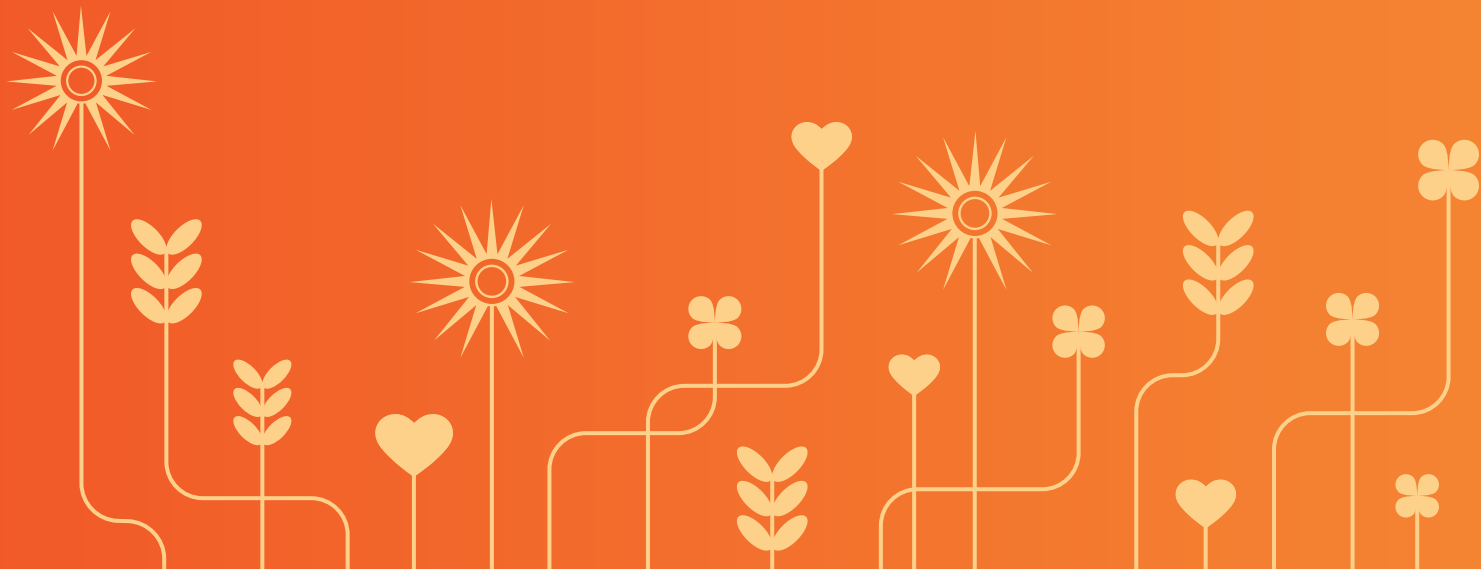


Encourage Healthier Choices

In a world where people are both undernourished and overweight, we continue to expand our portfolio to better align with health and wellness wants and needs. In addition, we are investing in our products and rethinking how they are made—increasing the use of whole grains, fiber, fruits and select vitamins and minerals, while reducing saturated fat, sodium and added sugar. By doing so, we believe we will increase our global growth and enable customers and consumers to choose the nutritional benefits of healthier foods and beverages. Our increased commitments to nutrition education, more transparent labeling, responsible marketing, and partnerships advocating basic facts about nutrition and exercise help people and communities make healthier, more informed choices. And that will make for healthier people and healthier communities.







Fresh, wholesome snacking (Sabra)

Refreshing burst of juice (Tropicana juicy pulp sacs)

0 grams trans fat (Quaker Oats rice)

Light and natural, smoothly carbonated (H2O!)

100% natural whole grain oats (Quaker Oats)

0 calories, 0 grams of sugar (Pepsi Light)



Full day's supply of vitamin C (Trop50)

Harvested from nature (Lipton Iced Tea)

Lower in fat because they're baked (Baked! Lay's crisps)

Nourish your body (Cao Ben Le)

All-natural, zero-calorie sweetener (SoBe Lifewater)

A Sports Performance Innovator



Athletes look for a competitive edge that helps them get the most out of their bodies. And Gatorade is once again setting the bar with a new series of products specially formulated to support performance and meet the diverse needs of athletes.

Scientists from the Gatorade Sports Science Institute have created the G-Series—an innovative line of products designed with the latest sports performance science in mind, and developed in collaboration with the world's greatest athletes, to provide fuel, fluid and nutrients before, during and after activity. Gatorade Prime 01 delivers pre-game fuel in a convenient 4-ounce pouch, and blends carbohydrates, B vitamins and electrolytes to provide rapidly available energy. During training or competition, athletes rely on Gatorade Perform 02—the trusted Gatorade Thirst Quencher—to refresh, rehydrate and refuel. And after exercise or activity, Gatorade Recover 03 rehydrates the body and provides protein for muscles to get athletes ready for the next workout. Athletes can use G-Series beverages individually or in sequence to meet all their sports nutrition needs.

With only 20 calories per 8-ounce serving, G2 delivers the same electrolytes as Gatorade to help maintain hydration. An essential training partner, this great-tasting sports drink is helping millions bring out their inner athlete by rehydrating and fueling working muscles during shorter or lower-intensity workouts. Its performance has been a bright spot in 2009, with approximately 12 percent volume growth, demonstrating its real potential as a scalable global brand.



After earning top honors for most successful new product in the 2008 IRI New Product Pacesetters Report, G2 now appears in *Ad Age's* prestigious "Marketing Top 50" list of top brands.
www.gssiweb.com

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Better Choices—From Morning to Night

The choices consumers make, and the PepsiCo products they buy, reflect not just who and where they are, but also what they enjoy throughout the day. After all, when they eat better, they feel better. That's why our portfolio offers diverse choices that deliver convenience, affordability and great taste.

For years, we've been working to provide healthier snack and food choices for every occasion. Frito-Lay led the

industry as the first to remove trans fats from all its snack chip products.

Today, whether it's Quaker Oatmeal or Lay's potato chips, consumers around the world can choose products that are right for them and good for their families. Parents can send their kids to school with our Quaker Chewy Bar, a nutritious whole grain snack that contains no high fructose corn syrup. For an afternoon snack, a Quaker Galletas de Avena cookie delivers enjoyment with wholesome ingredients.

For dinner, Near East Pearled Couscous gives families the casual elegance of a chef-made, budget-friendly meal while dining at home. And for daytime snacks or late-night gatherings, new Grain Waves with wholesome corn, wheat and oats gives adults a healthier option.

Choices like these—along with active lifestyles—make it easier for consumers to enjoy the foods they like and achieve the energy balance they need to lead active lifestyles.



Visit Near East Recipes,
www.neareast.com/#recipes

Frito-Lay North America began to produce potato chips with sunflower oil in 2006; since then it has reduced saturated fats by 50 percent and removed trans fats from all products. Between 2003 and 2008 in the United Kingdom, our business reduced saturated fats in Walkers snacks and crisps by 70–80 percent, and salt levels by 25–55 percent.



Nuts About Nutrition

Around the world, consumers love to snack—and many look to nuts and seeds to deliver rich sources of protein, vitamin E, magnesium and other nutrients. These benefits make nuts and seeds an especially relevant and fast-growing category—many of the products contribute to heart health and weight management in unique ways that many other snack categories cannot deliver.

We are building scale and advantage in this \$14 billion global category by leveraging our strengths as the world's No. 2 nuts and seeds seller—and the only truly global competitor in our category. Over the last several years, we've generated solid revenue growth by bringing innovation to flavors, textures, forms and packaging through our go-to-market system. And our nuts and seeds products stand out on grocery shelves, sold under the brands consumers have come to know and trust—Frito-Lay in the United States, Sabritas and Mafer in Mexico, Simba in South Africa, Duyvis in Holland, Spitz in Canada, Benenuts in France and Belgium, Matutano in Spain and Portugal, Nutrinut in Venezuela and Nobby's in Australia.

Learn about Frito-Lay's health and wellness commitment at www.snacksense.com



Giving Beverages a Boost

Around the world, consumers are discovering new enhanced beverages that deliver more than just great taste and refreshment. They're choosing juices, enhanced waters and other non-carbonated beverages for their natural ingredients and benefits.

In Russia, where we are the No. 1 juice business, our Lebedyansky juice company has introduced new products and strengthened its go-to-market system to meet this growing demand. Health-conscious consumers are reaching for Tonus Active Plus, a new line of juices from Lebedyansky that bring them a variety of benefits. Whether they seek a healthy immune system with AntiOx, improved digestion with BioFiber or nutrient-based energy with Power-C, they're making juices a part of their active lifestyles.

We are also growing our beverage portfolio in China with a variety of locally designed and developed products. Xian Guo Li is emerging as a juice beverage of choice made with new seasonal juices and juicy pulp sacs, while Cao Ben Le ("happy herb") drinks incorporate familiar Chinese medicinal herbs like red dates and chrysanthemums. These products helped our non-carbonated portfolio grow sales by 45 percent in China.





In Dallas, working out of kid-friendly, PepsiCo Hope-branded trucks, our team entered underprivileged neighborhoods where children do not have access to traditional summer programs. It delivered nutritious breakfasts that included milk, an apple and a Quaker Oatmeal bar and snacks consisting of a Tropicana juice and a baked Frito-Lay product.

Hope for Accessible Nutrition

PepsiCo is promoting healthy eating worldwide by developing new products rich in whole grains, fruits, vegetables, fiber, key vitamins and nutrients. We also are taking aim at a much broader issue: how to bring sustainable nutrition to the world's most vulnerable and underserved populations.

In the United States, PepsiCo Hope is our initiative to improve access to nutrition in urban communities. In partnership with Central Dallas Ministries, PepsiCo Hope in 2009 piloted a mobile feeding program in Dallas, Texas, delivering more than 50,000 nutritious breakfasts and

snacks—including many PepsiCo products—to underserved children. Additionally in 2009, the PepsiCo Foundation contributed more than \$3 million to key academic and community organizations working to address nutritional challenges in the United States. These organizations included Tufts University Friedman School of Nutrition, Children in Balance and the National Council of LaRaza, Cuidemos Nuestra Salud.

We're also pursuing sustainable nutrition initiatives internationally as a first step to understand how local food quality,

price and access can contribute to hunger and malnutrition. Along with global and local partners, we are developing locally relevant fortified products and will use our supply chain to distribute them to hard-to-reach communities in such countries as Nigeria and India. Supporting international efforts to address chronic hunger in underserved communities, the PepsiCo Foundation disbursed close to \$4 million in grants during 2009 to organizations including the World Food Programme and Save the Children.

From Global Brands to Local Flavors

Our global brands win consumers' trust with their quality and taste. We further deepen our relationships with consumers through our local brands that appeal to their unique cultural norms, tastes and aspirations.

In Russia, we established our relationship with consumers 50 years ago when we introduced them to Pepsi. At the start of 2009, we added to our success in Russia with the launch of Lay's red-caviar-flavored chips, which presented a uniquely Russian flavor that's a traditional symbol of the New Year holidays.

In the vibrant markets east of the Middle East, we brought enjoyment, freshness and nutrition to family tea time with Aliva, a new biscuit that combines wheat and lentils with the authentic local savory or sweet flavors that families in India prefer. We also introduced Nimbooz lemon drink, our own version of India's homemade Nimbu Pani, allowing consumers of all ages to enjoy the goodness of lemon juice with no fizz, no artificial flavors and the trustworthiness of our local brand.

Much of this innovation stems from the work of our local research teams, which draw on their social, cultural and nutritional knowledge to extend product lines and create new ones.

PepsiCo also created platforms for future innovation of more nutritious, locally relevant products. In 2009, we established a joint venture with Calbee Foods, Japan's leading snack company, and we acquired Amacoco, Brazil's largest coconut water company.

Russia

Russians got their first taste of Pepsi-Cola in 1959, and it would become the first Western consumer product produced and sold in the USSR. In 2009, PepsiCo announced that it will invest \$1 billion in Russia over three years to expand manufacturing and distribution capacity there and introduce agricultural technology to ensure the highest crop yields and quality standards. This investment is expected to create 2,000 jobs.



Dubai

In 2009, PepsiCo and Dubai Refreshments Company celebrated 50 years of distributing beverages in Dubai and the Northern Emirates. As the economy of Dubai has grown, distribution of PepsiCo beverages has increased dramatically.

