \$28 million (\$25 million after-tax), the pre-tax net gain on the PBG and Whitman bottling transactions of \$1 billion (\$270 million after-tax) and the income tax provision of \$25 million related to the PepCom transaction. The pro forma information does not purport to represent what PepsiCo's results of operations would have been had such transactions been completed as of the dates indicated nor does it give effect to any other events.

Pro Forma PepsiCo Net Sales

Total: \$20,144

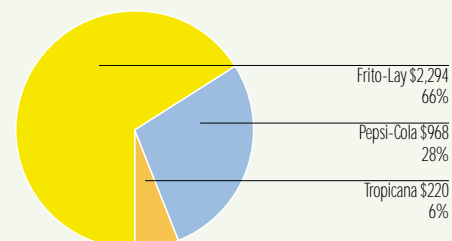
\$ In Millions



Pro Forma Segment Operating Profit

Total: \$3,482

\$ In Millions



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Michael Thomas
Shareholder since 2001.



To help us toast a great year, we invited several PepsiCo shareholders to pose for a few pictures eating, drinking and being merry. As you'll see, they very kindly obliged.

Dear Friends: I admit our cover could be more subtle. But 2000 was a great year for PepsiCo.

We rang up our best performance since 1995, with a total return to shareholders of nearly 43%. That put us way ahead of the Dow Jones Industrials, the Standard & Poor's 500, the S&P Food Index and the S&P Beverage Index.

Strong business results drove that healthy return, as the highlights on the facing page show. On a pro forma basis, revenue growth of 8%, a rate rare among big consumer packaged goods companies, led the way. And that's just the beginning:

- We posted double-digit growth in segment operating profit and earnings per share every quarter.
- Our return on invested capital moved up 2.5 points to 23%.
- Operating cash flow grew to \$2.7 billion. That's *after* capital expenditures and other investments.
- Our balance sheet remained very strong, with a relatively low net debt of \$1.1 billion.
- We returned some \$2.2 billion to shareholders in dividends and share repurchases.

Especially exciting is the *breadth* of our performance. If you'll pardon the metaphor, we've been firing on all cylinders:

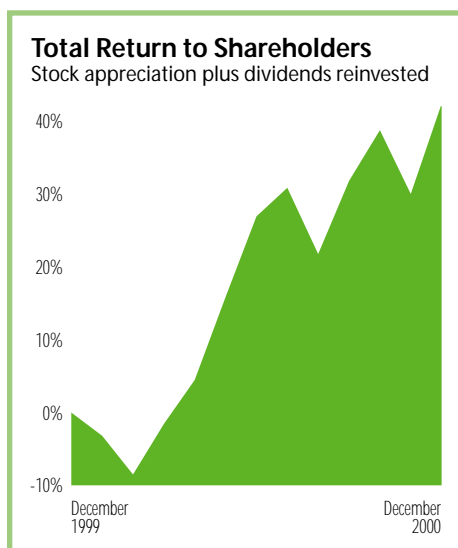
- Every operating division posted volume gains.
- Every operating division posted revenue gains.
- Every operating division increased its market share.
- Every operating division delivered solid growth in operating profit, with four out of five posting *double-digit* gains.

Good news spanned the globe. There are lots of examples.

Our Sabritas unit in Mexico, posted salty snack volume growth of 17%. In Thailand, Pepsi-Cola volume grew 12%. In the United States, volume of Tropicana's flagship Pure Premium brand surged 12%.

A Top Consumer Products Company

So the numbers were good. Our strength was broad-based. We had lots of momentum. And our sights are set squarely on the vast global opportunity in convenient foods and beverages.



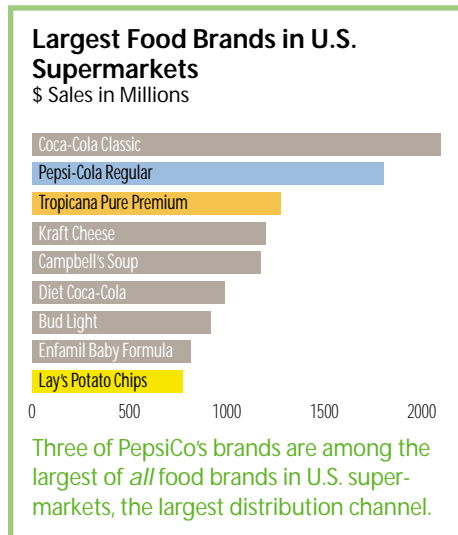
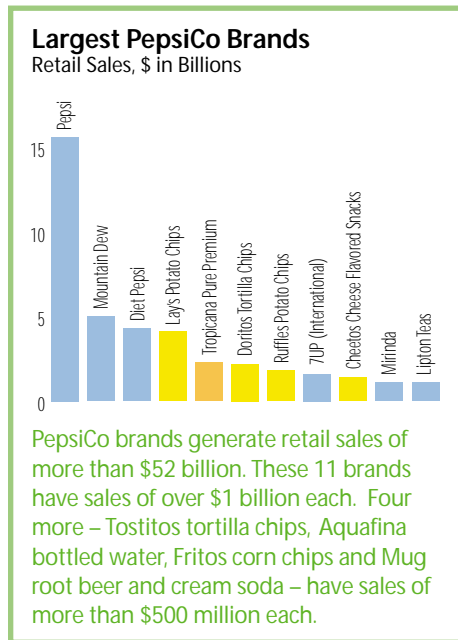
Roger A. Enrico
Chairman and
Chief Executive Officer



And, as our stock chart suggests, investors noticed. More and more recognized that PepsiCo's performance puts it among the world's top consumer products companies. More important, they recognized that PepsiCo is well positioned to *continue* posting healthy, consistent results.

That's crucial. At PepsiCo, we aspire to be among the best of the best — the companies that deliver solid, dependable growth every year.

That's the ambitious destination we've chosen. And we're well on our way. Today PepsiCo is highly disciplined and sharply focused, with so many great things going for us:



- **We're in the industry sweet spot: convenient foods and beverages.** The trend is clear and global. Time-pressed consumers want great-tasting foods and drinks that are convenient to buy and consume. They spend hundreds of billions of dollars a year on these products, and that's growing. With decades of experience selling and creating great-tasting convenient foods and beverages, we're well-equipped to succeed.
- **We hold strong market positions.** As the world's #1 salty snack company, the world's #2 refreshment beverage company and the world's #1 maker and marketer of branded juices, we operate from a position of strength. And our marketplace experience, technical expertise and innovation capabilities reflect our market leadership.
- **We own big, "growable" brands.** Our brands have the ability to connect with consumers almost anywhere in the world. Today 15 of our brands generate retail sales of more than \$500 million each, including 11 that generate more than \$1 billion each. And since there's practically no limit to how much of our products you can eat or drink, there's also no real limit on our growth opportunity.
- **We have powerful distribution systems.** One key to selling non-essential impulse products is making them widely available and fun to buy. There we have a big advantage. Most of our sales are through our own direct store distribution (DSD) systems, where we actually take the products to stores and put them on the shelf. Our systems reach hundreds of thousands of outlets, from the tini-

est bodega to the mightiest club store — and they get bigger each year. Unlike many competitors, our DSD systems give us the ability to merchandise our products for maximum appeal to consumers.

- **We benefit from an increasingly global portfolio.** We already have a strong position in many markets around the globe. In snacks, for example, we are the leader in 30 countries. In beverages, we're either number one or number two in some 60 markets. So the appeal of our products has been widely demonstrated. Yet virtually every one of our markets offers the opportunity for dramatic growth.
- **We help our retail customers make lots of money.** As retailers continue merging to gain scale and improve efficiency, they look for products that provide clear, measurable benefits to their bottom line. Ours do — on a grand scale. Among big U.S. retailers, for example, PepsiCo is the #1 contributor to their sales growth and the #1 contributor to their profit growth. Perhaps that's why in *Progressive Grocer's* annual ProGro awards, Pepsi-Cola and Frito-Lay each earned the top spot in their respective categories.

New Platforms for Growth

Add it all up and we could probably generate respectable results for years. But we want to do even better. So we are also adding *new* platforms for growth — that strengthen our portfolio and enhance our vitally important innovation capabilities.

For example, in January 2001 we acquired a majority of the South Beach Beverage Company, whose

SoBe line of drinks adds to the Pepsi-Cola portfolio some of the fastest-growing brands in the fastest-growing segment of the industry, non-carbonated beverages.

We also began or completed several snack transactions that vault Frito-Lay to the top of the salty snack market in three more countries. They also give us the scale to operate more efficiently and grow the salty snack category.

But without question the biggest step we've taken to ensure a bright future of growth for PepsiCo is our planned merger with The Quaker Oats Company, which we expect to complete in the second quarter of 2001.

The merger will make PepsiCo an even more effective competitor in the expanding market for convenient foods and beverages. It will add two very powerful brands to our portfolio, Gatorade and Quaker, and create new opportunities for every PepsiCo division. The combined enterprise will rank among the world's five largest consumer product companies. (For more details, see page 4.)

A Wealth of Talent

There's another reason I am confident PepsiCo will achieve its goal: our people. We have a wealth of talent across this corporation. It starts with our exceptional frontline team, the people out there serving our customers 365 days a year, and it extends to our corporate staff. To me, that says we have not only big opportunities, but the skills, experience, dedication and intellectual horsepower to make the most of them.

Nowhere is that strength more evident than in the people who will lead PepsiCo into the 21st century.

This year, Steve Reinemund, our

president and chief operating officer, will succeed me as chairman of the board and chief executive officer. Chief Financial Officer Indra Nooyi will add the role of PepsiCo president and will be nominated for election to our board of directors.

I'm a big fan of Steve and Indra, and I'm not alone. *BusinessWeek* magazine recently said that together they may be one of the most powerful management teams in Corporate America. I know they are.

In 16 years at PepsiCo, Steve has proven to be an exceptional leader. He sees opportunities others miss, and he can rally a team to seize them. He certainly proved that at Pizza Hut, where he built the world's largest pizza delivery business from scratch. As head of Frito-Lay, he took one of the most successful food companies on Earth and made it even better. And as PepsiCo president and chief operating officer, he has been a prime mover in our delivering healthy, consistent earnings while building a foundation for the future.

Indra is outstanding in her own right. She joined PepsiCo seven years ago as senior vice president of strategic planning and is a principal architect of the highly focused corporation you see today. She has been at the forefront of all our big financial transactions. And over the last year, she has distinguished herself as chief financial officer.

When Steve and Indra move up, I'll become a PepsiCo vice chairman. At the time of the merger, Bob Morrison, Quaker's chairman, president and chief executive officer, will join our board, also with the title of vice chairman. Bob and I intend to help ensure that the merger of our companies fulfills its great promise.

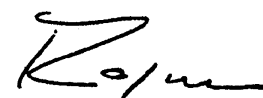
Three Outstanding Directors

Speaking of promise fulfilled, let me pay tribute to one of our great leaders, Karl von der Heyden. After a distinguished career that included six years at PepsiCo and culminated as co-chairman and chief executive officer of RJR Nabisco, Karl rejoined PepsiCo as chief financial officer and vice chairman of our board in 1996. He signed on for "about a year" — and stayed until January 2001.

I'm delighted that he did. Karl has been a true friend to PepsiCo and a great resource for me. He played a crucial role in revitalizing this corporation. From all of us at PepsiCo, I want to say thanks and best wishes.

Let me also thank two other outstanding PepsiCo directors, Roy Vagelos and Arnold Weber, who retired in May 2000. Roy had served on our board eight years and Arnie, 22. In that time they provided invaluable counsel and guidance to me, my predecessors and scores of other PepsiCo senior managers. I thank them immensely for their wisdom and support.

As I think about what the future holds for PepsiCo, I am very optimistic. We are in the heart of a growing consumer market rich with opportunity. We have strong, global brands, powerful distribution systems and vast financial resources. Most of all, we have a team of bright, highly motivated people with the skills, experience and commitment to make the most of the opportunity before us.



Roger Enrico
Chairman of the Board and
Chief Executive Officer



PepsiCo to Merge with The Quaker Oats Company

On December 4, 2000 PepsiCo and The Quaker Oats Company announced plans to merge. The agreement calls for PepsiCo to exchange 2.3 shares of its stock for each Quaker share, up to a maximum value of \$105 for each Quaker share.

This historic merger will bring together two of the food and beverage industry's strongest companies and many of its most recognized brands. The merger also will provide an array of strategic and financial benefits.

From a financial perspective, the deal is expected to:

- add to PepsiCo's earnings per share in the first full year and thereafter;
- immediately improve PepsiCo's return on invested capital by two percentage points, and
- strengthen PepsiCo's ongoing sales and profit growth.

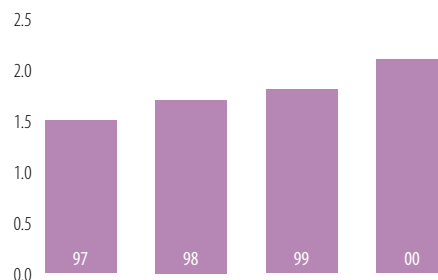
Strategically, the merger creates important new growth platforms:

- Quaker's powerful Gatorade brand, the world's number one sports drink, will make PepsiCo the clear leader in the United States in non-carbonated beverages, the fastest growing sector of the beverage industry. Gatorade has been growing every year since it was acquired by Quaker in 1983 and shows no signs of slowing. Plus the scale of Gatorade's vast warehouse distribution system will help Tropicana's non-refrigerated juice and juice drink brands to become stronger and more profitable.
- Quaker's rapidly expanding snack business — including granola bars, rice snacks and fruit and oatmeal bars — is highly complementary to Frito-Lay, the world leader in salty snacks. The Quaker brand, a symbol of healthy, wholesome eating, will extend PepsiCo's reach into morning on-the-go foods, snacks aimed at kids and grain-based snacks. Adding Quaker snacks to Frito-Lay's vast distribution system will create very substantial growth opportunities in the United States and internationally.
- Quaker's highly profitable non-snack food business (with leading brands like Quaker oatmeal, Life and Cap'n Crunch cereals, Rice-A-Roni and Aunt Jemima syrup) generates hundreds of millions of dollars in cash. Through greater innovation and efficiencies, it can continue providing steady profit growth and lots of free cash flow.

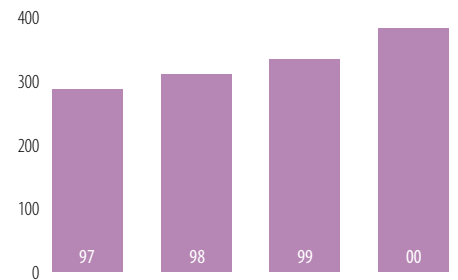
The transaction is expected to be tax-free and accounted for as a pooling-of-interests. It requires the approval of PepsiCo and Quaker shareholders. It also requires the issuance of approximately 315 million new PepsiCo shares to Quaker shareholders.



Gatorade Sales
\$ In Billions



Quaker Snack Sales
\$ In Millions





North America

Frito-Lay North America had an excellent year. Pound volume grew a very solid 4%, outpacing the salty snack category, while revenues grew 7%. Frito-Lay's market share grew by nearly two percentage points to 58%.

That healthy underlying growth led to a 10% gain in operating profit. In fact, the fourth quarter of 2000 marked Frito-Lay's *eighth* consecutive quarter of double-digit profit growth.

Strong performance in core brands — like Lay's, Ruffles, Tostitos and Cheetos — contributed to the growth. So did innovation, an area in which Frito-Lay excels. A few examples: Fritos and Tostitos brand snack kits that combine a container of chips and a container of dip; Ruffles *Flavor Rush* potato chips, in flavors more intense than traditional Ruffles; new flavors of Doritos tortilla chips and Cheetos Xs and Os. Frito-Lay's innovation efforts generated some \$1 billion in retail sales in 2000. More important, they reflect the company's extraordinary ability to bring excitement to the marketplace quickly and drive growth year after year.

Frito-Lay also grew by exploiting underdeveloped distribution channels, with particularly strong gains in mass merchandisers and convenience stores as well as in the vending and foodservice channel.

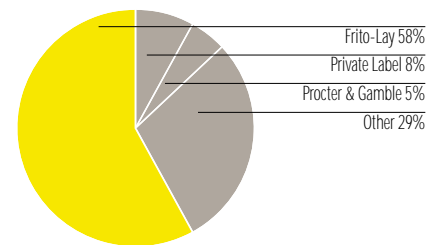
And a relentless focus on improving productivity and using its vast system to the greatest advantage helped Frito-Lay raise operating margins to an all-time high.



U.S. Snack Chip Industry

% Volume

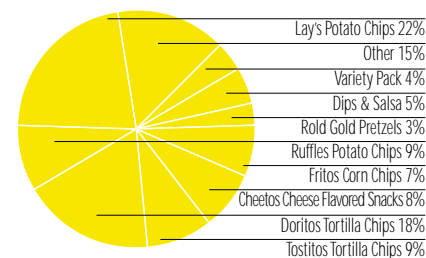
Includes potato chips, tortilla chips, extruded snacks and pretzels.



Frito-Lay gained nearly two share points.

Frito-Lay North America Product Mix

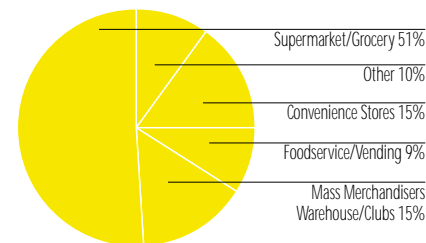
% Sales



Frito-Lay products in the United States and Canada account for \$9.9 billion in retail sales.

U.S. Frito-Lay Distribution Channels

% Sales

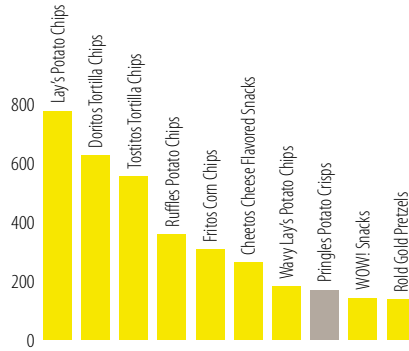


Frito-Lay sales grew in every channel, with strong increases in mass merchandising/warehouse/club stores.



Top-Selling Snack Chip Brands in U.S. Supermarkets

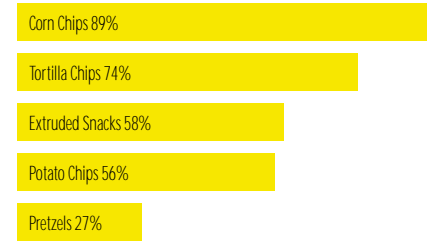
\$ Sales in Millions



Frito-Lay sells nine of the top-10 snack chip brands in supermarkets.

Frito-Lay Share of Major Snack Chip Categories in U.S. Supermarkets and Other Measured Channels

% Volume



Frito-Lay's market share grew in nearly every major snack chip category.

International

Frito-Lay International (FLI) had excellent results, posting its highest volume growth in six years. Salty snack kilos grew 13%, which fueled revenue growth of 14% and operating profit growth of 19%.

Well-executed marketing programs drove powerful growth, particularly the highly successful Pokemon and money-in-the-bag promotions.

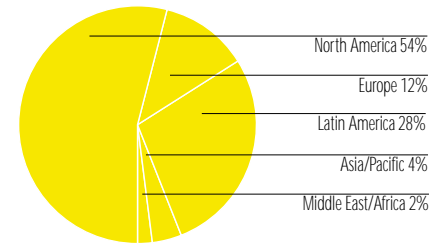
With a leading market share of 28%, FLI has both a strong position and vast opportunities, particularly in the many underdeveloped markets. The key is to achieve sufficient scale in those markets to operate

efficiently and expand the salty snack industry. So we continue to acquire or merge with other snack producers. In 2000 we made excellent progress:

- Our Latin American snack joint venture's acquisition of the Margarita snack business boosted

Worldwide Frito-Lay Volume by Region

% Volume

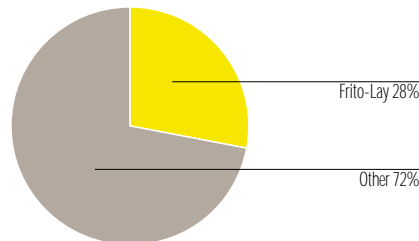


Frito-Lay manufactures its products in 45 countries and makes them available in 120 countries.

International Snack Chip Industry

% Retail Sales

Excludes United States and Canada. Includes potato chips, tortilla chips and extruded snacks. Excludes pretzels.



Frito-Lay, the largest snack chip company in the world, sells \$5.9 billion worth of snack chips outside North America.

Members of the Dinamat Investment Club

Nancy O'Brien
Shareholder since the 1980s.

Lorna Miner
Shareholder since 1995.

Joan Tolette
Shareholder since 1993.

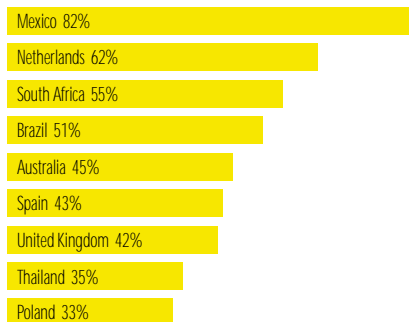
Josephine Moseley
Shareholder since 1984.

our market share in Colombia from 21% to nearly 50%.

- In Taiwan we bought out our joint venture partner to gain greater control of the business and improve our prospects in this promising market.
- In Egypt we agreed to merge with the market leader to form a new joint venture majority-owned by PepsiCo. The company will account for over 60% of Egypt's salty snack market and eventually expand across North Africa.
- In Saudi Arabia we agreed to merge our snack business with the current market leader. That boosted our market share to over 45%.
- In India, our purchase of Uncle Chipps made us the leader in the country's small but growing potato chip market.

Frito-Lay Snack Chip Share in Major International Markets

Includes potato chips, tortilla chips, extruded snacks. Excludes pretzels.

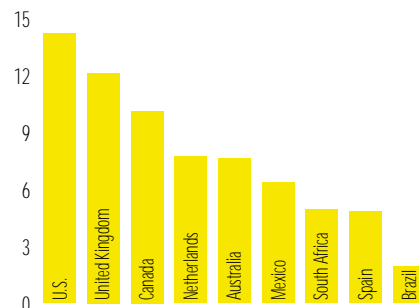


Frito-Lay has the leading share in 30 countries outside the United States and Canada, including nine of the 15 largest international snack chip markets.

Annual Per Capita Consumption of Snack Chips in Largest Frito-Lay Markets

In Pounds

Includes potato chips, tortilla chips and extruded snacks. Excludes pretzels.



Outside the United States, relatively low consumption of snack chips offers plenty of opportunity, even in Frito-Lay's largest international markets.





North America

With revenue and operating profit up 8% and 9%, respectively, Pepsi-Cola North America (PCNA) posted its best profit and revenue growth in years.

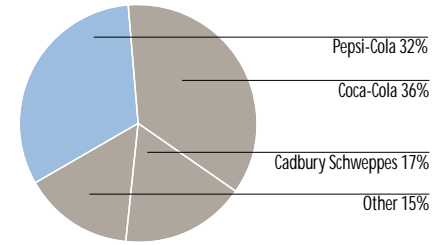
Bottler case sales grew modestly due to higher wholesale and retail pricing. However, this much-needed pricing increase established improved system economics for the long term and contributed significantly to our profit growth.

Carbonated soft drinks (CSDs) represented 90% of PCNA's total beverage volume. In colas, by far the largest CSD category, we narrowed the share gap between our brands and the market leader: Diet Pepsi grew faster than any other top-10 CSD; Wild Cherry Pepsi achieved strong double-digit growth; and The Pepsi Challenge showed consumers' preference for Pepsi (and Pepsi One). Mountain Dew, already the third-largest CSD in combined measured U.S. channels, again



U.S. Soft Drink Industry

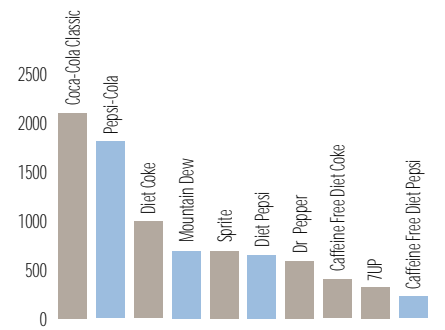
% Volume in Supermarkets



Pepsi-Cola gained share in supermarkets, the largest distribution channel, while our major competitor lost share.

Top-Selling Carbonated Soft Drinks in U.S. Supermarkets

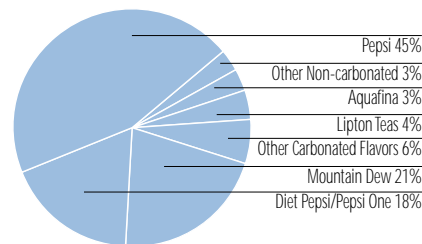
\$ Sales in Millions



Pepsi-Cola sells four of the top-10 carbonated soft drink brands in supermarkets.

Pepsi-Cola North America Product Mix

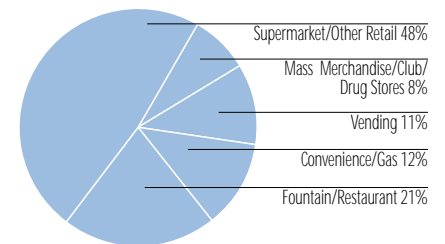
% Volume



Pepsi-Cola products in the United States and Canada account for more than \$23 billion in retail sales.

U.S. Pepsi-Cola Soft Drink Distribution Channels

% Volume



Fountain/restaurant and vending are growing aggressively as we reach more consumers at work, rest and play.

outperformed the industry. The fourth-quarter launch of Sierra Mist dramatically increased our presence in lemon-lime, the second-largest CSD segment in the U.S.

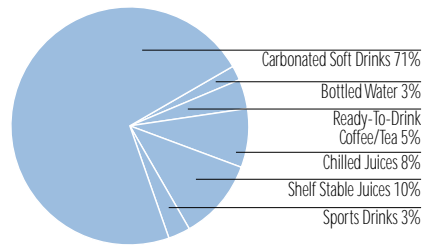
As consumers increasingly seek variety, PCNA continued building its very strong portfolio of non-carbonated beverages, the fastest-growing part of the beverage industry. Aquafina, with volume up 32%, remained the number one single-serve bottled water in the United States. Lipton again was the number one ready-to-drink tea. Frappuccino defined the ready-to-drink coffee segment. We also added new brands, launching FruitWorks and, in January 2001, acquiring the tremendously successful SoBe brand drinks enhanced with herbal ingredients.

Douglas Dossin
Shareholder since 1976.

Claire Dossin
Shareholder since 1992.

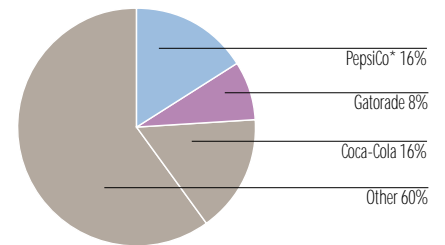


U.S. Beverage Market % Retail Sales



Non-carbonated beverages make up an increasing percentage of the U.S. beverage market and have grown more than twice as fast as carbonated beverages.

U.S. Non-carbonated Beverage Market % Volume



The addition of Quaker's Gatorade would make PepsiCo the clear leader in the non-carbonated beverage market.

*Includes SoBe, acquired 2001.

Charlotte Dossin
Shareholder since 1993.

Diane Dossin
Shareholder since 1977.



In fountain beverages, Tricon Global Restaurants, our largest fountain customer, signed a multi-year agreement to make Pepsi-Cola the preferred beverage supplier for its system of 20,000 Pizza Hut, Taco Bell and KFC restaurants in the United States.

Finally, the merger of Whitman Corporation and PepsiAmericas combined our second- and third-largest U.S.-based bottlers and substantially strengthened our manufacturing and distribution system.

International

Pepsi-Cola International (PCI) posted very healthy performance. Bottler case sales were up 5% for the year, and we grew faster than our primary competitor in nine of the last 10 quarters. That contributed to market share gains in most of PCI's top-25 markets. It also helped to drive operating profit growth by 37%.

The strong results reflect PCI's devotion to building its core carbonated soft drink brands, particularly Pepsi-Cola, 7UP and the Mirinda flavor line. The results also reflect our strategic focus on the most populous emerging markets, which offer big long-term growth opportunities. It's paying off: volume grew 10% in India, 16% in China and, in a dramatic recovery, more than 100% in Russia.

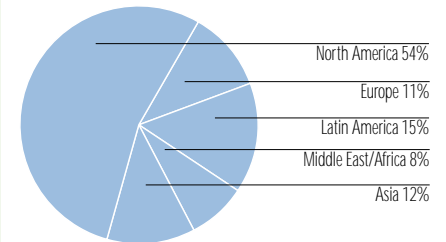
These results were also due to a stronger distribution system. During the year, PCI's anchor bottlers, PBG and PepsiAmericas, strengthened their international operations. Other important bottling network upgrades were made in markets such as Argentina, Brazil, Mexico and Australia.

Pepsi-Cola International also renewed its agreement with Tricon Global Restaurants, ensuring that Pepsi-Cola brands will continue to be the preferred beverages of Pizza Hut, KFC and Taco Bell around the world.



Worldwide Pepsi-Cola Volume by Region

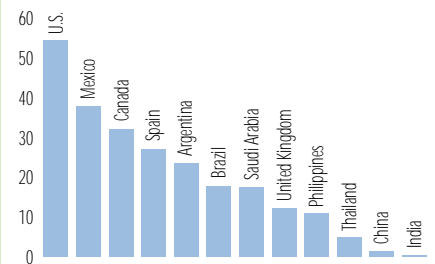
% Volume



Pepsi-Cola volume climbed both in North America and worldwide. Around the world, Pepsi-Cola products accounted for \$32.9 billion in retail sales.

Average Per Capita Consumption of Carbonated Soft Drinks in Largest Pepsi-Cola Markets

In Gallons



Relatively low average per capita consumption outside the United States means opportunity for growth. Pepsi-Cola increased its share in a majority of our largest markets.

Tropicana®

Tropicana showed great strength, again exceeding our projections when we acquired the company in 1998. Volume was up 8%, revenue was up 6% and operating profit rose 30%. In fact, Tropicana's 2000 profit was *double* the annual level of two years ago.

The biggest engine behind Tropicana's growth is its flagship Tropicana Pure Premium brand, the fastest-growing major brand in its category. With double-digit volume growth in every quarter in 2000, Pure Premium moved up to become the third-largest brand of all products sold in U.S. grocery stores. By year-end, Tropicana's number one share in the U.S. chilled juices and drinks category had grown to 35%, with gains in every region of the United States.

The potential of Tropicana Pure Premium is enormous. It offers an ideal combination of great taste, convenience and nutrition. Chilled, not-from-concentrate orange juice naturally offers an array of nutritional benefits that consumers value highly — and that Tropicana actively promotes. In fact, Tropicana actually uses a health claim in advertising: "Diets containing foods that are good sources of potassium and low in sodium (such as Tropicana Pure Premium) may reduce the risk of high blood pressure and stroke."

To provide consumers even greater nutritional benefits and variety, Tropicana is fortifying its juices with calcium, Vitamin E and additional Vitamin C and offering tasty blends of juices.



Barbara Bannister
Shareholder since 1980.

Michael Thomas
Shareholder since 2001.

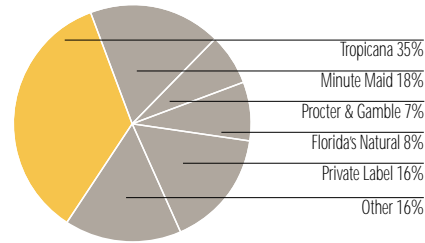
Pam Thomas
Shareholder since 1992.





U.S. Chilled Juices and Drinks Market

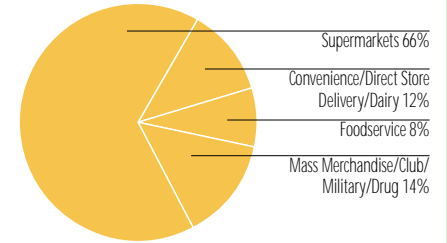
% Retail Sales in Supermarkets



Tropicana grew its share of the chilled juices and drinks market for the third consecutive year.

U.S. Tropicana Distribution Channels

% Volume

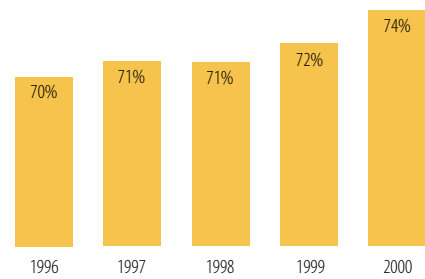


Tropicana volume grew in all major distribution channels, with volume in the foodservice and mass merchandise/club/military/drug channels rising at double-digit rates.



Tropicana Pure Premium Not-From-Concentrate Orange Juice Sales

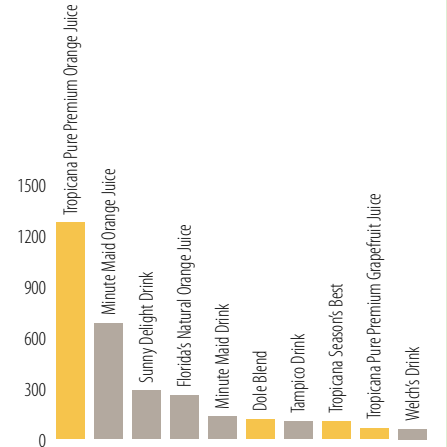
% Share in U.S. Supermarkets



Tropicana Pure Premium is gaining share, with sales growing faster than the not-from-concentrate orange juice market.

Top-Selling Refrigerated Juice Brands in U.S. Supermarkets

\$ Sales in Millions

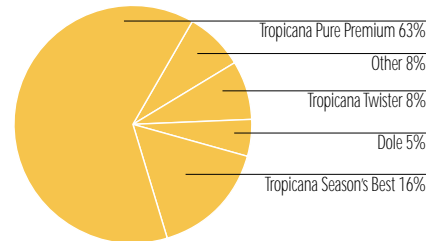


Tropicana Pure Premium orange juice retail sales are \$1.3 billion in supermarkets, making it the largest-selling refrigerated juice in the largest distribution channel.



Tropicana U.S. Product Mix

% Volume



Innovations such as fortifying juices, new packaging and new flavors increased volumes of Pure Premium as well as other chilled and shelf-stable juices.



John Sivertsen
Shareholder since 1993.

Elizabeth Sivertsen
Shareholder since 1994.

John Sivertsen II
Shareholder since 1994.

Those fortified juices and juice blends proved powerful drivers of volume — and again demonstrated our ability to use innovation to drive growth.

While the Pure Premium brand accounts for the lion's share of the business, Tropicana's wide range of products offer opportunities that go well beyond chilled, not-from-concentrate juice. For example, Tropicana produces and distributes a line of chilled from-concentrate juice blends under the Dole trademark that grew 11%.

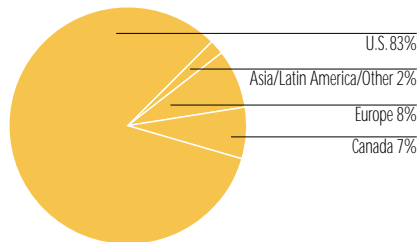
Shelf-stable juice and juice products offer their own advantages. They are more easily transported and stored, so they can be very widely distributed. Also they are affordable to a broader spectrum of consumers. Among Tropicana's shelf stable

products, volume of Tropicana Twister brand was up a very healthy 13%. And we improved our Tropicana Season's Best juices by switching from glass bottles to a more consumer-friendly 16-ounce plastic package.

And while the great majority of

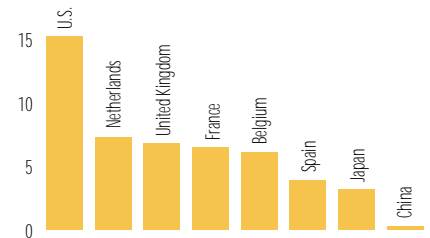
Tropicana's volume today is generated in North America, we continue to build our presence in the international markets that hold great promise. In fact, last year our international Tropicana business posted its best profit performance ever.

Worldwide Tropicana Volume by Region
% Volume



Tropicana products generate retail sales of more than \$3.5 billion worldwide. Sales in every region of the world are growing.

Annual Per Capita Consumption of Ready-to-Drink Juice
In Gallons



Tropicana products are available in 63 countries and territories. Relatively low consumption levels outside the United States and Tropicana's strong brand names provide an excellent platform for growth.



Corporate Citizenship



PepsiCo's strong record of community support and corporate citizenship is more reason to celebrate.

Community: PepsiCo, through the PepsiCo Foundation and its operating divisions, supported more than 1,000 community organizations with grants totaling \$15.7 million. The PepsiCo Foundation focused principally on support of youth, education and diversity programs. In addition, we donated several million dollars' worth of products and services. We encourage volunteerism among our more than 125,000 employees and support an Employees' Matching Gifts program.

Suppliers: PepsiCo bought \$383 million worth of goods and services — more than ever before — from

minority-owned and women-owned suppliers. You can learn how to be a supplier at our web sites:

www.pepsico.com/mwbe/ and www.fritolay.com/biz/minority. The Women's Business Enterprise National Council named us among "America's Top Corporations for Women's Business Enterprise."

PepsiCo minority and women business development programs were rated among the top-10 nationally by the National Minority Supplier Development Council.

Employees and Business Partners:

We were named by *Fortune* magazine to its list of America's "50 Best Companies for Minorities," by *Hispanic* magazine to its list of "The Hundred Companies Providing the Most Opportunities to Hispanics,"

by *Latina Style* magazine to its list of "The 50 Best Companies for Latinas," and by *Minority MBA* magazine to its list of "Ten Top Companies for Minority MBAs." We launched our diversity web site Diversity@work on www.pepsico.com/diversity.

Environment and Safety:

We encourage conservation, recycling and energy use programs that promote clean air and water and reduce landfill. A report on our environmental commitment is available at www.pepsico.com. The Occupational Health and Safety Administration named two more PepsiCo facilities to its top "STAR" status as part of the agency's Voluntary Protection Program.

Herbert Feinberg
Shareholder since 1972.

Jennifer Greechan
Shareholder since 1998.

Flavio Rodrigues
Shareholder since 1988.



Principal Divisions and Corporate Officers

(Listings include age and years of PepsiCo experience.)

Executive Offices PepsiCo, Inc.

700 Anderson Hill Road
Purchase, NY 10577
(914) 253-2000

Co-Founder of PepsiCo, Inc.

Donald M. Kendall
Over 50 years of PepsiCo
experience

Corporate Officers

Roger A. Enrico
Chairman of the Board and
Chief Executive Officer
56, 29 years

Steven S Reinemund
President and Chief
Operating Officer
52, 16 years

Arthur B. Anderson
Senior Vice President,
Advanced Technology
51, under one year

Peter A. Bridgman
Senior Vice President
and Contoller
48, 15 years

Albert P. Carey
Senior Vice President,
Sales and Retailer Strategies
49, 19 years

Massimo F. d'Amore
Senior Vice President,
Corporate Development
45, 5 years

Ronald E. Harrison
Senior Vice President,
Global Diversity and
Community Affairs
65, 36 years

Tod J. MacKenzie
Senior Vice President,
Corporate Communications
43, 13 years

Matthew M. McKenna
Senior Vice President
and Treasurer
50, 7 years

Margaret D. Moore
Senior Vice President,
Human Resources
53, 27 years

Indra K. Nooyi
Senior Vice President
and Chief Financial Officer
45, 7 years

Robert F. Sharpe, Jr.
Senior Vice President, Public
Affairs, General Counsel
and Secretary
49, 3 years

Principal Divisions and Officers

Pepsi-Cola Company

700 Anderson Hill Road
Purchase, NY 10577
(914) 253-2000

Pepsi-Cola North America

Gary M. Rodkin
President and Chief
Executive Officer
48, 5 years

Pepsi-Cola International

Peter M. Thompson
President and Chief
Executive Officer
54, 10 years

Frito-Lay Company

7701 Legacy Drive
Plano, TX 75024
(972) 334-7000

Frito-Lay North America

Abelardo E. Bru
President and Chief
Executive Officer
52, 24 years

Frito-Lay Europe/Africa/ Middle East

Frito-Lay Trading Company
(Europe), GmbH
18 avenue Louis Casai
CH-1211 Geneva 28
Switzerland

Michael D. White
President and Chief
Executive Officer
49, 11 years

Frito-Lay Latin America/ Asia Pacific/Australia

Av. De las Palmas No. 735
Col. Lomas de Chapultepec
Mexico, 11000, D.F.

Rogelio M. Rebolledo
President and Chief
Executive Officer
56, 24 years

Tropicana Products, Inc.

1001 13th Avenue East
Bradenton, FL 34208
(941) 747-4461

Brock H. Leach
President and Chief
Executive Officer
42, 18 years

PepsiCo Products

PepsiCo has hundreds of
brands. These are some of
the best known.

Frito-Lay Brands

Lay's Potato Chips
Baked Lay's Potato Crisps
Ruffles Potato Chips
Baked Ruffles Potato Chips
Doritos Tortilla Chips
3D's Snacks
Tostitos Tortilla Chips
Baked Tostitos Tortilla Chips
Santitas Tortilla Chips
Fritos Corn Chips
Cheetos Cheese Flavored
Snacks
Rold Gold Pretzels

Funyuns Onion Flavored
Rings
Sunchips Multigrain Snacks
Cracker Jack Candy Coated
Popcorn

Chester's Popcorn
Grandma's Cookies
Munchos Potato Crisps
Smartfood Popcorn
Baken-ets Fried Pork Skins
Obertos Meat Snacks
Frito-Lay Dips & Salsas
Outside the U.S.
Bocabits Wheat Snacks
Crujitos Corn Snacks
Fandangos Corn Snacks
Hamkas Snacks
Nibb-It Sticks and Rings
Niknaks Cheese Sticks
Quavers Potato Snacks

Sabritas Potato Chips
Twisties Cheese Snacks
Walkers Potato Crisps
Jack's Snacks
Simba Snacks

Pepsi-Cola Brands

Pepsi-Cola
Diet Pepsi
Pepsi One
Mountain Dew
Wild Cherry Pepsi
Slice
Mug
Sierra Mist
Fruitworks
All Sport
Lipton Brisk (Partnership)
Lipton's Iced Tea
(Partnership)

Aquafina
Frappuccino (Partnership)
SoBe
Outside the U.S.
Mirinda
7UP
Pepsi Max

Tropicana Brands

Tropicana Pure Premium
Tropicana Season's Best
Tropicana Twister
Dole (Under license)
Pure Tropics
Outside the U.S.
Loóza
Copella
Fruvita



PepsiCo, Inc. Board of Directors

(Listings include age and year elected PepsiCo director.)



Left to right: Ray L. Hunt, Robert E. Allen, Steven S Reinemund, Franklin D. Raines



Left to right: John F. Akers, Sharon Percy Rockefeller, Peter Foy



Left to right: Solomon D. Trujillo, Cynthia M. Trudell, Roger A. Enrico



Left to right: Franklin A. Thomas, John J. Murphy, Arthur C. Martinez

John F. Akers
Former Chairman of the Board and
Chief Executive Officer
International Business Machines Corporation
66. Elected 1991.

Robert E. Allen
Former Chairman of the Board and Chief
Executive Officer, AT&T Corp.
66. Elected 1990.

Roger A. Enrico
Chairman of the Board and Chief Executive Officer
PepsiCo, Inc.
56. Elected 1987.

Peter Foy
Chairman, Whitehead Mann Group
60. Elected 1997.

Ray L. Hunt
Chairman and Chief Executive Officer
Hunt Oil Company and Chairman,
Chief Executive Officer and President
Hunt Consolidated, Inc.
57. Elected 1996.

Arthur C. Martinez
Former Chairman of the Board, President
and Chief Executive Officer
Sears, Roebuck and Co.
61. Elected 1999.

John J. Murphy
Former Chairman of the Board and
Chief Executive Officer
Dresser Industries, Inc.
69. Elected 1984.

Franklin D. Raines
Chairman of the Board and Chief Executive Officer
Fannie Mae
52. Elected 1999.

Steven S Reinemund
President and Chief Operating Officer
PepsiCo, Inc.
52. Elected 1996.

Sharon Percy Rockefeller
President and Chief Executive Officer
WETA Public Stations, Washington, D.C.
56. Elected 1986.

Franklin A. Thomas
Consultant, TFF Study Group
66. Elected 1994.

Cynthia M. Trudell
Vice President, General Motors and
Chairman and President, Saturn Corporation
47. Elected 2000.

Solomon D. Trujillo
Chairman, President and Chief Executive Officer
Graviton, Inc.
49. Elected 2000.

