



PEPSICO



Tropicana



Fourth Quarter and Full-Year 2009 Earnings Call



Safe Harbor Statement

Statements in this communication that are “forward-looking statements”, including PepsiCo’s 2010 guidance, 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: PepsiCo’s ability to consummate the acquisitions of The Pepsi Bottling Group, Inc. (“PBG”) and PepsiAmericas, Inc. (“PAS”) and to achieve the synergies and value creation contemplated by the proposed acquisitions; PepsiCo’s ability to promptly and effectively integrate the businesses of PBG, PAS and PepsiCo; the timing to consummate the proposed acquisitions and any necessary actions to obtain required regulatory approvals; the diversion of management time on transaction-related issues; increased indebtedness as a result of the proposed acquisitions; changes in demand for PepsiCo’s 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; PepsiCo’s ability to build and sustain proper information technology infrastructure, successfully implement its ongoing business process transformation initiative or outsource certain functions effectively; damage to PepsiCo’s reputation; trade consolidation, the loss of any key customer, or failure to maintain good relationships with PepsiCo’s bottling partners, including as a result of the proposed acquisitions; PepsiCo’s ability to hire or retain key employees or a highly skilled and diverse workforce; changes in the legal and regulatory environment; disruption of PepsiCo’s supply chain; unstable political conditions, civil unrest or other developments and risks in the countries where PepsiCo operates; and risks that benefits from PepsiCo’s 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 PepsiCo’s actual results to materially differ from those set forth herein, please see PepsiCo’s filings with the SEC, including its 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. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Please refer to the “Investors” section of PepsiCo’s web site at www.pepsico.com under the heading “Financial News & Events” to find disclosure and a reconciliation of any non-GAAP financial measures contained herein.



PEPSICO



Tropicana



Lynn A. Tyson
SVP, Investor Relations
PepsiCo, Inc.



PEPSICO



Tropicana



Indra Nooyi
C.E.O. and Chairman,
PepsiCo, Inc.



Full Year 2009 Performance

- Constant currency net revenue growth of 5 percent
- Core constant currency division operating profit growth of 6 percent with increased operating margins in all segments
- Management operating cash flow, excluding certain items, up 16 percent



2009 Operational highlights

- PepsiCo Americas Foods grew constant currency net revenue 7 percent, core constant currency operating profit 8 percent
- Frito Lay increased volume, gained market share and delivered a 7 percentage point increase in core constant currency operating profit
- Latin America Foods delivered double-digit constant currency net revenue and core constant currency operating profit growth
- Gained or held share in almost every market across PAF



2009 Operational highlights

- Europe delivered double-digit constant currency net revenue and core constant currency operating profit growth and held or grew share in most markets
- Strong volume growth in Asia, Middle East and Africa and double-digit constant currency net revenue and core constant currency operating profit growth, excluding the impact of acquisitions and divestitures, while continuing to invest in key markets
- PepsiCo Americas Beverages continued to gain traction, posting 10 percent core constant currency operating profit growth in the fourth quarter



Proposed Bottling Transactions

- PAS and PBG mergers will consolidate more than 80 percent of PepsiCo's make-sell-deliver system into PepsiCo Bottling North America
- Increased speed to market, flexibility and efficiency across the value chain
- Empower PEP to bring products to market faster, including emerging brands
- Service retail partners more efficiently
- Take the Power of the “Power of One” to the next level



Proposed Bottling Transactions

- Hope to close transactions by end of February
- Shareholder votes on Feb. 17, 2010
- More details at PepsiCo's Investor Meeting on March 22 & 23, 2010



2010 Key Investment Categories

- Drive infrastructure and innovation in key markets
- Expand good-for-you platforms
- Develop breakthrough products and platforms
- Renovate our core products
- Build brands and drive innovation in NAB
- Continue to drive innovative sustainability initiatives



Six Key Growth Strategies

1. Expand PepsiCo's global macrosnack leadership
2. Ensure sustainable, profitable growth in beverages
3. Unleash the power of the "Power of One"
4. Rapidly expand our roughly \$10 billion "Good For You" portfolio
5. Continue to deliver on our environmental sustainability goals
6. Develop PepsiCo's talented leadership to sustain our growth



PEPSICO



Tropicana



Richard Goodman

Chief Financial Officer

PepsiCo, Inc.



Full Year 2009 Performance

- Constant currency net revenue grew 5 percent
- Core constant currency division operating profit and core constant currency EPS grew 6 percent
- Management operating cash flow, excluding certain items, grew 16 percent
- Achieved these results without PEP's typical below the line leverage, which cost about 300 basis points of EPS growth for the year



PepsiCo Americas Foods

- Full-year constant currency net revenue grew 7 percent
- Full-year core constant currency operating profit grew 8 percent
- PAF held or grew operating margins in every one of its businesses



Frito Lay North America

- FLNA was the fastest growing CPG company in measured channels in North America and extended its value share lead in 2009
- Full-year constant currency net revenue grew 6 percent
- Full-year core constant currency operating profit grew 7 percent, marking the fourth consecutive year of 7 percent core operating profit growth



Frito Lay North America: 2010

- Core product innovation to include: Lay's regional flavors, naturally flavored Lay's Kettle, Tostitos with more whole grains, Sun Chips with higher fiber content
- FLNA will invest in infrastructure and product and packaging innovation
 - Expand routes and rack penetration
 - Introducing healthy fiber and whole grains across its product portfolio
 - Introducing a first-of-its-kind chip bag that fully decomposes in 14 weeks, based on proprietary technology



Latin America Foods

- Full-year 2009 constant currency net revenue grew 10 percent
- Full-year core constant currency operating profit grew 13 percent
- In Mexico, in the fourth quarter Sabritas held share and Gamesa gained share
- South America in the fourth quarter posted strong gains in net revenue and operating profit



Pepsi Americas Beverages

- Full-year 2009 constant currency net revenue declined 6 percent
- Full-year core constant currency operating profit declined 3 percent
- In the fourth quarter, PAB grew core constant currency operating profit 10 percent, reflecting strong productivity, improving volume and topline trends in North America



PAB: Key Accomplishments in 2009

- Expanded gross margin at NAB through successful cost management
- Drove successful product innovation based on Stevia, all natural zero-calorie sweetener
 - Trop 50, the first Stevia-sweetened reduced calorie juice, grew into a nearly \$100MM business
 - SoBe Lifewater grew volume more than 50 percent, on the success of zero-calorie SoBe offerings



PAB: 2010 Key Marketing Initiatives

- Pepsi Refresh Project
 - Offering grants \$5,000 - \$250,000 for consumer selected ideas to “do good” in local communities
 - Visit Pepsi Refresh at: www.refresheverything.com
- Gatorade G-Series
 - Full line of products, supported by the latest science, to provide fuel, fluid and nutrients before, during and after activity
- Tropicana Juicy Rewards
 - Tropicana will work with local and national partners to deliver value in the form of over 20,000 discounted activities and services across the United States



PepsiCo Europe

- Full-year constant currency net revenue grew 10 percent
- Full-year core constant currency operating profit grew 13 percent
- Fourth quarter constant currency net revenue grew 4 percent
- Fourth quarter core constant currency operating profit grew 7 percent, as Europe overlapped the Lebedyansky acquisition in Russia, which closed in the fourth quarter of 2008



- Full-year constant currency net revenue grew 12 percent
- Full-year core constant currency operating profit grew 23 percent
- Fourth quarter core constant currency operating profit performance entirely attributable to stepped up investments in key markets
- 2010 plans include:
 - expanding cold infrastructure
 - enhancing go-to-market systems
 - supporting innovations with increased A&M
- In 2009, Chinese government approved plans to build 10 new plants across China



2010 Guidance

- 11 – 13 percent core constant currency EPS growth off of our fiscal 2009 core EPS of \$3.71
- “Base” PepsiCo core constant currency EPS of 8 - 9 percent
 - Incremental growth from the transaction reflects a combination of several elements:
 - financial leverage and accounting upsides, which amount to about 15 cents a share
 - Synergies for 10 months of about \$125-\$150 million, or about 6 cents a share
 - Partially offset by strategic investments of about 8 cents a share
- Full-year 2010 core tax rate, on a stand-alone basis, expected to be about the same as in 2009; weighted average tax rate, including the proposed bottler transactions, will be about 27-28 percent



2010: Shape of Earnings

- Expect mid- to high-single-digit growth in first half of 2010 and mid-teen growth in second half of 2010

Lower first-half growth primarily reflects the lapping of first-half 2009 events, both above and below the line:

- FLNA will be lapping last year's strong Q1, primarily related to the significant pricing it took in early 2009
- Latin America foods and beverages will be lapping the strong profit growth it generated in the first half of 2009
- We will make investments in Q1 2010 before we see the benefit of the transaction upsides
- Below the line items: lapping last year's relatively low first-half tax rates; we have incremental interest costs from the bond deal related to the bottler transaction; we will have no share leverage in the first half of the year



PEPSICO



Tropicana



Indra Nooyi
C.E.O. and Chairman,
PepsiCo, Inc.



PEPSICO



Tropicana

