



performance with purpose

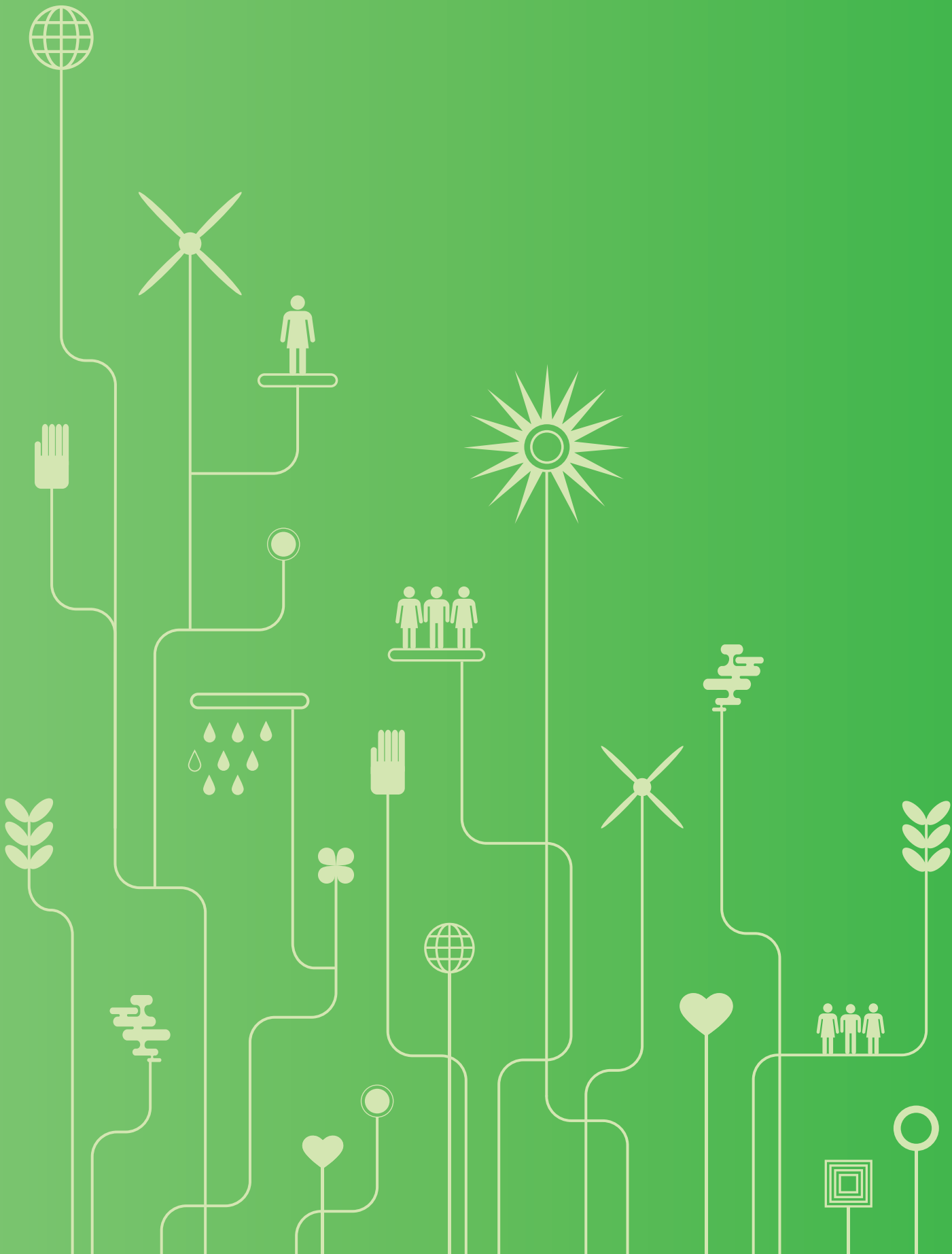
the promise of pepsi^{co}



PEPSICO

2009 Annual Report

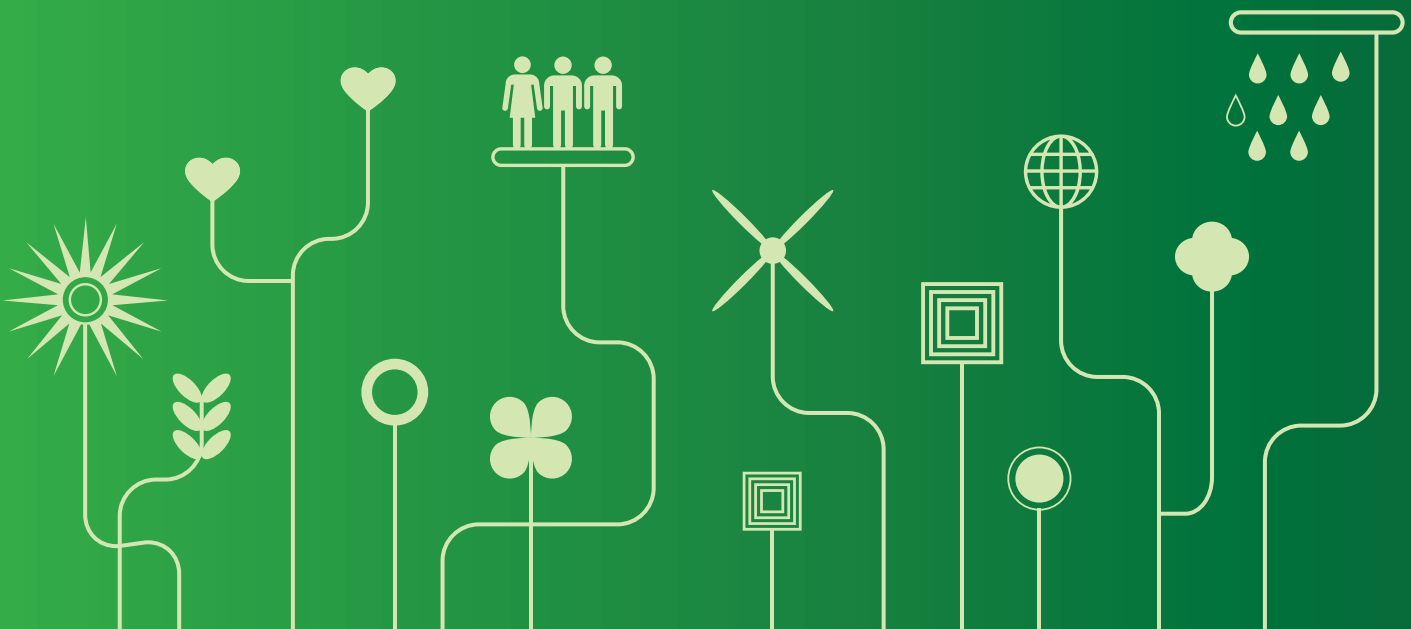
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WHAT IS

the promise of pepsiCo

At PepsiCo, Performance with Purpose means delivering sustainable growth by investing in a healthier future for people and our planet. As a global food and beverage company with brands that stand for quality and are respected household names—Quaker Oats, Tropicana, Gatorade, Lay's and Pepsi-Cola, to name a few—we will continue to build a portfolio of enjoyable and wholesome foods and beverages, find innovative ways to reduce the use of energy, water and packaging, and provide a great workplace for our associates. Additionally, we will respect, support and invest in the local communities where we operate, by hiring local people, creating products designed for local tastes and partnering with local farmers, governments and community groups. Because a healthier future for all people and our planet means a more successful future for PepsiCo. This is our promise.



PERFORMANCE

To all our investors...

It's a promise to strive to deliver superior, sustainable financial performance.*

OUR GOALS AND COMMITMENTS

TOP LINE:

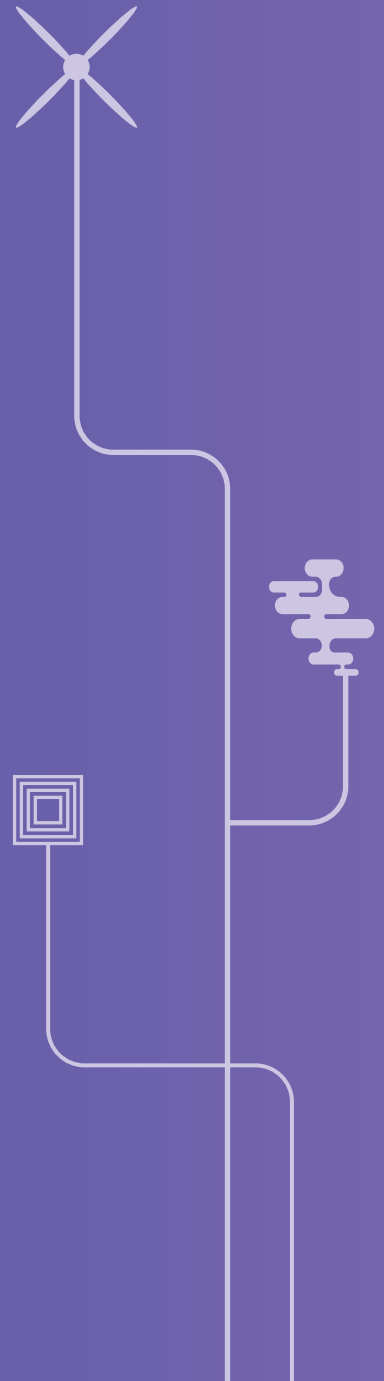
- Grow international revenues at two times real global GDP growth rate.
- Grow savory snack and Liquid Refreshment Beverage market share in the top 20 markets.
- Sustain or improve brand equity scores for PepsiCo's 19 billion-dollar brands in top 10 markets.
- Rank among the top two suppliers in customer (retail partner) surveys where third-party measures exist.

BOTTOM LINE:

- Continue to expand division operating margins.
- Increase cash flow in proportion to net income growth over three-year windows.
- Deliver total shareholder returns in the top quartile of our industry group.

CORPORATE GOVERNANCE AND VALUES:

- Utilize a robust Corporate Governance structure to consistently score in the top quartile of Corporate Governance metrics.
- Ensure our PepsiCo value commitment to deliver sustained growth through empowered people acting with responsibility and building trust.



* For more information on our goals and commitments, including a metrics baseline and timeline, and risks, please visit www.pepsico.com.

HUMAN SUSTAINABILITY

To the people of the world...

It's a promise to encourage people to live healthier by offering a portfolio of both enjoyable and wholesome foods and beverages.*

OUR GOALS AND COMMITMENTS

PRODUCTS:

Provide more food and beverage choices made with wholesome ingredients that contribute to healthier eating and drinking.

- Increase the amount of whole grains, fruits, vegetables, nuts, seeds and low-fat dairy in our global product portfolio.
- Reduce the average amount of sodium per serving in key global food brands by 25 percent.
- Reduce the average amount of saturated fat per serving in key global food brands by 15 percent.
- Reduce the average amount of added sugar per serving in key global beverage brands by 25 percent.

MARKETPLACE:

Encourage people to make informed choices and live healthier.

- Display calorie count and key nutrients on our food and beverage packaging by 2012.
- Advertise to children under 12 only products that meet our global science-based nutrition standards.
- Eliminate the direct sale of full-sugar soft drinks in primary and secondary schools around the globe by 2012.
- Increase the range of foods and beverages that offer solutions for managing calories, like portion sizes.

COMMUNITY:

Actively work with global and local partners to help address global nutrition challenges.

- Invest in our business and research and development to expand our offerings of more affordable, nutritionally relevant products for underserved and lower-income communities.
- Expand PepsiCo Foundation and PepsiCo corporate contribution initiatives to promote healthier communities, including enhancing diet and physical activity programs.
- Integrate our policies and actions on human health, agriculture and the environment to make sure that they support each other.



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ENVIRONMENTAL SUSTAINABILITY

To the planet we all share...

It's a promise to be a good citizen of the world, protecting the Earth's natural resources through innovation and more efficient use of land, energy, water and packaging in our operations.*

OUR GOALS AND COMMITMENTS

WATER:

Respect the human right to water through world-class efficiency in our operations, preserving water resources and enabling access to safe water.

- Improve our water use efficiency by 20 percent per unit of production by 2015.
- Strive for positive water balance in our operations in water-distressed areas.
- Provide access to safe water to three million people in developing countries by the end of 2015.

LAND AND PACKAGING:

Rethink the way we grow, source, create, package and deliver our products to minimize our impact on land.

- Continue to lead the industry by incorporating at least 10 percent recycled polyethylene terephthalate (rPET) in our primary soft drink containers in the U.S., and broadly expand the use of rPET across key international markets.
- Create partnerships that promote the increase of U.S. beverage container recycling rates to 50 percent by 2018.
- Reduce packaging weight by 350 million pounds—avoiding the creation of one billion pounds of landfill waste by 2012.
- Work to eliminate all solid waste to landfills from our production facilities.

CLIMATE CHANGE:

Reduce the carbon footprint of our operations.

- Improve our electricity use efficiency by 20 percent per unit of production by 2015.
- Reduce our fuel use intensity by 25 percent per unit of production by 2015.
- Commit to a goal of reducing greenhouse gas (GHG) intensity for U.S. operations by 25 percent through our partnership with the U.S. Environmental Protection Agency Climate Leaders program.
- Commit to an absolute reduction in GHG emissions across global operations.

COMMUNITY:

Respect and responsibly use natural resources in our businesses and in the local communities we serve.

- Apply proven sustainable agricultural practices on our farmed land.
- Provide funding, technical support and training to local farmers.
- Promote environmental education and best practices among our associates and business partners.
- Integrate our policies and actions on human health, agriculture and the environment to make sure that they support each other.

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TALENT SUSTAINABILITY

To the associates of PepsiCo...

It's a promise to invest in our associates to help them succeed and develop the skills needed to drive the company's growth, while creating employment opportunities in the communities we serve.*

OUR GOALS AND COMMITMENTS

CULTURE:

Enable our people to thrive by providing a supportive and empowering workplace.

- Ensure high levels of associate engagement and satisfaction as compared with other Fortune 500 companies.
- Foster diversity and inclusion by developing a workforce that reflects local communities.
- Encourage our associates to lead healthier lives by offering workplace wellness programs globally.
- Ensure a safe workplace by continuing to reduce lost time injury rates, while striving to improve other occupational health and safety metrics through best practices.
- Support ethical and legal compliance through annual training in our code of conduct, which outlines PepsiCo's unwavering commitment to its human rights policy, including treating every associate with dignity and respect.

CAREER:

Provide opportunities that strengthen our associates' skills and capabilities to drive sustainable growth.

- Become universally recognized through top rankings as one of the best companies in the world for leadership development.
- Create a work environment in which associates know that their skills, talents and interests can fully develop.
- Conduct training for associates from the frontline to senior management, to ensure that associates have the knowledge and skills required to achieve performance goals.

COMMUNITY:

Contribute to better living standards in the communities we serve.

- Create local jobs by expanding operations in developing countries.
- Support education through PepsiCo Foundation grants.
- Support associate volunteerism and community involvement through company-sponsored programs and initiatives.
- Match eligible associate charitable contributions globally, dollar for dollar, through the PepsiCo Foundation.

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