



Human Sustainability

To nourish consumers is our fundamental commitment. It begins with product innovation and transformation, extends to marketing and labeling commitments that make the smart choice an easy choice for consumers, and continues with support for research and development programs to advance public health around the world. Finally, we balance the entire energy equation through community outreach programs designed to empower and motivate consumers to adopt healthier, more active lifestyles.

Product Innovation

We have been reinventing our brands to meet consumer needs for healthier lifestyles since we introduced Diet Pepsi in 1964.

As we grow, PepsiCo will continue our transformation with a systematic plan to reduce sodium, added sugar and saturated fats in our products. We start with science and authoritative statements from the World Health Organization, the Food and Drug Administration and the U.S. National Academy of Sciences for identifying how we should best focus our efforts. We then look at nutrition-based standards including total calories, fat, carbohydrate and protein as well as vitamins and minerals, and then reformulate our products to offer smart choices that contribute to an overall healthier diet and lifestyle. We don't stop there, because we also look for ways to add wholesome ingredients, such as fruit, whole grains and fiber to many of our products.

Our transformation as a good company with nourishing products, from snacks to healthier treats, gained momentum across all of our businesses in 2007:

- We reduced saturated fats in our Frito-Lay potato chip and Walkers crisp brands, by converting to sunflower oil.
- We expanded our baked snacks in Brazil and introduced low-fat bread snacks in Chile, Puerto Rico, Spain, Turkey and Saudi Arabia.
- Tropicana promoted cardiovascular health, by becoming the first national orange juice to include Omega-3s, the fatty acids known for helping to promote heart health.
- Frito-Lay introduced Flat Earth fruit and vegetable crisps that combine great taste and nutrition in a break-through snack with a ½ serving of fruits or vegetables baked into each ounce.

- Our Gamesa-Quaker business in Mexico launched a new line of oat-based cookies and snacks, and our South Africa business launched a new health snack line called Sunbites pretzels.

Marketing and Labeling

Our commitment to nourish is fully embraced in our marketing and labeling programs around the world. Last year, PepsiCo was a founding member of a voluntary U.S. food and beverage industry initiative that redefined how we market products to children under 12. Today, less than 1% of PepsiCo's total advertising budget in North America is allocated for advertising to kids, and 100% of that advertising is devoted exclusively to Smart Spot products.

PepsiCo Europe has recently made a similar advertising and school marketing



Quaker Mini Delights multi-grain cakes are for calorie-conscious consumers who say they're looking for a satisfying snack option that tastes great and helps them stay on track. Mini Delights bring three new benefits to the snack category: taste indulgence, 90-calorie portion packs and plenty of pieces in every pouch.



With the addition of G2, a low-calorie lifestyle beverage, the broadened Gatorade line meets the hydration needs of athletes and active people on a 24/7 basis. With just 25 calories per 8-oz serving, G2 helps keep people hydrated when they are not playing sports or exercising. More than 200 associates at PepsiCo's Chicago office commemorated the product launch by creating a G2 living logo.



pledge, and full implementation with independent monitoring of this new program will begin next year.

And in the United Kingdom, in partnership with dozens of other food and beverage companies and the Food and Drink Federation, PepsiCo has introduced front-of-package nutritional labeling across all its brands. The labels help consumers understand the percentage of their "Guideline Daily Amount (GDA)" of calories, sugars, fat, and salt that is contained in a portion of food or drink. GDAs are now being rolled out across PepsiCo Europe — all of our products in European Union countries will display GDAs by the end of 2008.

PepsiCo is also a founding member of the Keystone Center Food and Nutrition Roundtable, which seeks to drive improvements in the American diet and long-term improvements in public health; its current focus is to establish common front-of-package nutritional labeling to help consumers identify healthier choices.

In 2006, PepsiCo joined with the Alliance for a Healthier Generation — a joint initiative of the American Heart Association and the William J. Clinton Foundation — and other leaders in the U.S. food and beverage industries to adopt voluntary guidelines for the foods and beverages we offer to grade schools in the United States. As the only food and beverage company to have embraced both the beverage and food

guidelines for schools, PepsiCo is taking the lead to provide healthier choices to kids.

As part of PepsiCo's commitment, we agreed to remove full-calorie soft drinks from K-12 schools in the United States over three years. One year into our commitment, we have seen more than a 40% drop in the calories of beverages shipped to these schools.

Supporting Research and Development

The PepsiCo Foundation is deeply engaged in developing new partnership models which lead to healthier communities and new research insights. In the United States, the Foundation's grant to Tufts University supported a groundbreaking project that resulted in measurable improvements in school children's body mass index.

Last year, we announced a new PepsiCo Foundation grant of \$5.2 million to the Oxford Health Alliance, for implementation and evaluation of community-based health interventions in China, England, India and Mexico, impacting more than two million people. The Foundation's grant helped launch a program to enhance scientific knowledge about the effectiveness of community interventions in reducing the prevalence of chronic diseases.



In the United States and Canada, our green Smart Spot packaging symbol makes it easier for consumers to identify products that can contribute to healthier lifestyles. All PepsiCo products carrying the Smart Spot symbol meet nutrition criteria based on authoritative statements from the U.S. Food and Drug Administration and the National Academy of Sciences or provide other functional benefits.

Getting Active through Community Outreach

PepsiCo is committed to helping people achieve energy balance through physical activity.

In China for example, PepsiCo introduced a "Sports and Music" promotion to encourage people to participate in sports; and the U.S.-based Gatorade Sport Science Institute established a branch in China to help Chinese athletes improve performance through scientific research.

NOURISH



Blue Ribbon Advisory Board

Our Smart Spot Dance program in the United States launched a multi-city instructional dance program to provide a fun way for families, especially moms, to become more physically active.

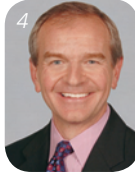
PepsiCo International Mexico launched the Vive Saludable Escuelas Health and Wellness program, an initiative to teach kids how to work towards a healthier lifestyle by combining daily physical activity and a balanced diet. Each student worked with interactive software that taught them about the calories in/calories out equation. Students were taught a daily physical education routine designed by Mexico's Sports Commission and implemented by teachers at each school. The program will impact one million children in 3,000 schools throughout Mexico.

The PepsiCo Blue Ribbon Advisory Board delivers high-level, independent insight about major health and wellness policies. It also offers science-based perspectives on product transformation, labeling and marketing and provides guidance on partnerships that promote physical activity.



1 Gro Harlem Brundtland, M.D., Former Director-General, World Health Organization, United Nations, Former Prime Minister, Norway

2 Antonia Demas, Ph.D., President, Food Studies Institute



3 James O. Hill, Ph.D., Professor of Pediatrics & Medicine, University of Colorado Health Sciences Center, Founder, America On the Move

4 Brock H. Leach, Seminary Student & Community Volunteer, PepsiCo Chief Innovation and Health & Wellness Officer, Retired



5 William Sears, M.D., Associate Clinical Professor of Pediatrics, University of California, Irvine, School of Medicine

6 Janet E. Taylor, M.D., Clinical Instructor of Psychiatry, Columbia University

7 Governor James B. Hunt, Jr., Former Governor of North Carolina



8 David A. Kessler, M.D., J.D., Dean, School of Medicine, Vice Chancellor for Medical Affairs, University of California, San Francisco

9 Kristy F. Woods, M.D., M.P.H., Former Director, Maya Angelou Research Center for Minority Health, Wake Forest University

10 David Heber, M.D., Ph.D., Professor of Medicine & Public Health and Director, UCLA Center for Human Nutrition

11 Raquel Malo, Sr. Vice President, High Performance Nutrition, Human Performance Institute (Joined 2008)

"I'm proud of the work of the PepsiCo Blue Ribbon Advisory Board, which includes many of the world's leading experts in health and nutrition. It is a tangible example of visionary leadership in establishing PepsiCo as a health and wellness leader in portfolio transformation, policy, and nutrition science."

— Dean Ornish, M.D., Chairman of the PepsiCo Blue Ribbon Advisory Board
 Founder & President, Preventive Medicine Research Institute
 Clinical Professor of Medicine, University of California, San Francisco

