



PEPSICO



Tropicana



2008 Q3 Earnings Call

October 14, 2008





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Indra Nooyi
Chairman & CEO, PepsiCo



Key Points

- Solid business results across most of the portfolio
- Regaining growth in our North American beverage business remains a key priority
- Turbulent macroeconomic environment
- Majority of Productivity for Growth savings to be invested in the business to fuel growth
- Continue to enjoy robust free cash flow



PI: Q3 2008 Results

Growth Versus Q3 2007

Volume:

Snacks	4%
Beverages	11%

Revenue	20%
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Operating Profit	18%
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PAF: Q3 2008 Results

Growth Versus Q3 2007

Volume	1%
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Revenue	12%
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Operating Profit	9%
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PAB: Q3 2008 Results

Growth Versus Q3 2007

Volume	(2.5%)
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Revenue	flat
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Operating Profit	(11%)
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Revitalizing PAB

- Revamping brand identity across key CSD brands
- Upgrading Gatorade line
- Increasing product differentiation across Tropicana portfolio
- Increasing investments in A&M and innovation

Global Macroeconomic Environment





Productivity for Growth: Savings

- Broad-based productivity initiative
- Expect more than \$1.2 billion pre-tax savings over next 3 years
- Actions across the organization to:
 - Improve cost competitiveness
 - Simplify decision making
 - Upgrade and streamline product portfolio

Productivity for Growth: Investments



- Savings to be invested in key areas:
 - Revitalize North American beverage business
 - Drive additional growth in key developing markets
 - Targeted investments in developed snack markets
 - Increase R&D to sustain long-term growth



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Richard Goodman
CFO, PepsiCo





Q3 Below the Line

- Mark-to-market loss on commodity hedges
- Other corporate unallocated expenses up \$19 million, primarily due to higher investments in R&D and SAP
- Q3 tax rate of 25.9%



2008 Cash Generation

- Expect to generate about \$7.3 billion* in cash from operating activities
- Capital spending expected to be about \$2.5 billion*
- Strong credit rating
- Focus on maintaining financial flexibility

* Excluding the impact of Productivity for Growth initiatives



Productivity for Growth

- One-time Q4 charges expected between \$550 million - \$600 million, of which about 60% are cash
 - 45% North American beverage business
 - 25% North American snacks business
 - 25% International businesses
 - 5% Corporate



Productivity for Growth

- Expect \$350 million - \$400 million pre-tax savings in 2009
- Expect more than \$1.2 billion of pre-tax savings over the next three years
- Establishing program management office to ensure flawless execution



2008 Earnings Outlook

- Recent dramatic appreciation of U.S. dollar likely to impact Q4 earnings
- At current foreign exchange rates, potential \$0.04 - \$0.05 adverse foreign exchange impact versus prior full-year 2008 guidance of \$3.72*

* Excluding commodity mark-to-market and Productivity for Growth impact



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Chairman & CEO, PepsiCo



Summary

- Solid Q3 performance in challenging environment
- Major actions to restore vitality of our North American beverage business
- Remain confident in business fundamentals
- Productivity for Growth to yield capital for investment and provide flexibility
- Continuing to generate strong cash flow



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