

PepsiCo Americas Foods

“PepsiCo Americas Foods (PAF) may be new in terms of geography and organizational structure, but there’s nothing new about our success. PAF brings together a group of big, vibrant businesses like Frito-Lay and Quaker Foods in North America, Sabritas and Gamesa in Mexico and Elma Chips in Brazil. Collectively, they market and sell some of the world’s most popular snack and food brands.

These businesses have been making major contributions to PepsiCo’s growth for many years.

Our success is built on several advantages — some structural and some cultural. First, by keeping our ears to the ground and our eyes on the marketplace, we have been able to

innovate and market our brands better than most. Second, our scale and vertical integration provide us advantages in manufacturing, warehousing and distribution. Third, our go-to-market systems provide ubiquitous reach, putting our brands virtually wherever consumers live, work and play. We operate over 35,000 direct-to-store selling routes and have access to a scaled warehouse and third-party distributors. Finally, and most importantly, we have the cultural advantage of having all of our associates empowered to make a difference.

Our Performance with Purpose journey has many great 2007 highlights:

- Frito-Lay North America (FLNA) is PAF’s largest operating division and had another tremendous year. Revenue grew 7%, led by double-digit growth in Doritos snacks, multipacks, dips and SunChips snacks. Additionally, we continued to extend beyond the core by introducing Flat Earth baked fruit and vegetable crisps. And Stacy’s pita chips is the fastest-growing brand in the fast-growing salty snacks category.
- Quaker Foods North America had solid revenue growth of 5% driven by our hot cereals business.



- Sabritas continued to perform very well with operations in Mexico, Central America and the Caribbean. Strong sales results were complemented by record-high productivity savings and employee advancements throughout the region.
- Mexico’s Gamesa-Quaker business posted exceptionally strong volume and share growth, with premium cookies leading the way.
- Finally, our South America foods business — which includes operations in Brazil, Argentina, Colombia, Peru and Venezuela — grew organically and via acquisition, through the purchase of the Lucky snacks business in Brazil.

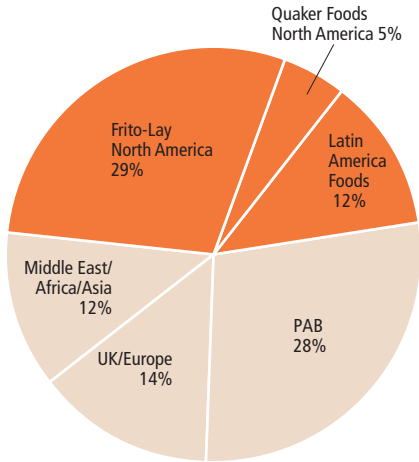


PERFORMANCE



PepsiCo Net Revenue: \$39,474

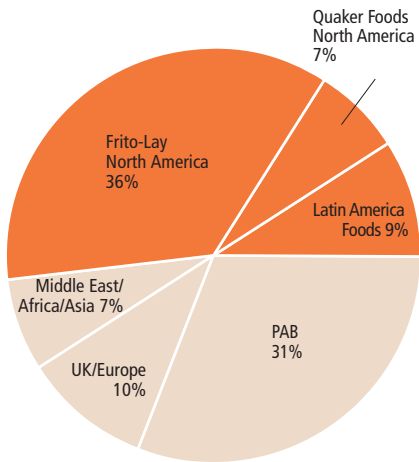
PepsiCo, Inc. and Subsidiaries
\$ in millions



PAF comprises 46% of PepsiCo Net Revenue

PepsiCo Division Operating Profit: \$7,923

PepsiCo, Inc. and Subsidiaries
\$ in millions



PAF comprises 52% of PepsiCo Division Operating Profit



So, where do we grow from here?

Convenience and health and wellness will continue to drive consumers to our snack and food offerings. We have a balanced portfolio of fun and nutritious products with new additions like True North nut snacks and Quaker Simple Harvest Multigrain Hot Cereal. And we are introducing a new line of premium, wholesome cookies and snacks under the Quaker trademark. These are in addition to our usual strong offerings from brands like Doritos, Sabritas and Elma Chips.

Our greatest source of growth will continue to come from the engagement of our people.

Our new PAF structure provides opportunities to quickly share best practices and scale regional successes. We have a terrific team of diverse and devoted

people who are committed to winning wherever and however we operate — from seed to shelf — while taking care of the world around us.

We're focused on delivering Performance with Purpose throughout the Americas. In PAF parlance, that's savory food for thought.

John Compton
CEO, PepsiCo Americas Foods

