



# PEPSICO



## PepsiCo, Inc. Second Quarter 2011 Earnings Call

# Safe Harbor Statement, Glossary of Terms and Non-GAAP Information



## Safe Harbor Statement

Statements in this communication that are "forward-looking statements," including our 2011 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: changes in demand for PepsiCo's products, as a result of changes in consumer preferences and tastes or otherwise; damage to PepsiCo's reputation; PepsiCo's ability to grow its business in developing and emerging markets or unstable political conditions, civil unrest or other developments and risks in the countries where PepsiCo operates; trade consolidation or the loss of any key customer; changes in the legal and regulatory environment; PepsiCo's ability to build and sustain proper information technology infrastructure, successfully implement its ongoing business transformation initiative or outsource certain functions effectively; unfavorable economic conditions in the countries in which PepsiCo operates; fluctuations in foreign exchange rates; PepsiCo's ability to compete effectively; increased costs, disruption of supply or shortages of raw materials and other supplies; disruption of PepsiCo's supply chain; climate change, or legal, regulatory or market measures to address climate change; PepsiCo's ability to hire or retain key employees or a highly skilled and diverse workforce; failure to successfully renew collective bargaining agreements or strikes or work stoppages; and failure to successfully complete or integrate acquisitions and joint ventures into PepsiCo's existing operations.

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.

## Glossary of Terms

Please refer to the glossary appearing at the end of this slide presentation to find definitions for abbreviations and financial terms used herein.

## Non-GAAP Information

Please refer to the "Investors" section of PepsiCo's web site at [www.pepsico.com](http://www.pepsico.com) under the heading "Investor Presentations" to find disclosure and a reconciliation of any Non-GAAP financial measures contained herein.



## Q2 Highlights

- **Reported EPS up 20% year-over-year with Core EPS up 10% year-over-year**
- **Solid volume growth in both snacks and beverages**
  - Worldwide snacks volume grew 10%
  - Worldwide beverage volume increased by 5%
- **Net revenue up 14% and up 8% on an organic basis**
- **Particularly strong results in snacks**
  - Sequential volume growth
  - Grew volume, revenue and profits in each of our top 5 markets
  - Solid performance at FLNA and continuing to grow per capita consumption and frequency in emerging markets



# Beverage Performance

- **Good performance in international markets**
  - Q2 organic volume +4.5% outside North America
  - Double-digit volume growth in China, India and Turkey
- **North America performance impacted by macro and competitive environment**
  - High levels of commodity inflation as anticipated
  - Consumer and competitive environment more difficult than expected

# Guiding Principles for Operating in Current Environment



- **Support brand building and consumer facing initiatives**
- **Stay committed to emerging market initiatives**
- **Price to cover as much commodity inflation as possible**
- **Continue to provide value to the customer**
- **Focus on premium innovation**
- **Accelerate and intensify productivity initiatives**



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## Glossary



# Glossary of Terms

## Financial Terms

- **Core:** Core results are non-GAAP financial measures which exclude certain non-core items in all periods presented. Please refer to the “Investors” section of PepsiCo’s web site at [www.pepsico.com](http://www.pepsico.com) under the heading “Investor Presentations” to find disclosure and a reconciliation of any Non-GAAP financial measures contained herein.
- **Organic:** A measure that excludes the impact of acquisitions



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Tropicana

