

Corporate Profile

PepsiCo: From Pop and Chips to Porridge and Power Drinks

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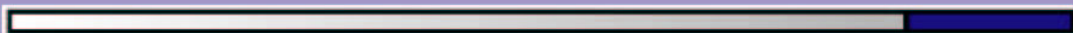


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Introduction

PepsiCo is the world's largest snack food company and is among the top five largest food and beverage companies in terms of annual revenue. Its main competitors in the food and beverage industry include The Coca-Cola Company, Nestle, Kraft Foods Inc and Archer Daniels. In the world of soft drinks, however, their main rival is Coca-Cola.

In many ways PepsiCo is a very different corporation than The Coca-Cola Company. Unlike Coke, which focuses primarily on beverages, PepsiCo is a diverse corporation producing soft drinks as well as snack foods and cereals. Their beverages division only accounts for portion of their \$29.26 billion annual revenue (2004).

The first Pepsi-Cola company was formed in 1902 by a North Carolina pharmacist who 9 years earlier invented the drink that became Pepsi-Cola.¹ Pepsi-Cola declared bankruptcy twice before 1931 when it was finally purchased by the large candy company, Loft Inc. In 1941, after Pepsi sales had taken off, Loft changed its name to the Pepsi-Cola Company.

Pepsi-Cola merged with Frito-Lay in 1965 to form PepsiCo and become the giant in the snack food and beverages industry it is today. Adding to their already long list of brands and subsidiaries, PepsiCo purchased Tropicana in 1998 and then merged with Quaker in 2001. Unlike The Coca-Cola Company, whose flagship brand is linked to their corporate logo, Pepsi-Cola is only one of four internationally recognizable brands attributed to PepsiCo. PepsiCo beverages and snacks are available in over 160 countries around the world.

PepsiCo has a smaller profile on the world stage than Coca-Cola, but their operations and products have had negative impacts on society and the environment. PepsiCo highest profile misdeed was their investment in Burma during the early 1990s. This, however, is only one in a long list of negative actions – from labour abuses in several countries, to shameless marketing to school children, to exploiting scarce water resources in India – this corporation has been involved in over the years.

The purpose of this profile is to provide a snapshot of PepsiCo's operations and dealings from a critical perspective. The information provided here will act as a tool for dissecting and analyzing certain parts of PepsiCo in order to discern its strengths and vulnerabilities. The profile examines the corporation's financial, organizational and social track record in order to provide a resource for potential and ongoing campaigns against the company. With the use of the Polaris Institute's 'x-ray' methodology, the profile presents strategic information on PepsiCo for corporate campaigns. The profile is broken into five categories profiling PepsiCo's organizational, political, economic, social and stakeholder structures.

¹ Pepsi-Cola North America website,
http://www.pepsiworld.com/help/faqs/faq.php?viewall=yes&category=ads_and_history

1. Organizational Profile

Number of employees: 143,000

Stock Symbol: PEP – To track PepsiCo's stock price please visit: <http://finance.yahoo.com/q/bc?s=PEP&t=1d>

Addresses for PepsiCo's main divisions:

PepsiCo

700 Anderson Hill Road
Purchase, New York 10577-1444
(914) 253-2000

Investor Relations

Jack F. Callahan, Jr.
Senior Vice President, Investor Relations
PepsiCo, Inc.
Purchase, NY 10577
(914) 253-3035

Frito-Lay

7701 Legacy Drive
Plano, TX
75024-4099
1-800-352-4477. Ask for operator 100

Mailing Address:

Consumer Affairs
P.O. Box 660634
Dallas, TX
75266-0634

PepsiCo Beverages & Foods North America

555 West Monroe Street
Chicago, IL 60661
312 821-1000

Tropicana

Tropicana Products, Inc.
P. O. Box 049003
Chicago, IL 60604-9003
1-800-237-7799

Quaker

P.O. Box 049003
Chicago, IL 60604-9003
(312) 821-1000

Media contacts

555 West Monroe, Suite 16-01
Chicago, IL 60604-9001

In Canada contact:

Quaker Tropicana Gatorade (QTG) Canada

14 Hunter Street
Peterborough, Ontario
K9J 7B2

Communications department: (941) 742-2055,
tropicamedia@tropicana.com

PepsiCo's law firms:

Haynes Boone – Dallas, Texas
Kaye, Scholer, Fierman, Hays, Handler – New York, New York

1.1 Operations

PepsiCo's operations are broken into 4 main divisions:

Frito-Lay North America – Frito-Lay is one of the world's largest snack food manufacturers. Frito-Lay and the Pepsi-Cola company merged to form PepsiCo in 1965. Frito-Lay North America (FLNA) manufactures, markets, sells and distributes snack products. Some of their brands include: Lay's potato chips; Doritos; Cheetos; Tostitos; Fritos; Ruffles; Quaker Chewy granola bars; Rold Gold and Sunchips. FLNA products are sold to independent distributors and retailers.² In September 2004 Irene B. Rosenfeld was appointed Chair and Chief Executive Officer of Frito-Lay North America.

PepsiCo Beverages North America – PepsiCo Beverages North America (PBNA) manufactures or uses contract manufacturers, markets and sells beverage concentrates, fountain syrups and finished drinks under the brands Pepsi, Mountain Dew, Sierra Mist, Mug, SoBe, Gatorade, Tropicana Pure Premium, Dole, Tropicana Season's Best, Tropicana Twister and Propel. PBNA also manufactures, markets and sells coffee and tea products through joint ventures with Lipton and Starbucks. The division licenses the Aquafina water brand to PBNA bottlers and markets this brand. PBNA sells concentrate and finished goods for some of these brands to bottlers licensed by the company. They also sell some products directly to independent distributors and retailers. Pepsi bottlers sell Pepsi brands as finished goods to independent distributors and retailers.³ In February 2003 Gary M. Rodkin was appointed Chairman and Chief Executive Officer of PepsiCo Beverages North America.

PepsiCo International – Through consolidated businesses and noncontrolled affiliates, PepsiCo International (PI) manufactures snacks and candy including Walkers in the United Kingdom, Sabritas, Gamesa and Alegro in Mexico and Smith's in Australia. PI international also manufactures or uses contract manufacturers, markets and sells many Quaker brand snacks. In the beverage sector, PI manufactures, markets and sells beverage concentrates, fountain syrups and finished goods under the brands Pepsi, 7UP, Mirinda, Mountain Dew, Gatorade and Tropicana brands outside North America. The drinks brands are sold to Pepsi bottlers, independent distributors and retailers. In certain markets PI operates its own bottling plants and distribution facilities. Aquafina is also licensed to a few Pepsi bottlers.⁴ In February 2003 Michael D. White was appointed Chairman and Chief Executive Officer of PepsiCo International.

Quaker Foods North America – PepsiCo merged with Quaker, including Gatorade, in 2001. Quaker Foods North America (QFNA) manufactures or uses contract manufacturers, markets and sells cereals, rice, pasta and other products. Some of QFNA's brands include Quaker Oatmeal, Cap'n Crunch and Life, Rice-A-Roni, Pasta Roni and Near East side dishes, Aunt Jemima mixes and syrups and Quaker grits. QFNA's products are sold to independent distributors and retailers.⁵

1.2 Main Customers

² PepsiCo 2003 Annual Report

³ ibid

⁴ ibid

⁵ ibid

PepsiCo's customers are made up of franchise bottlers along with independent distributors and retailers. The company grants its bottlers exclusive contracts to sell and manufacture certain Pepsi-Cola beverage products. The bottling arrangements set the price the bottlers will pay for the concentrates as well dictate the manufacturing process. Pepsi-Cola bottlers bearing the company logo are generally not owned by PepsiCo, but are separate corporations. Even though PepsiCo does not own its bottling operations, they still wield power over the independent bottlers through bottling arrangements.

Wal-Mart and Pepsi Bottling Group

Sales to Wal-Mart Stores Inc. represented approximately 11% of PepsiCo's total net revenue and 14% of the company's North American gross revenue in 2004. Sales of concentrates and syrups to The Pepsi Bottling Group represented approximately 10% of the company's 2004 global revenue.⁶

1.3 Bottlers

For the location of every bottling location in the United States visit the following website and pick a state: http://www.pepsiplace.com/index.cfm?option=bottlermap&group_picked=home

Pepsi Bottling Group:

Approximately 10% of PepsiCo's net revenue comes from the sale of concentrates and syrups to the Pepsi Bottling Group (PBG). At the end of 2004, PepsiCo owned approximately 46% of PBG's operations.⁷

PBG operates 98 soft drink production facilities worldwide and sells and distributes Pepsi products in Canada, Spain, Greece, Russia, Turkey and all or a portion of 21 states in Mexico.

PBG has extensive links to PepsiCo. For example, prior to joining PBG in 1998, PBG Chief Executive Officer John T. Cahill worked for two years at PepsiCo as Senior Vice President and Treasurer. Between 1989 and 1997, Cahill moved between executive positions at PepsiCo, KFC (previously owned by PepsiCo) and Pepsi-Cola North America. Other links include PepsiCo's Senior Vice President of Human Resources, Margaret D. Moore who currently sits on PBG's board of Directors along with Clay G. Small, Senior Vice President and General Counsel of Frito-Lay, a subsidiary of PepsiCo.

PepsiAmericas:

At the end of 2004 PepsiCo owned approximately 41% of Pepsi Americas. As of August 2005 three PepsiCo executives served on PepsiAmericas Board of Directors, including: Senior Vice President, Finance Matthew M. McKenna; Chairman of the Board and Chief Executive Officer, PepsiAmericas, Inc., Robert Pohlrad; and Vice President, Global Mergers & Acquisitions, Cynthia Swanson.

1.4 What Brands Are Associated With Pepsi?

Pepsi owns and distributes hundreds of different beverage and snack brands. Some of their biggest brands include Pepsi-Cola brands – Pepsi, Diet Pepsi, Mountain Dew, Aquafina – Frito-Lay brands, Quaker brands, Gatorade and Tropicana brands. Unlike the Coca-Cola Company,

⁶ PepsiCo 2003 Annual Report

⁷ PepsiCo 2004 Annual Report

Pepsi has moved beyond simply selling beverages and now owns and distributes snack foods and cereal.

Aquafina

One of Pepsi's biggest scams is its marketing and sale of overpriced purified tap-water. Aquafina has been the top selling bottled water brand in North America since 2001. The water, as with Pepsi's other beverages, comes from municipal water sources. It then goes through a 7-step purification treatment called hydro-7. PepsiCo's marketing does not tell the public they are buying the purified tap-water, rather suggests they are they are drinking water from a mountain stream.

Pepsi's complete list of brands:

Frito-Lay brands

Lay' s potato chips, Lays Kettle Cooked potato bips, Wavy Lay' s potato chips, Baked Lay' s potato crisps, Maui Style potato chips, Ruffles potato chips, Baked Ruffles potato crisps, Ruffles Flavor Rush potato chips, Doritos tortilla chips, Baked Doritos tortilla chips, 3D' s snacks, Tostitos tortilla chips, Baked Tostitos tortilla chips, Santitas tortilla chips, Fritos corn chips, Cheetos cheese flavored snacks, Rold Gold pretzels & snack mix, Funiyuns onion flavored rings, Go Snacks, Sunchips multigrain snacks, Sabritones puffed wheat snacks, Cracker Jack candy coated popcorn, Chester' s popcorn, Grandma' s cookies, Munchos potato crisps, Smartfood popcorn, Bakerets fried pork skins, Oberto meat snacks, Rustler' s meat snacks, ChurruMais fried corn strips, Frito-Lay nuts, Frito-Lay, Ruffles, Fritos and Tostitos dips & salsas Frito-Lay, Doritos and Cheetos snack crackers, Fritos, Tostitos, Ruffles and Doritos snack kits, Hickory Sticks, Hostess Potato, Lay' s Stax potato crisps, Doritos Rollitos, Lay' s Fries, Natural Lays, Natural Ruffles, Natural Cheetos, Natural Tostitos, Miss Vickie' s potato chips, Munchies snack mix

Pepsi Brands

Pepsi-Cola, Caffeine Free Pepsi, Diet Pepsi, Caffeine Free Diet Pepsi, Pepsi Twist (regular & diet), Wild Cherry Pepsi, Pepsi Blue, Pepsi ONE, Pepsi Vanilla, Diet Mountain Dew, Mountain Dew Code Red, Diet Mountain Dew Code Red, Mountain Dew LiveWire, Mountain Dew Blueshock, Mountain Dew AMP energy drink, Mug, Sierra Mist (Regular & Diet) Slice, Lipton Brisk (Partnership), Lipton Iced Tea (Partnership), Dole juices and juice drinks (License), FruitWorks juice drinks, Aquafina purified drinking water, Frappuccino ready-to-drink coffee (Partnership), Starbucks DoubleShot (Partnership), SoBe juice drinks, dairy, and teas, Sobe energy drinks (No Fear and Adrenaline Rush)

Gatorade brands

Gatorade Thirst Quencher, Gatorade Frost Thirst Quencher, Gatorade Fierce Thirst Quencher, Gatorade Ice Thirst Quencher, Propel Fitness Water, Gatorade Xtremo Thirst Quencher, Gatorade X-Factor Thirst Quencher

Tropicana brands

Tropicana Pure Premium juices, Tropicana Twister juice drinks, Tropicana Smoothies, Tropicana Pure Tropics juices, Dole juices (License), Tropicana 100 juices

Quaker brands

Quaker Oatmeal, Quaker Instant Oatmeal, Quaker Oatmeal Breakfast Squares, Cap' n Crunch cereal, Life cereal, Quaker Oatmeal Brown Sugar Bliss, Quaker Oatmeal Honey Nut Heaven, Quaker 100% Natural cereal, Quaker Squares cereal, Quisp cereal, King Vitaman cereal, Quaker Oh' s! Cereal, Mother' s cereal, Quaker grits, Quaker Oatmeal-to-Go, Aunt Jemima mixes & syrups, Quaker rice cakes, Quaker rice snacks (Quakes), Quaker Chewy granola bars, Quaker Dippas granola bars, Rice-A-Roni side dishes, Pasta Roni side dishes, Near East side dishes, Puffed Wheat, Harvest Crunch cereal, Quaker Baking Mixes, Spudz snacks, Crisp' um baked crisps, Quaker Fruit & Oatmeal bars, Quaker Fruit & Oatmeal Bites, Quaker Fruit and Oatmeal Toastables, Quaker Soy Crisps, Quaker Bakeries

Frito-Lay outside North America

Bocabits wheat snacks, Crujitos corn snacks, Fandangos corn snacks, Hamka' s snacks, Niknaks cheese snacks, Quavers potato snacks, Sabritas potato chips, Smiths potato chips, Walkers potato crisps, Walkers Square potato snacks, Walkers French Fries potato sticks, Walkers Monster Munch corn snacks, Gamesa cookies, Doritos Dippas, Sonric' s sweet snacks, Wotsits corn snacks, Walkers Sensations, Doritos A La Turca, Lay' s Mediterranean, Red Rock Deli, Kurkure, Smiths Sensations, Lays Artesanas PC, Cheetos Shots, Quavers Snacks,

Pepsi outside North America

Mirinda, 7UP (International), Pepsi Limón, Kas, Teem, Pepsi Max, Pepsi Light, Manzanita Sol, Paso de los Toros, Fruko, Evervess, Yedigun, Shani, Fiesta, D&G (License), Mandarin (License), Radical Fruit,

Tropicana outside North America

Tropicana Touche de Lait, Alvalle gazpacho fruit juices and vegetable juices, Tropicana Season' s Best juices and juice drinks, Loóza juices and nectars, Copella juices, Frui' Vita juices

Quaker outside North America

FrescAvena beverage powder, Toddy chocolate powder, Toddynho chocolate drink, Coqueiro canned fish, Sugar Puffs cereal, Puffed Wheat, Cruesli cereal, Hot Oat Crunch cereal, Quaker Oatso Simple hot cereal, Scott' s Porage Oats Scott' s So Easy Oats, Quaker Bagged cereals, Quaker Mais Sabor, Quaker Oats, Quaker oat flour, Quaker Meu Mingau, Quaker cereal bars, Quaker Oatbran, Corn goods, Magico chocolate powder, Quaker Vitaly Cookies, 3 Minutos Mixed Cereal, Quaker Mágica, Quaker Mágica con Soja, Quaker Pastas, Quaker Fruit

1.5 Executives and their 2004 Salaries

Executives	Salary + bonus	Total Compensation
Steven Reinemund, Chief Executive Officer, Chair of the Board	\$5,500,000	\$5,675,884
Indra Nooyi, President and Chief Financial Officer	\$2,612,331	\$2,706,552
Michael White, Chair and Chief Executive Officer of PepsiCo International	\$2,757,255	\$2,887,234
Gary Rodkin, Chair, Chief Executive Officer, PepsiCo Beverages and Foods North America	\$2,336,911	\$2,379,724
Abelardo Bru	\$2,121,154	\$2,225,696
David Hudson, President and Chief Executive Officer, Pepsi-Cola North America	n.a.	n.a.
Irene Rosenfeld Chair and Chief Executive Officer, Frito-Lay North America	n.a.	n.a.
John Compton, President and Chief Executive Officer, QTG (Quaker Foods/Tropicana/ Gatorade)	n.a.	n.a.
Larry Thompson, Senior Vice President Government Affairs, General Counsel and Secretary	n.a.	n.a.

[Source: PepsiCo proxy filings]

1.6 Board of Directors

To conduct more in-depth research into PepsiCo's Board of Directors and members' links with other corporations please visit www.theyrule.net This website helps to expose interlocking boards of directors.

Contact information:

Call the Board: (866) 626-0633

Write the Board:

PepsiCo Board of Directors

PepsiCo, Inc.

700 Anderson Hill Road

Purchase, NY 10577

Email the Board: BoardofDirectors@Pepsi.com

John Akers – Director since 1991. Akers is the former Chair of the Board and CEO of International Business Machines Corporation.

Robert Allen – Director since 1990. Allen is the former Chair of the Board and CEO of AT&T Corp.

Dina Dublon – Director since 2005. Until October 2004, Dublon was Executive Vice President of JP Morgan Chase. Dublon is currently a Director of Microsoft Corporation and Accenture, and a Trustee of Carnegie Mellon University.

Victor Dzau – Director since 2005. Dzau is currently chancellor for health affairs at Duke University, and President and CEO of the Duke University Health System. Dzau is also a member of the Institute of Medicine of the National Academy of Sciences.

Ray Hunt – Director since 1996. Hunt is the Chair of the Board and CEO of Hunt Oil Company and Hunt Consolidated Inc. Hunt is also on the Board of Directors of the infamous oil and gas giant Halliburton Co.

Arthur Martinez – Director since 1999. Martinez is the former Chair of the Board, President and CEO of Sears, Roebuck and Co.

Indra Nooyi – Nooyi is President and Chief Financial Officer PepsiCo.

Franklin Raines – a Director since 1999, Raines is the Chair of the board at PepsiCo as well as the chair of the board and CEO of Fannie Mae. Between 1996 and 1998, Raines was Director of the US Office of Management and Budget.

Sharon Rockefeller – Director since 1986. Rockefeller is President and CEO of WETA public stations in Washington D.C.

James Schiro – Chief Executive Officer of Zurich Financial Services

Cynthia Trudell – Trudell, a director since 2000, is President of Sea Ray Group a motor boat manufacturer. From 1999 until 2001, she served as General Motors' Vice President, and Chair of the board and President of Saturn Corporation, a GM subsidiary.

Daniel Vasella – Director since 2002. Vasella is the Chair of the Board and CEO of pharmaceutical giant Novartis AG.

James Schiro – Director since 2003. Schiro is the CEO of Zurich Financial Services.

1.7 University Links

Carnegie Mellon University – PepsiCo Director Dina Dublon is a Trustee of Carnegie Mellon University.

Duke University – PepsiCo Director Victor Dzau is presently Chancellor for Health Affairs at Duke University, and President and CEO of the Duke University Health System

Pennsylvania State University – Chair of Pennsylvania State University's Department of Kinesiology, George Graham, serves on PepsiCo's Health and Wellness Advisory Board.⁸

University of California at Los Angeles – Professor of Medicine and Public Health and Director of UCLA's Center for Human Nutrition, David Herber, serves on PepsiCo's Health and Wellness Advisory Board.⁹

⁸ Pepsico's 2003 Annual Report, http://media.corporate-ir.net/media_files/IROL/78/78265/reports/2003ar.pdf

University of California at Los Angeles – Professor of Surgery at the David Geffen School of Medicine Susan Love serves on PepsiCo's Health and Wellness Advisory Board.¹⁰

University of California, San Francisco – Dean of the School of Medicine and Vice Chancellor for Medical Affairs David Dessler serves on PepsiCo's Health and Wellness Advisory Board.¹¹

University of Colorado – Professor of Pediatrics and Medicine James Hill serves on PepsiCo's Health and Wellness Advisory Board.¹²

University of Georgia – Former Deputy Attorney General and PepsiCo's newest (2005) general counsel Larry Thompson serves as a visiting professor of Law at the University of Georgia.¹³

University of Maryland – Assistant Professor at the School of Medicine Pamela Peeke serves on PepsiCo's Health and Wellness Advisory Board.¹⁴

University of Texas – Professor of Medicine and Public Health Samuel Ward Casscells serves on PepsiCo's Health and Wellness Advisory Board.¹⁵

Wabash College – Director Robert Allen is a Trustee of Indiana's Wabash College.

The following is a list of academics who are members of the Gatorade Sports Science Institute
<http://www.gssiweb.com/>

Ohio State University – Dr. David Lamb, professor of exercise physiology, sits on the advisory board of the Gatorade Sports Science Institute.

University of North Carolina at Chapel Hill – Dr. Bill Prentice, professor in the department of exercise and sport science, sits on the advisory board of the Gatorade Sports Science Institute.

University of Texas at Austin – Dixie Stanforth, a lecturer in the Department of Kinesiology, sits on the advisory board of the Gatorade Sports Science Institute. Dr. Edward F. Coyle, professor in the Department of Kinesiology and Health Education, and director of the Human Performance Laboratory, sits on the sports medicine review board of the Gatorade Sports Science Institute.

University of Connecticut – Doug Casa, Director of Athletic Training Education, assistant professor of Kinesiology, and research associate of the Human Performance Laboratory at UConn, sits on the advisory board of the Gatorade Sports Science Institute.

Georgia State University – Dr. Chris Rosenbloom, associate dean for Academic Affairs in the College of Health and Human Sciences and an associate Professor in the Department of Nutrition, sits on the advisory board of the Gatorade Sports Science Institute.

University of Massachusetts – Dr. Priscilla M. Clarkson, professor of exercise science and associate dean for the School of Public Health and Health Sciences, sits on the sports medicine review board of the Gatorade Sports Science Institute.

University of South Carolina – Dr. J. Mark Davis, a professor and director of the Exercise Biochemistry Lab in the Department of Exercise Science, School of Public Health, sits on the sports medicine review board of the Gatorade Sports Science Institute.

Pennsylvania State University – Dr. W. Larry Kenney, professor of physiology and kinesiology at the Noll Physiological Research Center, sits on the sports medicine review board of the Gatorade Sports Science Institute.

University of Florida at Gainesville - Dr. Scott K. Powers, a professor in the Department of Exercise and Sport Sciences and Director of the Center for Exercise Science, sits on the sports medicine review board of the Gatorade Sports Science Institute.

University of Guelph – Dr. Lawrence L. Spriet, a professor in the Department of Human Biology and Nutritional Sciences, sits on the sports medicine review board of the Gatorade Sports Science Institute.

University of Oklahoma – Dr. E. Randy Eichner, professor of medicine at the University of Oklahoma Medical Center and team internist for Oklahoma Sooners football, sits on the sports medicine review board of the Gatorade Sports Science Institute.

⁹ ibid

¹⁰ ibid

¹¹ ibid

¹² ibid

¹³ ibid

¹³ University of Georgia Law website, <http://www.law.uga.edu/academics/profiles/thompson.html>

¹⁴ PepsiCo's 2003 Annual Report, http://media.corporate-ir.net/media_files/IROL/78/78265/reports/2003ar.pdf

¹⁵ ibid

University of Utah, Salt Lake City - Dr. Elizabeth Joy, associate professor in the Department of Family and Preventative Medicine, sits on the sports medicine review board of the Gatorade Sports Science Institute.

University of California – Dr. Robert Sallis, Assistant Clinical Professor of Family Medicine at the UCR/UCLA Biomedical Sciences Program, sits on the sports medicine review board of the Gatorade Sports Science Institute.

2. Economic Profile

2.1 Financial Data

Data	2004	2003	% change
Revenue	\$29.26 billion	\$26.97 billion	8%
Net income	\$4.21 billion	\$3.5 billion	20%
Long-term debt	\$2.39 billion	\$1.7 billion	40%
Long-term debt to equity ratio	.085	.067	

Debt to equity ratio

This ratio indicates how much the company is leveraged (in debt) by comparing what is owed to what is owned. A high debt to equity ratio could indicate that the company may be over-leveraged, and should look for ways to reduce its debt.

PepsiCo's long-term debt: \$2.39 billion
PepsiCo's total shareholder equity: \$27.98 billion
PepsiCo's long term debt to equity ratio = .085
Industry comparison:

The Coca-Cola Company (2003)

Long-term debt: \$2.5 billion
Shareholder equity: \$27.3 billion
Long term debt to equity ratio = .091

[Source: The Wall Street Journal]

2.2 Revenue (2004) by division

Division	2004	2003	% change
Frito-Lay North America	\$9.56 billion	\$9.09 billion	5%
PepsiCo Beverages North America	\$8.31 billion	\$7.73 billion	7%
PepsiCo International	\$9.86 billion	\$8.67 billion	13%
Quaker foods N.A.	\$1.52 billion	\$1.46 billion	4%
Total	\$29.26 billion	\$26.97 billion	8%

[Source: 2004 annual report]

2.3 Revenue (2004) by region

Region	2004	2003	% change
United States	\$18.32 billion	\$17.37 billion	5%
Mexico	\$2.72 billion	\$2.64 billion	3%
United Kingdom	\$1.69 billion	\$1.51 billion	11%

Canada	\$1.30 billion	\$1.14 billion	14%
All other countries	\$5.20 billion	\$4.29 billion	21%
Total	\$29.26 billion	\$26.97 billion	8%

[Source: 2004 annual report]

2.4 Tax avoidance

Companies like PepsiCo are always looking for ways to avoid paying taxes. One way to do this is to incorporate subsidiaries inside countries where the company pays little or no taxes. Countries like this are known as 'tax havens'. Under US tax laws, if a US corporation incorporates a subsidiary in a foreign company it is considered a foreign citizen and is no longer considered a US resident. This means that PepsiCo does not have to pay US taxes on income from its foreign based subsidiaries if the money is retained and reinvested outside the United States. This income is taxable only if it returns to the United States.

An important aspect of US tax laws is that foreign incorporated subsidiaries can legally be controlled by its parent company headquartered in the United States. Companies like PepsiCo are therefore legally allowed to become incorporated in a low-tax country, obtain a mailing address and avoid paying taxes on foreign income. PepsiCo's subsidiaries based in tax havens usually own plants or operations in other higher tax countries. Since the tax haven company is the legal owner of the operations in the other country, PepsiCo avoids paying taxable income on the operations. Of PepsiCo's subsidiaries listed in the Appendix, 6 are situated in the Cayman Islands a country with very little corporate income tax. From 1997 to 2003, the number of PepsiCo subsidiaries located in tax havens rose from 14 to 29.¹⁶ In 2004, watchdog group Citizen Works ranked PepsiCo 15th among Fortune 500 companies with the most offshore tax-haven subsidiaries.¹⁷

2.5 Joint Ventures

PepsiCo and Starbucks

In 1994, Pepsi-Cola North America and Starbucks joined forces to create the North American Coffee Partnership (NACP). The NACP produces Bottled Frappuccino and Starbucks DoubleShot brands of bottled, ready to drink, coffee beverages. The joint venture holds a 90 percent share of the ready to drink coffee category and combines Starbucks coffee power with Pepsi's bottling and distribution system.¹⁸

PepsiCo and Unilever

In 1993 PepsiCo and Unilever formed the Pepsi Lipton (Unilever acquired Lipton in 1971) Partnership for the ready-to-drink market in the United States and Canada. Ten years later the two corporations teamed up again to create the joint venture, Pepsi Lipton International. The goal of the joint venture is to tap into the growing international market for ready to drink teas. Unilever is the world's largest tea producer.¹⁹

¹⁶ Citizen Works, "25 Fortune 500 Corporations With the Most Offshore Tax-Haven Subsidiaries", <http://www.citizenworks.org/corp/tax/top25.php>

¹⁷ ibid

¹⁸ "Bottled Frappuccino and Starbucks Doubleshot Advertising Gets Jolt with New National TV Commercials", PR Newswire, May 6, 2004

¹⁹ "Board of directors and management advisory committee for Pepsi Lipton International JV announced", Unilever press release, December 12, 2003, http://www.unilever.com/ourcompany/newsandmedia/pressreleases/2003/20031203_pepsi_lipton_board.asp

2.6 Advertising

PepsiCo spent \$1.1 billion on advertising in 2002 compared to Coke's \$569 million.²⁰ PepsiCo was ranked 21st on Advertising Age's top 100 leading advertising list for 2002. The company spends much more on advertising than its main competitor because of its large number of subsidiaries and long list of brands.

Pepsi's advertising firms

Addis – This Berkley based ad firm added Pepsi as a client in May 2004. The firm will design advertisements for Pepsi-Cola. Other Addis clients include Dole and Nestlé Beverage Company.

BBDO – This New York based ad firm has counted Pepsi as a client since 1960. It is responsible for the Pepsi Generation ad campaign. BBDO also counts Frito-Lay as one of its clients. Other BBDO clients include Bayer, Fedex and General Electric.

Pepsi and iTunes

In late 2003, Apple computers and Pepsi-Cola North America announced a promotion that would legally give Pepsi consumers 100 million free songs from Apple's iTunes Music Store, a digital music download provider. The promotion initiative randomly places specific codes in 20 ounce and 1 litre bottles of Pepsi, Diet Pepsi, and Sierra Mist. Winning codes will be redeemable for a free song from the iTunes music store.²¹ The promotion is another example of PepsiCo's goal of capturing young hip customers.

Marketing to Teenagers

In an attempt to attract teenagers to their products, PepsiCo has opened three Pepsi Zone lounges in California, Florida and Illinois. The lounges feature couches, plasma TV screens, video games and computer stations. Everything is free except for the lounge's vending machines which carry carbonated and non-carbonated Pepsi products. PepsiCo will evaluate the effectiveness of attracting young customers before deciding on an expansion plan.²²

False Advertising

In June 2005, PepsiCo agreed to end its claims that Tropicana orange juice reduces the risk of heart disease and strokes. The move came after the United States Federal Trade Commission (FTC) said there was no scientific evidence to support the statement. Advertisements pushing Tropicana's Healthy Heart brand claimed that drinking two to three cups of the juice a day would lower blood pressure within six to eight weeks. PepsiCo is now prohibited from making similar claims unless they are supported by "competent and reliable scientific evidence."²³

Product Placement

Paying to have their products appear in movies or television shows is nothing new for companies like PepsiCo. However, when PepsiCo products popped up in one of California Governor Arnold Schwarzenegger's political commercials, product placement reached new limits. In May 2005, a television commercial promoting Schwarzenegger's ballot agenda, featured the Governor in a cafeteria talking to Californians with snack food items spread around the table. Labels for PepsiCo products including Diet Pepsi, Sobe, Cheetos, Ruffles and Sun Chips were all clearly visible along with Arrowhead water, a Nestlé product.²⁴ PepsiCo donated \$20,000 to Governor

²⁰ 100 Leading National Advertisers , Advertising Age, June 23, 2003

²¹ PepsiCo Press Release, "Apple and Pepsi to Give Away 100 million Free Songs", October 16, 2003

²² Goodison, D., "Pepsi Zone fun lounges target teens at malls", The Boston Herald, August 10, 2005

²³ "PepsiCo to drop Tropicana ad claims", Financial Times, June 3, 2005

²⁴ "Branding campaign finance", Los Angeles Times, June 3, 2005

Schwarzenegger's California Recovery Team during the 2003-2004 election period.²⁵ In contrast to the Governor's promotion of PepsiCo products in March 2005 he proposed a ban on all junk food in schools. Pepsi was also promoted in Schwarzenegger's movie Terminator 2.²⁶

Advertising in schools

Channel One – Since 1990, this 12-minute daily news show has been beamed to schools across the United States and is now featured in more than 12,000 schools with more than 8 million kids. Schools that agree to show the program are specifically wired and loaned a television for each classroom. Every telecast includes a 2 minute commercial for products ranging from athletic shoes to soda pop. It is because of the direct advertising to children – and questionable quality – that Channel One has been at the centre of the controversy over advertising in schools. Pepsi and Gatorade are some of Channel One's core advertisers.

Health Issues

Soft drinks have been consistently linked to obesity and other health problems. Over the past 25 years annual soft drink consumption in the US has risen rapidly. The National Soft Drink Association says that in 2003 Americans consumed over 196.8 litres (52 gallons) of soft drinks per year. A 1998 study published by the Center for Science in the Public Interest showed that the consumption of regular and diet soft drinks by 12 to 19 year olds had reached 28 Ounces, or 828 ml per day.²⁷ Considering that one 360 ml can of soda contains 40 grams (or ten teaspoons) of sugar, its no wonder that soft drinks are the largest source of refined sugars in the diets of Americans. Large amounts of sugar translate into large numbers of calories meaning that soft drinks consumption represents 5.6% of all the calories consumed in the United States.²⁸ For children, drinking this much soda means that the essential nutrients provided by other beverages, like milk, are missing from daily diets.

High levels of sugar, calories and the absence of more nutritious beverages lead to various health problems such as obesity, tooth decay and osteoporosis.²⁹ Corporations like PepsiCo who aggressively market their products, especially in schools via exclusivity contracts, are implicated in the creation and increase of these health concerns

Exclusivity Contracts *"Schools are struggling to meet costs and budgets are being voted down, so they're looking for new sources of revenue. And us, we always look for ways to connect with teenagers."* Pepsi Spokesman David DeCecca³⁰

One of Pepsi's dirtiest marketing tricks is to lure cash-strapped school boards and Universities across North America into exclusive contracts where nothing but Pepsi products can be sold. Pepsi offers large sums of money to school districts and Universities for the exclusive rights to sell their products. While the agreements provide Pepsi with a captive group of consumers, it also provides the company with constant advertising through the proliferation of their brand in hallways, on scoreboards and in other prominent displays. Pepsi's goal of getting kids hooked on their products through exclusivity contracts has been criticized for commercializing schools and providing children with easy access to unhealthy products. The public outcries have spawned a number of campaigns aimed at eliminating the sale of soft drinks in schools. Though some school boards – San Francisco, Chicago³¹ – have succeeded in banning the sale of soft drinks in schools, most of the criticism and action is based on health issues on not the commercialization of schools. It is important to note that while the sale of soft drinks may be banned, the sale of

²⁵ California Secretary of State, <http://cal-access.ss.ca.gov/Campaign/Committees/Detail.aspx?id=1009318&view=contributions&session=2003>

²⁶ "Governor Schwarzenegger sells junk food in political ads for corporate donors", The Foundation for Taxpayer and Consumer Rights press release, May 25, 2005, <http://www.consumerwatchdog.org/pr/?postId=4485&pageTitle=Governor+Schwarzenegger+Sells+Junk+Food+In+Political+Ads+for+Corporate+Donors>

²⁷ Jacobson, M., "Liquid Candy: How Soft Drinks are Harming Americans' Health", Center for Science in the Public Interest, http://www.cspinet.org/sodapop/liquid_candy.htm

²⁸ *ibid*

²⁹ *ibid*

³⁰ Kaufman, M., "Health Advocates Sound Alarm as Schools Strike Deals With Coke and Pepsi", The Washington Post, March 23, 1999

³¹ "Chicago Publis Schools ban carbonated drinks from school vending machines", Associated Press, April 21, 2004

other Pepsi products, such as fruit drinks and water is still allowed thus sustaining the company's presence in schools.

The following is a list of exclusivity contracts that Pepsi has with schools in Canada and the US. This list is not exhaustive.

Canada

According to a survey conducted by the Ontario Secondary School Teachers' Federation, 205 out of 425 schools that responded to the survey had exclusive contracts with soft-drink companies. Of those 205 schools 65 had contracts with Pepsi and 115 with Coke.³² Some of the schools with contracts with Pepsi include:

Ontario

- London, Thames Valley District School Board – Five year \$2,5 million exclusivity contract signed in 2000.³³
- Toronto, York Region District School Board – Five year \$3.7 million exclusivity contract.³⁴
- Hamilton-Wentworth District School Board – The Hamilton Wentworth District School Board has an exclusivity contract with Pepsi.³⁵

United States

Arkansas

- Fayetteville School District – Ten year \$2 million exclusivity contract signed in 1998.³⁶
- Forrest City School Board – Ten year \$1 million exclusivity contract signed in 1998.³⁷

California

- Alameda School District – Five year \$100,000 exclusivity contract signed in 2003.³⁸
- Riverside Unified middle and high schools – Five year \$1 million partially exclusive contract signed in 2003.³⁹
- Simi Valley District – Santa Susana High School signed a 5-year exclusivity contract with Pepsi in 2003.⁴⁰
- Bay Area – San Mateo Union High School District, Alameda Unified School District, Mill Valley and Petaluma school districts have all signed exclusive contracts with Pepsi.⁴¹
- East Side Union High School District – Ten year \$11 million exclusivity contract signed in 1999.⁴²

Colorado

- Jefferson County Schools – Seven year \$1.75 million exclusivity contract signed in 2003.⁴³

Florida

- Duval County Schools – Five year \$13.5 million exclusivity contract signed in 2000.⁴⁴
- Hillsborough County Schools – Twelve year \$50 million exclusivity contract signed in 2003.⁴⁵

³² Ontario Secondary School Teachers' Federation (OSSTF), "Commercialization in Our Schools", <http://www.osstf.on.ca/www/abosstf/ampa01/commercialization/execsum.html>

³³ Nelson, M., "Schools Will Feel Junk Food Ban In Pocketbook", London Free Press, December 31, 2003

³⁴ Canadian Press, "Schools Have Multimillion Dollar Deals With Pepsi, Coke", November 25, 2003

³⁵ Marr, L., "A corporate education", The Hamilton Spectator, February 9, 2002

³⁶ Davenport, K., "Fayetteville soda deal hits 'roof' for schools", Arkansas Democrat-Gazette, Nov. 21, 1998

³⁷ The Associated Press, "Forrest City signs with Pepsi", August 8, 1998

³⁸ McDonough, S., "Alameda school district picks Pepsi for high school students", The Daily Review, October 18, 2003

³⁹ Garcia, M., "Pepsi gets contract for schools", Press Enterprise, September 16, 2003

⁴⁰ Rock, C., "Simi Signs Soda Deal", The Daily News of Los Angeles, August 31, 2003

⁴¹ Lynem, J., "Pop Quiz; Q: What happens when a soda company buys into Peninsula schools? A: Controversy bubbles", The San Francisco Chronicle, April 14, 2000

⁴² Martinez, A., "More Schools Ok Exclusive Pact With Pepsi", San Jose Mercury News, December 17, 1999

⁴³ Associated Press, "JeffCo renegotiates sponsorship pact with Pepsi", June 14, 2003

⁴⁴ Associated Press, "Duval Schools agree to Pepsi plan; Coke is out", September 20, 2000

- Pasco County School Board – Ten year \$5.7 million exclusivity contract signed in 1998.⁴⁶
- St. Johns County School District – Five year, \$2.3 million exclusivity contract signed in July 2005.⁴⁷
- University of Florida – Ten year, \$27 million exclusivity contract signed in May 2005.⁴⁸

Georgia

- Marietta School District – Seven year, \$1.7 million exclusivity contract signed in 2000.⁴⁹

Illinois

- District 125 – Illinois school district 125 has an exclusivity contract with Pepsi.⁵⁰

Kansas

- North Kansas City School District – Ten year, \$2.7 million exclusivity contract, signed fall of 2004.⁵¹
- Park Hill School District – Ten year, \$1.6 million exclusivity contract, signed in June 2005.⁵²
- Topeka Unified School District 501– Ten year, \$3.5 million exclusivity contract, signed in 2004.⁵³

Minnesota

- Mankato State University – Ten year, \$6.8 million exclusivity contract, signed in 1998.⁵⁴

Missouri

- De Soto School District – Five year, \$75,000 exclusivity contract, signed in 2003.⁵⁵
- Southern Illinois University – Nine year, \$5.3 million exclusivity contract, signed in 2002.⁵⁶

Nevada

- University of Nevada, Reno – Six year, \$2 million exclusivity contract, signed in 2002.⁵⁷

New Mexico

- University of New Mexico – Eight year, \$8 million exclusivity contract, signed in 2002.⁵⁸
- Albuquerque Public Schools – Seven year \$1.2 million exclusivity contract, signed in 2000.⁵⁹

New York

- Syracuse School Board – Ten year \$5 million exclusivity contract signed in 2000.⁶⁰

North Carolina

- Winston-Salem/Forsyth County School Board – Five year \$4.8 million exclusivity contract signed in 2000.⁶¹

Ohio

- Pepsi has exclusive contracts with 41 school districts in Cuyahoga, Geauga, Lorain, Lake, Portage, Summit and Medina counties.⁶²

Oklahoma

- Tulsa School Board – Five year \$7.5 million exclusivity contract signed in 2003.⁶³
- Broken Arrow School District – Ten year, \$5.6 million exclusivity contract signed in 1999.⁶⁴

⁴⁵ Logan, M., "Pepsi High", St. Petersburg Times, August 31, 2003

⁴⁶ Fischer, K., "Schools adopt official drink: Pepsi", St. Petersburg Times, November 18, 1998

⁴⁷ Miller, L., "Pepsi's \$2.3 million sweetens deal with school district", Florida Times-Union, July 8, 2005

⁴⁸ "University of Florida makes Pepsi exclusive drink", Associated Press, May 19, 2005

⁴⁹ MacDonald, M., "Pepsi wins the cola war in Marietta", Atlanta Journal-Constitution, November 30, 2000

⁵⁰ Susnjara, B., "School to set rules after Pepsi mess", The Chicago Daily Herald, April 16, 2002

⁵¹ "Park Hill cashes in with switch to Pepsi", The Kansas City Star, June 29, 2005

⁵² ibid

⁵³ Hollingsworth, B., "Pepsi keeps USD 501 rights", Topeka Capital Journal, January 24, 2004

⁵⁴ Associate Press, "Pepsi-Cola to get exclusive selling rights at Mankato State University", August 18, 1998

⁵⁵ "De Soto School District Agrees To Exclusive Contract With Pepsi", St. Louis Post-Dispatch, January 23, 2003

⁵⁶ Pierce, R., "Siue Signs Deal With Pepsi For Campus Sales Rights", St. Louis-Post Dispatch, June 18, 2002

⁵⁷ Associated Press, "Pepsi wins exclusive deal with UNR", February 4, 2002

⁵⁸ Associated Press, "UNM agrees to eight-year contract with Pepsi", May 18, 2002

⁵⁹ Keller, R., "Pepsi Hands Over \$828,000 To APS", Albuquerque Journal, October 19, 2000

⁶⁰ Nolan, M., "Syracuse School Board Says Yes To Pepsi Deal Vending Rights Agreement Could Bring District As Much As \$7 Million Over 10 Years", The Post-Standard, August 19, 2000

⁶¹ Caranna, K., "School Board Ok's Controversial Deal With Pepsi Bottling", News And Record, December 13, 2000

⁶² Spector, H., Stevens, S., "Promoting pop in school while diabetes soars", Plain Dealer, March 5, 2001

⁶³ Eger, A., "TPS board will mull budget, Pepsi pact", Tulsa World, June 20, 2004

Oregon

- Salem-Kaiser School District – Ten year, \$5 million exclusivity contract.⁶⁵

West Salem High

In 2002, 15 year old cheerleader Andrea Boyes, a student at West Salem High in Oregon, came up with an idea to sell bottled water to raise funds for the cheerleading squad. She wasn't selling Aquafina so Pepsi, who has an exclusive contract to sell products at the school, quickly put an end to the fundraising initiative.⁶⁶

Pennsylvania

- Bristol Township School Board – Ten year \$1.5 million exclusivity contract signed in 2000.⁶⁷

South Carolina

- Charleston County School District – Five year, \$8.2 million exclusivity contract signed in 2002.⁶⁸
- Greenville County School District – Five year, \$7 million exclusivity contract signed in 2002.⁶⁹

Texas

- Statistics released by the Texas Agricultural Commissioner in 2003, revealed that 15 percent of the 932 school districts surveyed (Texas has 1256 school districts) had exclusive contracts with Pepsi.⁷⁰
- La Porte School District – Ten year \$2 million exclusivity contract signed in 1999.⁷¹
- Northside School District – Ten year \$14 million exclusivity contract signed in 1998.⁷²

Virginia

- Virginia Beach School District – Five year \$7 million exclusivity contract signed in 2001.⁷³

Sporting Events

Like other major beverage companies, Pepsi-Cola sponsors major sporting events around the world. In one example, Pepsi gained exclusive rights to sell its products at the 2003 cricket world cup in South Africa. Only Pepsi products were to be consumed at the event. People were only allowed to bring to the grounds a half litre of unbranded water in a soft plastic bottle. Cricket matches usually take an entire day thus forcing spectators to purchase Pepsi in order to avoid dehydration.⁷⁴

Pepsi is the exclusive soft drink of United Airlines and the National Football League.

⁶⁴ Cooper, S., "Pepsi wins BA school contract", Tulsa World, January 12, 1999

⁶⁵ Associated Press, "West Salem cheerleader in hot water with Pepsi", November 3, 2002

⁶⁶ Borowski, J., "No Cheers for PepsiCo and their Corporate Scrooges", CommonDreams.org, November 15, 2002, <http://www.commondreams.org/cgi-bin/print.cgi?file=/views02/1115-07.htm>

⁶⁷ Blanchard, M., "Bristol Twp. Schools Ok Pepsi Deal", The Philadelphia Inquirer, April 19, 2000

⁶⁸ Associated Press, "Charleston County schools join Greenville County with Pepsi-only schools", August 9, 2002

⁶⁹ ibid

⁷⁰ Shannon, K., "Combs reveals school vending machine survey results", Associated Press, August 27, 2003

⁷¹ Rendon, R., "La Porte schools to earn millions for joining the Pepsi generation", Houston Chronicle, January 14, 1999

⁷² Hood, L., "NSD moves to finalize Pepsi contract", San Antonio Express News, October 31, 1998

⁷³ Baskerville, B., "Sale of soft drinks big business for Virginia schools", Associated Press, April 11, 2004

⁷⁴ Majavu, M., "Behind the Scenes at the Cricket World Cup", ZNet, February 13, 2003, http://www.zmag.org/content/Africa/majavu_worldcup.cfm

3. Political Profile

3.1 Political Connections

David R. Andrews, PepsiCo's Senior Vice President, Government Affairs – From 1997 to 2000 Andrews served as the legal adviser to the US Department of State and former Secretary of State Madeleine Albright.⁷⁵

Thomas Foley, member of PepsiCo's Health and Wellness Advisory Board – Foley served as Majority leader of the House of Representatives from 1987 until 1989 when he was elected as the speaker of the House. After his tenure as Speaker of the House, Foley served as ambassador to Japan from 1997 until 2001. Other political postings include House majority whip from 1981 until 1987 and member of Congress from 1965 until 1994. Foley now works for the Coca-Cola Company's law firm Akin, Gump, Strauss, Hauer & Feld.⁷⁶

James Hunt, member of PepsiCo's Health and Wellness Advisory Board – Hunt is a former Governor of the State of North Carolina (1997-2001).

Richard Nixon, former President of the United States – Before entering politics Nixon worked as a lawyer for Pepsi-Cola.

Pepsi and Allende

Former PepsiCo CEO David Kendall, had close ties to Richard Nixon. In September 1970, Kendall phoned Nixon to plead for the protection of PepsiCo's interests in Chile after the election of Salvadore Allende. Kendall arranged to have the owner of Pepsi's Chilean bottling operations meet with National Security Advisor Henry Kissinger on September 15. Hours later Nixon called, CIA chief Richard Helms and ordered the CIA to prevent Allende's inauguration. Kendall feared that PepsiCo's facilities in the country would be nationalized if Allende was inaugurated.⁷⁷ PepsiCo's direct connection with President Nixon played a hand in the October 1970 plot against President-elect Allende.

Larry Thompson, PepsiCo Vice President and General Counsel – Thompson served as Deputy Attorney General under John Ashcroft from 2001 until August 2003. In 2002, Attorney General John Ashcroft named Thompson to lead the National Security Coordination Council. Also in 2002, President Bush named Thompson to head the Corporate Fraud Task Force. He led the Justice Department's ongoing Enron investigation and was responsible for corporate fraud investigations. Thompson is closely tied to Supreme Court Justice Clarence Thomas, testifying on his behalf during Thomas' controversial 1991 confirmation hearings.

3.2 Government and Industry Associations

PepsiCo is a member of the following powerful business and industry associations.

US Council for International Business www.uscib.org – The USCIB advocates for US corporations with the goal of influencing "laws, rules and policies that may undermine U.S. competitiveness, wherever they may be". The USCIB is the U.S. wing of the International Chamber of Commerce, and was the key corporate lobby group in the push for the failed Multinational Agreement of Investment (MAI). They are also heavily involved in the current pro-liberalization lobby regarding negotiations on the Free Trade Area of the Americas and the World Trade Organization. David Wright, Vice President of Government Affairs at PepsiCo, sits on the USCIB's Executive Board.

⁷⁵ PepsiCo 2003 Annual Report

⁷⁶ United States Embassy, Japan, website, <http://japan.usembassy.gov/e/foley/tfoley-bio.html>

⁷⁷ Palast, G., "A Marxist threat to cola sales? Pepsi demands a US coup. Goodbye Allende. Hello Pinochet", The Guardian Unlimited, November 8, 1998

The USCIB, the World Health Organization and Sugar

In early 2003, the USCIB joined food industry groups and the Sugar Association (the main industry association representing big US sugar producers) wrote to US health secretary Tommy Thompson asking him to push for the withdrawal of a World Health Organization report on healthy eating. The report sets guidelines which say that sugar should only account for 10% of a healthy diet and that soft drink consumption has contributed to the obesity epidemic. Sugar industry associations threatened to use their lobbying power to get the United States Government to withdraw its \$406 million funding of the WHO if the report was not withdrawn.⁷⁸ The National Soft Drink Association said the reports guidelines for sugar were “too restrictive” and “not based on the best available science”.⁷⁹

USA-Engage <http://www.usaengage.org> – PepsiCo is a member of USA-Engage, a broad-based organization representing individuals and corporations who view the US’ unilateral economic sanctions imposed on various countries as damaging to the US economy. USA-Engage directly targets US sanctions restricting US companies from investing. The organization does not make distinctions between different government sanctions and how they may negatively impact local populations. They view sanctions strictly as barriers to profit for US corporations. USA-Engage is supported by powerful lobby groups, including The Wexler Group, who have successfully combated new sanctions efforts in the White House and Congress.⁸⁰

National Foreign Trade Council www.nftc.org – PepsiCo is a member of the NFTC’s Board of Directors. The NFTC is an organization that advocates for the international and public policy priorities of its business members.

National Soft Drink Association www.nstda.org – The Association serves as a liaison between the industry, government and the public, and represents the industry in legislative and regulatory matters. PepsiCo is well represented at the NSDA’s with no less than six representatives on their Executive Board and Board of Directors. John T. Cahill, Chair and CEO of The Pepsi Bottling Group, Inc. is chairman of NSDA. PepsiCo owns 45% of the PBG. The following Pepsi executives are on the NSDA’s Board of Directors: Dawn Hudson, President Pepsi-Cola North America; Craig W. Moore, President Pepsi-Cola Bottling Company; Robert C. Pohlard, Chief Executive Officer of PepsiAmericas, Inc.; and Richard C. Poillon President & Chief Executive Officer of Pepsi Bottling Ventures LLC. An NSD poster provided to school teachers in the United States promotes their members’ products as: “refreshing sources of needed liquids and energy, soft drinks represent a positive addition to a well-balanced diet...These same three sugars also occur naturally, for example, in fruits...In your body it makes no difference whether it makes no difference whether the sugar is from a soft drink or a peach.”⁸¹ Donald R. Knauss, President and Chief Operating Officer of Coca-Cola North America is also on the NSDA’s board of directors.

Grocery Manufacturers of America <http://www.gmabrands.com/> – The Grocery Manufacturers of America is a powerful lobby group that represents the interests of food manufacturers in the United States. Both PepsiCo and the Pepsi Bottling Group Inc. are members of the GMA.

3.3 Corporate Welfare

Overseas Private Investment Corporation (OPIC): OPIC provides low-cost financing and insurance to U.S. companies investing in foreign markets. Pepsi has been the recipient of millions of dollars in corporate welfare from OPIC.⁸² For example, in 1998 OPIC provided Pepsi-Cola

⁷⁸ Boseley, S., “Sugar industry threatens to scupper WHO”, The Guardian, April 21 2003

⁷⁹ National Soft Drink Association Press Release, “World Health Organization Report Contains Crucial Recommendations for More Physical Activity”, March 4, 2003, <http://www.nstda.org/about/news/2003%20Releases/WHOreport.html>

⁸⁰ Bruno, K., Vallette, J., “Halliburton’ s Destructive Engagement” Eth Rights International, September 2000, <http://www.earthrights.org/pubs/halliburton.shtml>

⁸¹ Jacobson, M., “Liquid Candy: How Soft Drinks are Harming Americans’ Health”, Center for Science in the Public Interest, http://www.cspinet.org/sodapop/liquid_candy.htm

⁸² Danaher, K., “50 Years is Enough: the case against the World Bank and the International Monetary Fund”, Boston: South End Press, 1994

General Bottlers with \$50 million in political risk insurance for the company's planned expansion into Russia.⁸³ Pepsi-Cola General Bottlers is owned by PepsiAmericas which is 40% owned by PepsiCo.

International Finance Corporation (IFC): Pepsi and its bottlers have received millions of dollars from the IFC to 'help' finance the company's expansion in the South. In one case the IFC is provided a Russian bottling operation and Pepsi with loans to begin bottling Pepsi products. The Russian company will act as the exclusive Pepsi bottler for Central and Eastern Russia.⁸⁴ The IFC is a member of the World Bank Group and states that it "promotes sustainable private sector investment in developing countries as a way to reduce poverty and improve people' s lives."⁸⁵

Tax Breaks at home: PepsiCo is listed in 15th position in a 2000 report by the Institute on Taxation and Economic Policy on the top 25 corporate tax break recipients in the United States between 1996 and 1998. PepsiCo received \$1.4 billion in tax breaks during this time.⁸⁶ The report also states that PepsiCo paid no federal income taxes in 1998.

3.4 Political Donations

As is the case with most large corporations in the United States, PepsiCo, along with its subsidiaries and joint-ventures, donates large sums of money to candidates during election campaigns. While PepsiCo does not invest the millions that some other corporate giants do, the money they donate through their Political Action Committees (PACs)⁸⁷ and soft money⁸⁸ donations will go to congressional and senatorial candidates who work towards policies that will be favourable to their agenda.

An example of strategic donations can be seen in the number of donations PepsiCo made in the 2002 election cycle to members of the Senate Committee on Agriculture, Nutrition and Forestry. Among other things, the Committee examines food programs for the needy to assure their availability and nutrition value, as well as encouraging a balanced diet among the general population, and most importantly ensuring that food is safely grown, prepared and delivered. 10 out of 21 Senators on this committee received a donation from PepsiCo during the 2002 election cycle. Donations to these senatorial candidates totaled \$34,500.⁸⁹

During the 2004 election cycle, PepsiCo's Political Action Committee (PAC) contributed \$254,826 to congressional and senatorial candidates. Thirty six percent of this total went to Democratic candidates while 63 Percent went to Republican candidates.⁹⁰

During the 2002 election cycle, PepsiCo made \$907,600 in Soft Money donations, 13% to Democrats and 87% to Republicans.

⁸³ Platt, G. "Sonnet Financial Web service provides access to discount foreign exchange", Journal of Commerce, April 8, 1998

⁸⁴ International Finance Corporation Website, <http://ifcln1.ifc.org/ifcext/agribusiness.nsf/Content/SelectedProject?OpenDocument&UNID=2F571EC90DB93E1E8525688E007A600B>

⁸⁵ International Finance Corporation Website, <http://www.ifc.org/about>

⁸⁶ McIntyre, R.S., Cooney, T.D., "Corporate Income Taxes in the 1990s", Institute on Taxation and Economic Policy, 2000

⁸⁷ Political Action Committees (PAC) are political committees organized for the purpose of raising and spending money to elect and defeat candidates, most PACs represent business, labor or ideological interests.

⁸⁸ Soft money encompasses any contributions not regulated by federal election laws and is considered by many to be a political loophole. The exemption was made to encourage "party-building" activities which benefit the political parties in general, but not specific candidates. In reality however, the loophole has emerged as the parties' primary means of raising tens of millions of dollars from wealthy contributors during the fall presidential campaigns, when direct contributions to candidates are prohibited.

⁸⁹ Center for Responsive Politics

⁹⁰ ibid

Other strategic donations include \$6,000 from PepsiCo's PAC since 2000 to Florida Republican Ric Keller who tabled a bill banning lawsuits against junk food companies that was passed in the House of Representatives in 2004. Keller commented that "the food industry is under attack and in the cross hairs of the same trial lawyers who went after big tobacco".⁹¹

In January 2005 PepsiCo donated \$100,000 for US President George Bush's inauguration celebrations.⁹²

PAC and Soft Money donations by PepsiCo and its affiliated bottlers

Firm	2006 (as of September 2005)	2004	2002	
PepsiCo	\$34,592 (17% Dems; 83% Reps)	\$254,826 (36% Dems; 63% to Reps)	<u>PAC</u> \$329,951	<u>Soft Money</u> \$907,600
Pepsi-Cola Bottlers Assoc.	\$4,000 (50% to Dems; 50% to Reps)	\$24,000 (46% Dems; 54% Reps)	\$44,700	

[Source: Center for Responsive Politics]

3.5 Lobby efforts

According to the Center for Responsive Politics, PepsiCo spent \$1.34 million on lobbyists in 2000.⁹³ PepsiCo hires lobby firms and employs their own in-house lobbyists in order to influence policy makers in Washington.

Republican National Convention – PepsiCo spent more than \$125,000 for a three-hour reception and New York's Metropolitan Museum in honour of Senate Majority Leader Bill Frist during the Republican National Convention in September 2004. Responding to questions about the company's large donation, PepsiCo's vice president of government affairs Galen Reeser said, "Sen. Frist is an honorable legislator with a good heart, and we are proud to support him."⁹⁴ PepsiCo's investment at the RNC also buys them connections in the Federal Government so they will be remembered in their time of need.

⁹¹ Jackson, D., "Trash Food Makers Fatten GOP Coffers", The Boston Globe, March 12, 2004

⁹² Presidential Inaugural Committee website: <http://www.inaugural05.com/donors/>

⁹³ Center for Responsive Politics

⁹⁴ Cattabiani, M., "Corporations dig deep to fete the GOP's elite", Philadelphia Inquirer, September 1, 2004

4. Social Profile

PepsiCo is not concerned with putting people before profit. The following examples of the PepsiCo's business dealings in Burma and India along with an overview of their labour and environmental track records provide good examples of they are strictly concerned with making as much money as possible without considering the social and environmental impacts.

4.1 India

PepsiCo's operations in India are increasingly coming under fire for water takings and the presence of pesticides in their drinks. While The Coca-Cola Company has received most of the criticism in India over the past few years, local residents and activists are beginning to target Pepsi for equally egregious violations. The following list documents a few of Pepsi's recent problems in India.

March 2005 – Thousand of people demanding the closure of Coke and Pepsi factories in the Palakkad district formed a human chain between Pepsi's bottling plant in Kanjikode and Coke's operation in Plachimada. Protesters included political leaders, students, environmentalists and community members.⁹⁵

January 2005 – Activists from several organizations along with thousands of citizens and school children formed a human chain demanding the closure of a Pepsi bottling plant in Mandideep (Bhopal).⁹⁶

December 2004 – Both Coke and Pepsi were ordered by India's Supreme Court to label their products stating the amount of pesticide residues in their soft drinks. The court ruled that consumers had a right to know what they were drinking. Both Coke and Pepsi had challenged the order saying that their products in India were as safe as anywhere else in the world.

October 2004 – PepsiCo was forced to pull an advertisement after child labour activists said the commercial depicted child labour. The ad showed a boy carrying a tray of Pepsi bottles to cricket players on the playing field. The Andhra Pradesh High Court issued an order banning the advertisement saying that no television commercial should be televised "depicting or glorifying child labour."⁹⁷

January 2004 – In January 2004 the Indian parliament banned the sale of Coke as well as Pepsi products in its cafeteria after tests found high concentrations of pesticides and insecticides, including lindane, DDT, malathion and chlorpyrifos, in the colas, making them unfit for consumption.⁹⁸ Some test samples showed toxin levels 30 times the standard allowed by the European Union. The conflict began in August 2003 when an independent environmental group, the Centre for Science and the Environment, found that pesticide residue in the drinks were 11 and 30 times higher than the level permitted by the European Union.⁹⁹

4.2 Labour Track Record *"Given the interest in worker rights in Coca Cola production facilities around the world we should not forget the PepsiCo appears to be denying these rights*

⁹⁵ "Thousands form Human Chain for Closure of soft drink units", The Hindu, March 30, 2005

⁹⁶ "Human chain formed against Pepsi, Coke", Hindustan Times, January 20, 2005

⁹⁷ "Pepsi ad 'Glorifying' child labour off air", The Economic Times, October 9, 2004

⁹⁸ Srivastava, A., "Coke with Yet Another New Twist: Toxic Cola", India Resource Center, January 31, 2004, <http://www.indiaresource.org/campaigns/coke/2004/coketwist.html>

⁹⁹ Dhillon, A., "Soft-drink giants lose pesticide legal battle", South China Morning Post, December 9, 2004

as much if not more systematically in many of its facilities around the world". Ron Oswald, IUF General Secretary.

PepsiCo and its affiliated bottlers around the world have a poor labour track record. While many campaigns surrounding The Coca-Cola Company's labour track record, PepsiCo has been able to go about its business outside of the spotlight. Unlike its main competitor where there is a relatively high presence of unions, PepsiCo has effectively avoided or resisted unions. This has left many PepsiCo workers unorganized and voiceless, leaving the stories of abuse untold and the company's practices unchallenged.¹⁰⁰ The following list provides a sample of PepsiCo's labour abuses and the strike actions taken against the company and its affiliated bottlers in the past 5 years.

Argentina

In early 2002, in the wake of Argentina's economic crisis, 52 temporary workers were fired from one of PepsiCo's potato chip factories in Buenos Aires Province. When the workers refused to leave the factory PepsiCo brought in security guards who used force in an attempt to remove the fired workers who are not part of the union. Permanent workers, who are part of a union, quickly organized actions to resist the mass firing. In response, the company deployed armed security guards to patrol the factory. Other security guards have spied on workers in the lunchroom, while the police tailed unionists' cars in order to intimidate and divide the permanent and temporary workers.¹⁰¹ The struggle for the rights of temporary workers continues.

Barbados

The Barbados Workers' Union (BWU) took action against Pepsi over the company's refusal to recognize the union and the firing of four employees. The union accused the company of anti-worker and anti-union sentiment and of disrespecting Barbadians.¹⁰² Port workers joined that action by slowing down the handling of Pepsi products. The dispute ended after the company finally recognized the union.

Burma

In January 1997 PepsiCo announced that it would no longer do business in Burma. PepsiCo entered Burma in 1991 only three years after the military took control of the government. The company stayed while others like Levi Strauss were leaving due to the country's poor human rights situation and use of slave labour. In 1996, in a New York Times article, PepsiCo's spokesperson at the time, Elaine Franklin, said that PepsiCo was in Burma for the long haul.¹⁰³ In April 1996, only months after the New Times article was published, PepsiCo announced that it would sell its bottling plant in Burma citing pressure from a student-led boycott and shareholders who wanted PepsiCo out of the country.¹⁰⁴ It wasn't until January 1997, however, that PepsiCo withdrew its operations from the country. The Student-led boycott of PepsiCo and its products had expanded to over 100 campuses across North America and had a powerful hand in forcing PepsiCo out of Burma.¹⁰⁵

Guatemala

¹⁰⁰ "PepsiCo: Union-Busting, Trashing Rights...and Buying Danone", International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) press release, July 21, 2005, http://www.iuf.org/cgi-bin/editorials/db.cgi?db=default&ww=1&uid=default&ID=422&view_records=1&en=1

¹⁰¹ Koppel, M., Green, R., "Workers organize resistance to mass firings in Argentina", *The Militant*, Vol.66/No.31, August 19, 2002

¹⁰² Burnham, L., "Pressure on Pepsi", *The Daily Nation*, September 20, 2002

¹⁰³ Mydans, S., "Pepsi courts Myanmar, preferring sales to politics", *The New York Times*, February 22, 1996

¹⁰⁴ Matthews, J., "Pepsi to sell Burma plant, citing protests", *The Washington Post*, April 24, 1996

¹⁰⁵ Matthews, J., "Pepsi to pull out of Burma", *The Washington Post*, January 27, 1997

Sixty six union workers at PepsiCo's Guatemala operations in La Mariposa, were fired in 2002 and replaced by non-union sub-contracted workers with lower wages and benefits. Thirty of the 66 continue to struggle for reinstatement of their jobs and refuse to accept severance payments from PepsiCo.¹⁰⁶ The labour struggle at the La Mariposa plant goes back to 2000 when the previous collective agreement expired. Rather than renewing the agreement, management used bribes and intimidation to induce members to leave the union. In the end, the 66 union members were fired. The company has refused to implement orders from two different courts to reinstate the workers.¹⁰⁷

India

In 2000 workers at a Pepsi bottling plant in Kanpur India, changed unions from the right leaning Bharatiya Mazdoor Sangh (BMS), who had secured wages just above the paltry minimum wage, to the leftist Centre of Indian Trade Unions (CITU). One month later the plant management fired the union President and its Joint Secretary for an alleged sabotage. Both were nowhere near the area where the alleged sabotage took place. Workers at the factory demanded an inquiry. They eventually became tired of the management's inaction and threatened a one-day strike. In response the management locked out the workers.¹⁰⁸

Poland

In late December 2004 eight women were dismissed from PepsiCo's Frito-Lay plant near Warsaw after talking amongst themselves about sexual harassment at the plant. For two years women working on the night shift at the plant were allegedly sexually harassed under threat of dismissal. After the women began discussing the harassment, the night shift supervisor and the human resources manager called upon the eight women to resign with compensation or be fired. The workers' union representative was not at work that day. A few days later, the women filed a report of sexual harassment with the Labour Court. Soon after the charges were filed representatives from the union representing the plant workers met with the women's employer hoping to persuade the company to investigate the allegations and reinstate the women. The company refused.

Three of the women claim that they have been victims of sexual harassment while the remaining five substantiate their claims. Two lawsuits have been filed, one under labour law and another under criminal law. After the cases were filed the supervisor allegedly involved in the harassment was arrested. He however continues to draw his salary from the company and receives legal counsel for his defence.

The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF), maintains that by refraining from taking the necessary measures to protect its employees from sexual harassment, PepsiCo is in breach of both European and Polish law.¹⁰⁹

As of September, 2005 the case has yet to be resolved.

United States

¹⁰⁶ "Demand Reinstatement of Guatemala Pepsi Workers", International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) Press Release, May 18, 2004

¹⁰⁷ "Protest Violations of Union Rights at PepsiCo Guatemala!", International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) Press Release, January 31, 2003

¹⁰⁸ Prashad, V., "Just Say No to PepsiCo: So Say 101 Indian Workers", www.zmag.org, May 13, 2000, <http://www.zmag.org/Sustainers/Content/2000-05/13prashad.htm>

¹⁰⁹ "Sexual Harassment in Poland: PepsiCo Still Refuses to Accept Responsibility", International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) press release, July 20, 2005, http://www.iuf.org/cgi-bin/dbman/db.cgi?db=default&uid=default&ID=2194&view_records=1&ww=1&en=1

Minnesota – Four hundred workers went on strike at a Pepsi Bottling Group plant in Minneapolis in June 2000 over wages, pension plans, job security and affordable health insurance. As in other strike situations, Pepsi employed scab labour to maintain plant operations. After 12 weeks on the picket lines, the union agreed to a contract with favourable language.¹¹⁰

Missouri – In February 2001, 200 bargaining unit members went on strike at two Kansas City area PepsiAmericas bottling operations. The workers struck after Pepsi's final offer on matters involving contract language on insurance benefits and wages was deemed unacceptable. Pepsi brought in managers from operations in surrounding states to continue production.¹¹¹ By April of the same year, the strike had not been resolved and Pepsi began hiring permanent replacements, an action that clearly shows their unwillingness to negotiate with organized labour.¹¹²

New Jersey

- In August 2005, approximately 300 loaders, truck drivers, and other members of Teamsters Local 830 in Pennsauken, New Jersey, went on strike over health care issues. The issue surrounds Harold Honickman, the owner of the plant, who asked each worker to pay more than \$100 a month for health care coverage. The President of Local 830 commented on the Honickman's request saying that "It's outrageous that the owner of this company would ask our hardworking members to shell out money for health care...The company is claiming it has an economic need, but Honickman is one of the wealthiest people in the United States."¹¹³ Honickman owns a number of Pepsi bottling and delivery plants in Southern New Jersey. He was also on the 2004 Forbes wealthiest Americans list. On September 16 the workers ratified a new four-year contract. The union was able to fight off the company's attempt to force workers to pay for health care coverage.¹¹⁴
- About 700 drivers, stock clerks, warehouse workers, sales representatives, vending machine repairers and production personnel struck at four Pepsi Bottling Group facilities in Piscataway, Moonachie, Asbury Park and Hanover in June 2001. The workers went on strike over salaries, overtime pay for commission based workers and workshift issues.¹¹⁵ Workers agreed to a new contract after 7 weeks on the picket lines while Pepsi continued to run operations with managers and replacement workers. No real gains were made for the workers.¹¹⁶
- In March 2003, Pepsi Bottling Group settled more than eight years of litigation agreeing to pay more than \$25 million to workers for overtime they had worked. The case began in 1995 when the State Labour Department fined Pepsi for failing to pay overtime to its customer service representatives at 5 New Jersey facilities. The workers fought Pepsi all the way to the Supreme Court and finally prevailed.¹¹⁷

Texas – In November 2002 close to 70 workers at the Pepsi Bottling Group's (PBG) Austin voted to join Teamsters Local 657. The workers voted to unionize when PBG suddenly changed the pay scale from an hourly rate to a commission system which resulted in a pay cut. When the employees sat down with the company to agree on a contract, PBG refused to negotiate. The

¹¹⁰ Duffy, C., "Teamsters at Pepsi Score Contract Gains", *The Militant*, Vol.64/No. 65, September 18, 2000.

¹¹¹ Heaster, R., "Union on strike at Pepsi plants", *Kansas City Star*, February 22, 2001

¹¹² Heaster, R., "Pepsi seeks new employees after union rejects contract", *Kansas City Star*, April, 5, 2001.

¹¹³ "Pepsi workers on strike in Southern New Jersey", Teamsters press release, August 15, 2005,

http://www.teamster.org/05news/hn_050815_1.htm

¹¹⁴ "New Jersey Teamsters Approve New Pepsi Contract", Teamster press release, September 20, 2005,

http://www.teamster.org/05news/hn_050920_3.htm

¹¹⁵ The Associated Press, "Pepsi workers picket at four bottling facilities", June 2, 2001

¹¹⁶ Diamond, M., "New Jersey Pepsi Drivers Agree to Contract, End Strike", July 19, 2001

¹¹⁷ Diamond, M., "Pepsi Bottling Group Settles Overtime Pay Dispute with New Jersey Drivers", *Asbury Park Press*, March 13, 2003

workers say that management has skipped scheduled meetings and consistently refused to offer anything beyond a contract the union has repeatedly found unacceptable. It is believed that the company is trying to slow down the process until the workers become frustrated with the union and vote to decertify. Workers claim that PBG has withheld pay increases received by nonunion employees at other PBG locations in order to discourage the unionized workers.¹¹⁸ While PBG claims that they have been bargaining in good faith, the National Labor Relations Board (NLRB), designed to arbitrate labour disputes between unions and management, has filed five complaints against PBG in Austin. A complaint filed by the NLRB indicates that the union's charges of bargaining in bad faith hold water.¹¹⁹ Regardless of the NLRB's actions, PBG continues to claim innocence. As of September, 2005, there is no update on the situation.

Plant closures

PepsiCo announced in September 2004 that it would be closing four facilities across the United States. The company announced that it would be closing 4 Frito-Lay plants located in Allen Park, Michigan, Council Bluffs, Iowa, Beaverton, Oregon and Visalia, California. The closures will result in the elimination of approximately 780 jobs.¹²⁰ The day after the move was announced, the Mayor of Allen Park, Marcy DeGiuli-Galka called the closure a "devastating loss of both jobs and tax base at a time of already high unemployment...This impact will send shock waves not only through Allen Park, but also through Downriver and the state of Michigan."¹²¹

4.3 Environmental Track Record

Recycling

Pepsi has been the target of environmental groups over its poor track record in using recycled plastic for its beverages. The GrassRoots Recycling Network and the Container Recycling Institute said in 2002 that Pepsi, along with Coke, are "responsible for a dramatic increase in packaging waste over the last ten years" and that the two companies are "trashing America".¹²² Industry statistics show that waste from aluminum cans, plastic and glass bottles in the United States doubled between 1992 and 2000.¹²³ Pepsi as well as Coke have a history of opposing bottle bills – a deposit law that places deposits ranging from 2.5 to 10 cents on beverage cans and bottles – through their extensive lobbying machinery. Pepsi opposes a national bottle bill because they believe production costs will rise leading to a price increase for customers. Deposit systems already in place in 10 US states have achieved recycling rates over 70%. In addition to their opposition to bottle bills, the company has fought environmental investment groups who want to increase the company's use of recycling. Pepsi contacted the Securities and Exchange Commission in December 2000 requesting that the investors' resolution be thrown out before shareholders could vote on the matter.¹²⁴

In 1990 Pepsi committed to using 25% recycled material in its plastic bottles, but quickly decided that this level would be too costly for the company. In the wake of Coke's announcement that they were using 10% recycled plastic in their bottles in 2002, Pepsi again committed to using recycled material, this time 10%. Recycling advocacy groups however, are apprehensive about Pepsi's commitment.¹²⁵

¹¹⁸ Proctor May, R., "Pepsi brings union fight to city council", The Austin Chronicle, May 6, 2005

¹¹⁹ *ibid*

¹²⁰ "PepsiCo Q3 Revenue Growth Over 6% and Operating Profit Up 11%", PepsiCo press release, September 30, 2004, <http://phx.corporate-ir.net/phoenix.zhtml?c=78265&p=IROL-NewsText&t=Regular&id=621144&>

¹²¹ Gallagher, J., "Frito-Lay dumps jobs", Detroit Free Press, October 1, 2004

¹²² GrassRoots Recycling Network and Container Recycling Institute joint Press Release, "Coke and Pepsi Responsible for "Trashing America," Hurting Taxpayers and Environment", April 16, 2002

¹²³ *ibid*

¹²⁴ Toloken, S., "Pepsi seeks to keep resolution of ballot", Plastics News, January 15, 2001

¹²⁵ Toloken, S., "Pepsi spears content goal", Waste News, March 24, 2002

Compounding situations of Drought

For a list of locations of Pepsi bottling plants located in American States where drought is a major problem please refer to Appendix 1

5. Stakeholder Profile

5.1 Institutional Shareholders

Top 10 Institutional Holders (reported March 31, 2005)

Holder	Shares	% of shares	Value
Barclay's Bank PLC	66,757,971	3.99	\$3,540,175,202
State Street Corporation	53,185,411	3.18	\$2,820,422,345
Capital Research and Management	44,142,800	2.64	\$2,340,892,684
FMR Corporation (Fidelity Management & Research Corp)	42,590,240	2.54	\$2,258,560,427
Vanguard Group, INC.	37,498,728	2.24	\$1,988,557,545
Bank of America Corporation	34,292,035	2.05	\$1,818,506,616
Citigroup INC.	30,875,170	1.84	\$1,637,310,265
Northern Trust Corporation	27,647,604	1.65	\$1,466,152,440
AXA	22,709,214	1.36	\$1,204,269,618
Mellon Financial Corporation	22,550,253	1.35	\$1,195,839,916

[Source: Yahoo Finance]

Top 10 Mutual Fund Holders (reported March 2005)

Holder	Shares	% of Shares	Value
Vanguard 500 Index Fund	15,856,756	.95	\$827,722,663
College Retirement Equities Fund-Stock Account	12,904,692	.77	\$673,624,922
Investment Company of America	11,200,000	.67	\$593,936,000
Washington Mutual Investors Fund	8,400,000	.50	\$445,452,000
Spdr Trust Series 1	7,442,496	.44	\$362,077,430
Vanguard Institutional Index Fund-Institutional Index	7,222,893	.43	\$377,035,014
Fidelity Magelland Fund	7,024,700	.42	\$372,519,841
Vanguard Total Stock Market Index Fund	6,469,811	.39	\$337,724,134
Eaton Vance Tax-Managed Growth Portfolio	6,277,344	.37	\$332,887,552

[Source: Yahoo Finance]

Manager of Shareholder Relations

PepsiCo, Inc.
Purchase, NY 10577
(914) 253-3055

5.2 Suppliers

Some of PepsiCo's suppliers include:

Rexam – Aluminum cans and PET bottles.

Plastipak Packaging In. – This US company supply's Pepsi with plastic packaging, including pet bottles.

Crown Cork and Seal – Supply's Pepsi with aluminum cans.

Southern Gardens Citrus – Supply's Tropicana with not-from-concentrate and concentrated orange juice.

Walther L., and Sons, Inc. – This Michigan family farm supply's Frito-Lay with its potatoes.

Appendix 1

Arizona

Nackard Bottling Co.
4880 E. Railhead Ave.
Flagstaff, AZ, 86994
Phone Number: 928-522-2103
Fax Number: 928-527-3165

Pepsi Bottling Group
7100 Commerce
Kingman, AZ, 86401
Phone Number: 928-757-3158

Pepsi Bottling Group
4242 E. Raymond St.
Poenix, AZ, 85040
Phone Number: 602-437-7000
Fax Number: 602-437-7077

Southeastern Bottling Co of Arizona Inc.
P.O. Box 1076
Safford, AZ, 85546
Phone Number: 928-428-2192
Fax Number: 928-428-9181

Lane Affiliated Companies
3131 E. Transcon Way
Tucson, Az, 85706
Phone Number: 520-294-3030
Fax Number: 520-889-3454

Lane Operating Co Inc
1000 Ave A
Yuma, AZ, 85364
Phone Number: 928-782-4753
Fax Number: 982-782-6502

Idaho

Nagel Beverage Co
5465 Irving St
Boise, ID, 83706
Phone Number: 208-376-2361
Fax Number: 208-376-2796

Pepsi Bottling Group
W 520 Dalton
Coeur D' Alene, ID, 83815
Phone Number: 208-664-9136
Fax Number: 208-765-4801

Admiral Beverage Corporation
714 W Sunnyside
Idaho Falls, ID, 83402
Phone Number: 208-522-1500
Fax Number: 208-529-9877

Idaho Beverages
2108 First Ave No
Lewiston, ID, 83501
Phone Number: 208-743-6535
Fax Number: 208-746-2273

New Mexico

Pepsi Bottling Group
212 Claremont NE
Albuquerque, NM, 87107
Phone Number: 505-880-5000
Fax Number: 505-883-4138

Pepsi Bottling Group
326 S Oliver
Aztec, NM, 87410
Phone Number: 505-334-6412
Fax Number: 800-541-1872

Pepsi Bottling Group
400 N Prince Circle
Clovis, NM, 88101
Phone Number: 505-769-1965
Fax Number: 505-762-6724

Pepsi Bottling Group
1800 S Apache Circle
Gallup, NM, 87301

Phone Number: 505-863-9584
Fax Number: 505-722-2015

Pepsi Las Cruces
3050 Harrelson
Las Cruces, NM, 88004
Phone Number: 505-524-8548
Fax Number: 505-524-0027

Pepsi Bottling Group
3806 S Main St
Roswell, NM, 88201
Phone Number: 505-622-8840
Fax Number: 505-623-3737

Pepsi Bottling Group
2927 Rufina St
Santa Fe, NM, 87501
Phone Number: 505-471-5000
Fax Number: 505-471-6093

Nevada

Pepsi Bottling Group
3333 West Sirius
Las Vegas, NV, 89102

Phone Number: 702-362-7000
Fax Number: 702-222-1118

Pepsi Bottling Group

355 Edison Way
Reno, NV, 89502

Phone Number: 775-856-1387
Fax Number: 775-856-2295

Utah

Pepsi Bottling Group

209 N Old Hwy 91
Hurricane, UT, 84737
Phone Number: 435-628-3677
Fax Number: N/A

Phone Number: 435-637-0062
Fax Number: 435-637-3802

Admiral Beverage Corporation

710 W 200 S
Logan, UT, 84321
Phone Number: 435-752-7524
Fax Number: 435-752-7859

Admiral Beverage Corporation

925 S 800 W
Salina, UT, 48654
Phone Number: 801-529-7531
Fax Number: 801-529-7995

Admiral Beverage Corporation

2751 N 1000 W
Ogden, UT, 84404
Phone Number: 801-737-2580
Fax Number: 801-737-2292

Admiral Beverage Corporation

531 West 600 North
Salt Lake City, UT, 84116
Phone Number: 801-478-1390
Fax Number: 901-975-7485

Admiral Beverage Corporation

2780 N Hwy 80
Ogden, UT, 84404
Phone Number: 801-737-2580
Fax Number: 801-737-2292

Pepsi Bottling Group

3388 W 1987 S
Salt Lake City, UT, 84104
Phone Number: 801-972-7400
Fax Number: 801-972-7470

Admiral Beverage Corporation

2751 N 1000 W
Pleasantview, UT, 84414
Phone Number: 801-782-5072
Fax Number: 801-782-9439

Admiral Beverage Corporation

P.O. Box 6500
Springville, UT, 84663
Phone Number: 801-491-3366
Fax Number: 801-491-3319

Pepsi Bottling Group

334 S 400 East St
Price, UT, 84501

Admiral Beverage Corporation

2199 W Hwy 40 Box 1697
Vernal, UT, 84078
Phone Number: 435-781-2652
Fax Number: 435-781-2346

Wyoming

Wyoming Beverages Inc

6443 W Zero Rd
Casper, WY, 82604
Phone Number: 307-265-0611
Fax Number: 307-237-6125

3550 S Park Loop Dr
Jackson, WY, 83001
Phone Number: 307-733-2960
Fax Number: 307-739-1412

Wyoming Beverages Inc

110 Cleveland Pl
Cheyenne, WY, 82001
Phone Number: 307-634-0831
Fax Number: 307-778-2507

Wyoming Beverages Inc

4275 No 3rd St
Laramie, WY, 82070
Phone Number: 307-745-9213
Fax Number: 307-745-3310

Western Wyoming Beverages Inc

83 Enterprise Ln
Evanston, WY, 82931
Phone Number: 307-789-3526
Fax Number: 307-789-4814

Fremont Beverages Inc

Powell Commerce Park
Powell, WY, 82435
Phone Number: 307-754-7295
Fax Number: 307-754-9254

Wyoming Beverages Inc

2201 East Boxelder Rd
Gillette, WY, 82717
Phone Number: 307-685-2404
Fax Number: 307-685-2407

Wyoming Beverages Inc

9th & Front St
Rawlins, WY, 82301
Phone Number: 307-324-4900
Fax Number: 307-328-1331

Western Wyoming Beverages Inc

Fremont Beverages Inc

1212 Market St
Riverton, WY, 82501

Phone Number: 307-856-9755
Fax Number: 307-857-6834

Western Wyoming Beverages Inc
100 Reliance Rd
Rock Springs, WY, 82901
Phone Number: 307-362-6332
Fax Number: 307-362-6335

Fremont Beverages Inc
821 Pulliam Ave
Worland, WY, 82401
Phone Number: 307-347-4231
Fax Number: 307-347-3571

California

Contact information for Pepsi's 32 bottling locations in California are available at the following website: <http://www.pepsiplace.com/index.cfm?option=bottlermap&action=drilldown&state=CA>

Appendix 2

SUBSIDIARIES:

A R Scott Ltd. (United Kingdom)
Ahmedabad Advertising & Marketing Consultants Ltd. (India)
Ainwick Corp. (Oregon)
Alegro International S De RI De Cv (Mexico)
Alimentos Del Istmo Sa (Panama)
Alimentos Quaker Oats Y Compania Limitada (Guatemala)
Alliance Cannerns (Canada)
Alpac Corp. (Washington)
Anderson Hill Insurance Ltd. (Bermuda)
Angkor Beverages Company Ltd. (Cambodia)
Aradhana Beverages & Foods Co.
Private Ltd. (India)
Aradhana
Snack Food Co. (India)
Aradhana Soft Drinks Co. (India)
B&H Project Inc. (Florida)
Bacchler-Consultadora E Servicos Lda (Portugal)
Baesa Capital Corp. (Cayman Islands)
Beam Bottling Co. (Delaware)
Bebidas Purificadas De Michoacan Sa De Cv (Mexico)
Bebidas Purificadas De Occidente Sa De Cv (Mexico)
Bebidas Purificadas Del Centro Sa De Cv (Mexico)
Bebidas Purificadas Del Cupatitzio Sa De Cv (Mexico)
Beijing Pepsi-Cola Beverage Company Ltd. (China)
Bell Taco Funding Syndicate (Australia)
Beverage Services Ltd. (Bermuda)
Beverage Services Inc. (Delaware)
Beverages Foods & Service Industries Inc. (Delaware)
Blanchard Sa (France)
Bluejay Holdings Llc (Delaware)
Bogota Foods Ltd. (Cayman Islands)
Boquitas Fiestas Llc (Delaware)
Boquitas Fiestas Srl (Honduras)
Border Properties Inc. (New York)
Bottling Investment Chile (Bahamas)
Bottling Realco Nova Scotia Ulc (Canada)
Bramshaw Ltd. (Ireland)
Breckinridge Inc. (Delaware)
Britvic Holdings Ltd. (United Kingdom)
Britvic Soft Drinks Ltd. (United Kingdom)
Bug De Mexico Sa De Cv (Mexico)
Bug Holdings S De RI De Cv (Mexico)
Capital Services Associates Nv (Netherlands Antilles)
Changchun Pepsi-Cola Beverage Co. (China)
Chipiga S. De RI De Cv (Mexico)
Chipima Sociedade De Productos Alimentares Sa (Portugal)
Chipsy For Food Industries Sae (Egypt)
Chipsy International Sae (Egypt)
Chitos International Y Cia Ltd. (Guatemala)
Chongqing Hua Mei Food & Beverage Company Ltd. (China)
Chongqing Pepsi-Tianfu Beverage Co. Ltd. (China)
Chongqing Tianfu Yulong Foodstuff & Beverage Co. (China)
Cmc Investment Co. (Bermuda)
Columbia Foods Ltd. (Cayman Islands)
Comercializadora Nacional Sas Ltda (Columbia)
Comercializadora Snacks Srl (Venezuela)
Compania Embotelladora Nacional Sa De Cv (Mexico)
Copella Fruit Juice Ltd. (United Kingdom)
Copper Beach Llc (Delaware)
Corina Snacks (Cyprus)
Corporativo Internacional Mexicano S De RI De Cv (Mexico)
Cummo Peru Srl (Peru)
Davlyn Realty Corp. (Delaware)
Desarrollo Inmobiliario Gamesa Sa De Cv (Mexico)
Dhillon Kool Drinks & Beverages Ltd. (India)
Distribuidora Disa De Michoacan Sa De Cv (Mexico)
Distribuidora Disa De Uruapan Sa De Cv (Mexico)
Distribuidora Disa Del Centro Sa De Cv (Mexico)
Distribuidora Interestatal Sa De Cv (Mexico)
(Mexico)
Distribuidora Savoy Guatemala Sa (Guatemala)
Doritos Australia One Pty. Ltd. (Australia)
Doritos Australia Two Pty. Ltd. (Australia)
Dormant Pc Ltd. (United Kingdom)
Doro-Sociedade De Productos Alimentares Sa (Portugal)
Duo Juice Co. (Delaware)
Duo Juice Company Bv (Netherlands)
Earthposed Ltd. (United Kingdom)
Eielo Beverage Co. (Delaware)
Elaboradora Argentina De Cereales Sa (Argentina)
Elite Foods Ltd. (Israel)
Embotelladora De Occidente Sa De Cv (Mexico)
Empaques Constar Sa De Cv (Mexico)
Empaques Sewell Sa De Cv (Mexico)
Equipos Y Deportes Exclusivos Sa De Cv (Mexico)
Evercrisp Snack Productos De Chile Sa (Chile)
Export Development Corp. (Delaware)
Fabrica De Productos Alimenticios Rene Sociedad Anemima A. (Guatemala)
Fabrica De Productos Rene Llc (Delaware)
Farm Produce (Australia) Pty Ltd. (Australia)
Fester Industria Alimenticia Ltda (Brazil)
FI Holding Inc. (Delaware)
Fli Andean Llc (Delaware)
Fli Columbia Llc (Delaware)
Fli Snacks Andean Gp Llc (Delaware)
Florida International Fruschtsaft (Germany)
Flrc Inc. (California)
Frito-Lay Australia Holdings Pty Ltd. (Australia)
Frito-Lay Columbia Ltda (Columbia)
Frito-Lay Distribution Ooo (Russia)
Frito-Lay Dominicana Sa (Dominican Republic)
Frito-Lay Foods Ltd. (United Kingdom)
Frito-Lay France Sa (France)
Frito-Lay Gida Sanayi Ve Ticaret

As (Turkey)
Frito-Lay Holdings
Cv (Netherlands)
Frito-Lay Holdings Ltd. (United
Kingdom)
Frito-Lay India (India)
Frito-Lay Investments Bv
(Netherlands)
Frito-Lay Manufacturing
Ooo (Russia)
Frito-Lay Mexico Srl De Cv
(Mexico)
Frito-Lay Netherlands Holding
Bv (Netherlands)
Frito-Lay Poland Sp Zoo (Poland)
Frito-Lay Taiwan Co Ltd.
(Taiwan)
Frito-Lay Trading Company
(Europe)
GmbH (Switzerland)
Frito-Lay Trading Company
GmbH (Switzerland)
Frito-Lay Trinidad Unlimited
(Trinidad
Tobago)
Frito-Lay Venezuela Sa
(Venezuela)
Frito-Lay Inc. (Delaware)
Fuzhou Pepsi-Cola Beverage
Company Ltd. (China)
Gamesa S De Ri De Cv (Mexico)
Gamesa Usa Inc. (Delaware)
Gamesa Llc (Delaware)
Gas Natural De Merida
Sa De Cv (Mexico)
Gatorade De Mexico S
De Ri De Cv (Mexico)
Gatorade Ltd. (United Kingdom)
Gatorade Portugal Services
Da Marketing Sa (Portugal)
Gatorade Puerto Rico Co.
(Puerto Rico)
General Cinema Beverages
Inc. (Delaware)
Golden Grain Co. (California)
Goldfinc.H Holdings
Llc (Delaware)
Green Hemlock Llc (Delaware)
Greenville Holding Corp. (New
Jersey)
Grupo Gamesa S De Ri De Cv
(Mexico)
Guangzhou Flavours
Development Corp.
(China)
Guangzhou Pepsi-Cola
Beverage Co. Ltd. (China)
Guangzhou Quaker Oats
Beverages & Food Co. Ltd.
(China)
Guangzhou Tropicana Beverages
Co. Ltd. (China)
Guilin Pepsi-Cola Beverage
Company Ltd. (China)
Harinera Monterrey Sa De Cv
(Mexico)
Heathland Lp (Delaware)
Hillbrook Insurance Company
Inc.
(Vermont)

Holland Snacks Sa De Cv
(Mexico)
Homefinding Company Of Texas
(Texas)
Hostess-FI Nro Ulc (Canada)
Hurdell Holdings Llc (Delaware)
Hurdell Holdings S De Ri
(Mexico)
Importadora Gator Sa De Cv
(Mexico)
Impulse Action Ltd. (United
Kingdom)
Inmobiliaria Guesa Sa De Cv
(Mexico)
Inmobiliaria Interameri
cana Sa De Cv (Mexico)
Integrated Beverage Services
(Bangladesh) Ltd. (Bangladesh)
International Bottlers Almaty Ltd.
(Kazakstan)
International Kas Ag
(Liechtenstein)
Inversiones Pfi Chile Limitada
(Chile)
Inversiones Santa Coloma
Sa(Venezuela)
Japan Frito-Lay Ltd. (Japan)
Jfs Enterprises Inc. (Florida)
Jinan Pepsi-Cola Beverage
Company Ltd. (China)
Jordan Ice & Aerated Water Ltd.
(Jordan)
Jungla Mar Del Sur (Costa Rica)
Kirin-Tropicana Inc. (Japan) Krj
Holdings Srl De Cv (Mexico)
Kyle Receivables Ltd. (Ireland)
Larragana Holdings 1 Llc
(Delaware)
Larragana Holdings 2 Llc
(Delaware)
Larragana Holdings 3 Llc
(Delaware)
Larragana Holdings 4 Llc
(Delaware)
Larragana Holdings 5 Llc
(Delaware)
Larragana Si (Spain)
Latin American Holdings Ltd.
(Cayman Islands)
Latin American Snack Foods
Aps (Denmark)
Latin Foods Llc (Delaware)
Latvia Snacks Ltd. (Latvia)
Ligloo Sa (France)
Lithuanian Snacks Ltd.
(Lithuania)
Long Bay Inc. (Delaware)
Looza Nv (Belgium)
Looza Usa Inc. (Delaware)
Lp Investment Llc (Delaware)
Malpensa Consultadoria E
Servicos
Lda (Portugal)
Maple Ltd. (Cayman Islands)
Matudis-Comercio De Productos
Alimentaries Ltd. (Portugal)
Matutano-Sociedade De
Productos
Alimentares Unipesoal Lda
(Portugal)

Meadowlark Holdings Llc
(Delaware)
Mexhut Inc. (Delaware)
Mexichip Inc. (Delaware)
Mexsport Inc. (Delaware)
Midland Bottling Co. (Delaware)
Mountain Dew Marketing Inc.
(Delaware)
Mountainview Insurance
Company Inc. (Vermont)
Nanchang Pepsi-Cola Beverage
Company Ltd. (China)
Nanjing Pepsi-Cola Beverage
Company Ltd. (China)
Nasser (Ireland)
National Beverages Inc. (Florida)
Nciv Inc. (Delaware)
New Age Beverages Ltd.
(South Africa)
New Century Beverage Co.
(California)
New Generation Beverages
Pty Ltd. (Australia)
North Pacific Territories Holding
Co. (Washington)
Ole Springs (Sri Lanka)
Opco Holding Inc. (Delaware)
Orion Frito-Lay Corp. (South
Korea)
Otg Development Inc. (Delaware)
Pt Indofood Frito-Lay Makmur
(Indonesia)
Pt Pepsi-Cola Indobeverage
(Indonesia)
Pagam Corp. (Delaware)
Panagarh Marketing Company
Ltd. (India)
Panimex Inc. (Mauritius)
Papas Chips (Uruguay)
Pasteleria Vienesa Ca
(Venezuela)
Pbi Fruit Juice Company Bvba
(Belgium)
Pcbl Llc (Delaware)
Pci Bahamas Investment Co.
(Delaware)
Pcm Finance Llc (Delaware)
Pei E Companhia (Portugal)
Pei Nv (Netherlands Antilles)
Peninsular Beverage Service
Sdn Bhd (Malaysia)
Pepsi Bottling Holdings Inc.
(Delaware)
Pepsi Bottling Ventures Llc
(Delaware)
Pepsi Bugshan Investment Co.
(Egypt)
Pepsi-Cola Ukraine (Ukraine)
Pepsi Foods Private Ltd. (India)
Pepsi India Exports (India)
Pepsi International Bottling
System Inc. (Delaware)
Pepsi Lipton International
Ltd. (Ireland)
Pepsi Overseas (Investments)
(Canada) (Partnership)
Pepsi Promotions Inc. (Delaware)
Pepsi Srl (Italy)
Pepsi-Asia Beverage Co Ltd.

(China)
 Pepsi-Beibing Yang Beverage Co Ltd. (China)
 PepsiCo & Cia (Brazil)
 PepsiCo (China) Ltd. (China)
 PepsiCo (India) Holdings Private Ltd.
 (India)
 PepsiCo (Ireland) Ltd. (Ireland)
 PepsiCo Antilles Holdings Nv (Netherlands Antilles)
 PepsiCo Australia Holdings Pty Ltd.
 (Australia)
 PepsiCo Beverage (Guangzhou) Ltd. (China)
 PepsiCo Beverage International Vietnam Co. (Vietnam)
 PepsiCo Beverages (Hong Kong) Ltd.
 PepsiCo Beverages International Ltd.
 (Nigeria)
 PepsiCo Beverages Italia Srl (Italy)
 PepsiCo Beverages Switzerland Gmbh (Switzerland)
 PepsiCo Canada (Holdings) Co. (Canada)
 PepsiCo Canada Finance Llc (Delaware)
 PepsiCo Captive Holdings Inc. (Delaware)
 PepsiCo Comercial Exportadora (Brazil)
 PepsiCo De Argentina Srl (Argentina)
 PepsiCo De Mexico Sa De Cv (Mexico)
 PepsiCo Do Brasil Ltda (Brazil)
 PepsiCo Do Brazil Holdings Ltda (Brazil)
 PepsiCo Espana Inversiones Sl (Spain)
 PepsiCo Estonia (Estonia)
 PepsiCo Finance (Antilles A) Nv (Delaware)
 PepsiCo Finance (Antilles B) Nv (Netherlands Antilles)
 PepsiCo Finance (South Africa) (Proprietary) Ltd. (South Africa)
 PepsiCo Finance (Uk) Ltd. (United Kingdom)
 PepsiCo Finance Europe Ltd. (United Kingdom)
 PepsiCo Finance Luxembourg Ltd.
 (United Kingdom)
 PepsiCo Fleet Services Ltd. (United Kingdom)
 PepsiCo Foods & Beverages International Ltd. (United Kingdom)
 PepsiCo Foods (China) Co Ltd. (China)
 PepsiCo Foods Canada Inc. (Canada)
 PepsiCo Foods Hellas (Greece)
 PepsiCo Foods International Holdings Inc. (Delaware)
 PepsiCo Foods International Pte Ltd. (Singapore)
 PepsiCo Foreign Sales Corp. (Barbados)
 PepsiCo France Snc (France)
 PepsiCo Global Investment Holding Ltd. (Ireland)
 PepsiCo Global Investments Bv (Netherlands)
 PepsiCo Global Investments Ii Bv (Netherlands)
 PepsiCo Holdings (United Kingdom)
 PepsiCo Holdings Hong Kong Ltd.
 PepsiCo International (Gulf) Fze (Dubai)
 PepsiCo International Ireland (Ireland)
 PepsiCo International Ltd. (United Kingdom)
 PepsiCo International Trading (Shanghai) Ltd. (China)
 PepsiCo Investment (China) Ltd. (China)
 PepsiCo Investments (Europe) I Bv (Netherlands)
 PepsiCo Investments (Europe) Ii Bv (Netherlands)
 PepsiCo Investments Denmark Ltd. I Aps (Denmark)
 PepsiCo Light Bv (Netherlands)
 PepsiCo Mauritius Holdings Inc. (Mauritius)
 PepsiCo Max Bv (Netherlands)
 PepsiCo Nordic Denmark As (Denmark)
 PepsiCo Nordic Finland Oy (Finland)
 PepsiCo Nordic Norway As (Norway)
 PepsiCo Nordic Sweden Ab (Sweden)
 PepsiCo One Bv (Netherlands)
 PepsiCo Overseas Corp. (Delaware)
 PepsiCo Pacific Trading Company Ltd. (Hong Kong)
 PepsiCo Pension Management Services Ltd. (Delaware)
 PepsiCo Products Bv (Netherlands)
 PepsiCo Property Management Ltd. (United Kingdom)
 PepsiCo Puerto Rico Inc. (Delaware)
 PepsiCo Services International Inc. (Delaware)
 PepsiCo Uk Pension Trust Ltd. (United Kingdom)
 PepsiCo World Trading Company Inc. (Delaware)
 Pepsi-Cola (Bermuda) Ltd. (Bermuda)
 Pepsi-Cola (Thai) Trading Company Ltd. (Thailand)
 Pepsi-Cola Ao (Russia)
 Pepsi-Cola Advertising & Marketing Inc. (Delaware)
 Pepsi-Cola Belgium Sa (Belgium)
 Pepsi-Cola Bottlers Holding Cv (Netherlands)
 Pepsi-Cola Bottling Co. Of Los Angeles (California)
 Pepsi-Cola Bottling Company Of Ohio Inc. (Delaware)
 Pepsi-Cola Bottling Company Of St Louis Inc. (Missouri)
 Pepsi-Cola Canada Ltd. (Canada)
 Pepsi-Cola Co. (Delaware)
 Pepsi-Cola De Honduras Srl (Honduras)
 Pepsi-Cola East Africa Ltd. (United Kingdom)
 Pepsi-Cola Egypt (Egypt)
 Pepsi-Cola Equipment Corp. (New York)
 Pepsi-Cola Far East Trade Development Co. Inc. (Philippines)
 Pepsi-Cola Fountain Company Inc. (Delaware)
 Pepsi-Cola Gesellschaft Mbh (Austria)
 Pepsi-Cola Gmbh (Germany)
 Pepsi-Cola Industrial Da Amazonia Ltda (Brazil)
 Pepsi-Cola Interamericana De Guatemala Sa (Guatemala)
 Pepsi-Cola International (Cyprus)
 Pepsi-Cola International (Pvt) Ltd. (Pakistan)
 Pepsi-Cola International Ltd. (Bermuda)
 Pepsi-Cola International Ltd. (Delaware)
 Pepsi-Cola International Tanitim Ltd. (Turkey)
 Pepsi-Cola International Cork (Ireland)
 Pepsi-Cola Kft Hungary (Hungary)
 Pepsi-Cola Korea Co. Ltd. (South Korea)
 Pepsi-Cola Latin American Brands S
 De Rl De Cv (Netherlands)
 Pepsi-Cola Magreb (Morocco)
 Pepsi-Cola Mamulleri Limited Sirketi (Turkey)
 Pepsi-Cola Management & Administrative Services Inc. (Delaware)
 Pepsi-Cola Manufacturing (Ireland) (Ireland)

Pepsi-Cola Manufacturing (Mediterranean) Ltd. (Bermuda)
 Pepsi-Cola Manufacturing Company Of Uruguay Srl (Uruguay)
 Pepsi-Cola Manufacturing International Ltd. (Bermuda)
 Pepsi-Cola Marketing Corp. Of P.R. Inc. (Puerto Rico)
 Pepsi-Cola Mediterranean Ltd. (Delaware)
 Pepsi-Cola Metropolitan Bottling Company Inc. (New Jersey)
 Pepsi-Cola Metropolitan Llc (Delaware)
 Pepsi-Cola Mexicana Sa De Cv (Mexico)
 Pepsi-Cola Operating Company Of Chesapeake & Indianapolis (Delaware)
 Pepsi-Cola Panamericana Scr Ltda (Peru)
 Pepsi-Cola Panamericana Llc (Delaware)
 Pepsi-Cola Panamericana Srl (Venezuela)
 Pepsi-Cola Portugal Marketing E Servicos De Bebidas Lda (Portugal)
 Pepsi-Cola Products Philippines Inc. (Philippines)
 Pepsi-Cola Sales & Distribution Inc. (Delaware)
 Pepsi-Cola Tea Co. (Delaware)
 Pepsi-Cola Technical Operations Inc. (Delaware)
 Pepsi-Cola Trading Ireland (Ireland)
 Pepsi-Cola Venezuela Ca (Venezuela)
 Pfi Agriculture Europe Ltd. (United Kingdom)
 Pfi Italia Srl (Italy)
 Pgcc Inc. (Delaware)
 Pie Holdings Ltd. (Ireland)
 Pine International Llc (Delaware)
 Pizza Hut Inc. (Delaware)
 Planters Uk Ltd. (United Kingdom)
 Playco Inc. (Delaware)
 Polis Srl (Italy)
 Praga 45 Inc. (Delaware)
 Prestwick Inc. (Delaware)
 Productos Gatorade De Mexico S De Ri De Cv (Mexico)
 Productos Industrializados Saltillo Sa (Mexico)
 Productos Quaker Limitada (Colombia)
 Productos Sas Cv (Netherlands)
 Productos Sas Management Bv (Netherlands)
 Progress Service Inc. (Florida)
 Prs Inc. (Delaware) Pt
 Gatorade Indonesia (Indonesia)

Punch Nv (Netherlands Antilles)
 Putnam Holdings Inc. (Delaware)
 Pv Merger Corp. (Illinois)
 Qfl Ohq Sdn Bhd (Malaysia)
 Qtg Canada Inc. (Canada)
 Quaker Bebidas Sl (Spain)
 Quaker Beverages Italia Spa (Italy)
 Quaker Brazil Ltda (Brazil)
 Quaker De Chile Limitada (Delaware)
 Quaker Development Bv (Netherlands)
 Quaker Europe Ltd. (United Kingdom)
 Quaker European Beverages Llc (Delaware)
 Quaker European Investments Bv (Netherlands)
 Quaker Foods Ltd. (United Kingdom)
 Quaker Global Investments Bv (Netherlands)
 Quaker Holdings (Uk) Ltd. (United Kingdom)
 Quaker Manufacturing Llc (Delaware)
 Quaker Mexico Holdings Llc
 Quaker Oats (Shanghai) Food Co Ltd. (China)
 Quaker Oats Asia Inc. (Delaware)
 Quaker Oats Australia Pty Ltd. (Australia)
 Quaker Oats Capital Corp. (Delaware)
 Quaker Oats Europe Llc (Delaware)
 Quaker Oats Europe Inc. (Delaware)
 Quaker Oats Holdings Inc. (Delaware)
 Quaker Oats Japan Ltd. (Japan)
 Quaker Oats Ltd. (United Kingdom)
 Quaker Oats Philippines Inc. (Delaware)
 Quaker Oats Puerto Rico Inc. (Puerto Rico)
 Quaker Oats Bv (Netherlands)
 Quaker Old Trading Ltd. (United Kingdom)
 Quaker Products (Malaysia) Sdn B (Malaysia)
 Quaker Products (Malaysia) Sdn B (Delaware)
 Quaker Products Ltd. (United Kingdom)
 Quaker Products Manufacturing Import Export & Marketing Ltd. (Turkey)
 Quaker Sales & Distribution Inc. (Delaware)
 Quaker South Africa Inc. (Delaware)
 Quaker Subco Ltd. (United Kingdom)
 Quaker Trading Ltd. (United

Kingdom)
 Quic Ltd. (Bermuda)
 Quixley Ltd. (British Virgin Islands)
 Recot Inc. (Delaware)
 Red Maple Llc (Delaware)
 Refrigerantes Sul Riograndenses Sa (Brazil)
 Regia-Comercial E Publicidade Ltda (Brazil)
 Rolling Frito-Lay Sales Lp (Delaware)
 Ruscan Inc. (New York)
 Sve (Hungary) Trading & Manufacturing Ltd. (Hungary)
 Sw Frito-Lay Ltd. (Texas)
 Sabritas De Costa Rica S De Ri (Costa Rica)
 Sabritas De Panama Sa (Panama)
 Sabritas Y Compania Sca (El Salvador)
 Sabritas Llc (Delaware)
 Sabritas Sa De Ri De Cv (Mexico)
 Saudi Snack Foods Company Ltd. (Saudi Arabia)
 Savoy Austral Ltd. (Cayman Islands)
 Senrab Ltd. (Ireland)
 Serm Suk Public Company Ltd. (Thailand)
 Servicios Calificados Sa De Cv (Mexico)
 Servicios Chipiga S De Ri De Cv (Mexico)
 Servicios Operativos Gatorade De Mexico S De Ri De Cv (Mexico)
 Seven-Up Asia Inc. (Missouri)
 Seven-Up Canada Co. (Canada)
 Seven-Up Europe Ltd. (United Kingdom)
 Seven-Up Great Britain Inc. (Missouri)
 Seven-Up Ireland Ltd. (Ireland)
 Seven-Up Light Bv (Netherlands)
 Seven-Up Marketing Sa (Delaware)
 Seven-Up Nederland Bv (Netherlands)
 Seven-Up Southern Hemisphere Inc. (Missouri)
 Shanghai Pepsico Snacks Company Ltd. (China)
 Shanghai Pepsi-Cola Beverage Company Ltd. (China)
 Shanghai Tropicana Beverages Co. Ltd. (China)
 Shanghi Quaker Oats Beverages Co. Ltd. (China)
 Shenzhen Pepsi-Cola Beverage Co. Ltd. (China)
 Sichuan Pepsi-Cola Beverage Co. Ltd.

(China)
Sih International Llc (Delaware)
Sika Silk Company Ltd. (China)
Simba (South Africa)
Smartfoods Inc. (Delaware)
Smiths Crisps Ltd. (United Kingdom)
Smiths Food Group Bv (Netherlands)
Snack Food Belgium Sa (Belgium)
Snack Food Holdings Cv (Netherlands)
Snack Food Investments Gmbh (Switzerland)
Snack Food Investments Li Gmbh (Switzerland)
Snack Ventures Europe Sca (Belgium)
Snack Ventures Inversiones Sl (Spain)
Snack Ventures Manufacturing Sl (Spain)
Snacks America Latina Ecuador Cia Ltda (Ecuador)
Snacks America Latina Peru Srl (Peru)
Snacks America Latina Srl (Peru)
Snacks America Latina Venezuela Srl (Venezuela)
Snacks Guatemala Ltd. (Bermuda)
Snacks Ventures Sa (Spain)
Sobe Operating Corp. Inc. (Delaware)
Societe Moderne Libanaise Pour Le Commerce (Lebanon)
Soda Bottler Ltd. (Tanzania)
South Beach Beverage Company Inc. (Delaware)
Special Edition Beverages Ltd. (New Zealand)
Special Editions Enterprises Ltd. (New Zealand)
Sportmex Internacional Sa De Cv (Mexico)
Stokley-Van Camp Inc. (Indiana)
Svc Equipment Co. (Delaware)
Svc Latin America Inc. (Delaware)
Svc Latin America Llc (Delaware)
Svc Logistics Inc. (Delaware)
Svc Manufacturing Inc. (Delaware)
Sve Italia (Italy)
Sve Russia Holdings Gmbh (Germany)
Tastes Of Adventures Pty Ltd. (Australia)
Tasty Foods Sa (Greece)
Tfl Holdings Inc. (Delaware)
Beverage Srl (Italy)
Concentrate Manufacturing Company (China)
Of Ireland (Ireland)
Gatorade Co. (Delaware)
Gatorade Company Of Australia Pty Ltd. (Australia)
Original Pretzel Company Pty. Ltd. (Australia)
Quaker Oats Co. (New Jersey)
Radical Fruit Company Of New York (Ireland)
Smiths Snack Food Company Pty. Ltd. (Australia)
Tianjin Pepsico Foods Co Ltd. (China)
Tianjin Pepsi-Cola Beverage Company Ltd. (China)
Tobacco Snack Holding Llc (Delaware)
Tpi Urban Renewal Corp. (New Jersey)
Tropicana Alvalle Sa (Spain)
Tropicana Beverage (Huizhou) Co. Ltd. (China)
Tropicana Beverages Co. (India)
Tropicana Beverages Greater China Ltd. (Hong Kong)
Tropicana Beverages Ltd. (Hong Kong)
Tropicana Europe Nv (Belgium)
Tropicana France Sa (France)
Tropicana Industrial Glass Co. (Florida)
Tropicana Inversiones Sl (Spain)
Tropicana Looza Benelux Bvba (Belgium)
Tropicana Manufacturing Co. (Delaware)
Tropicana Payroll Inc. (Florida)
Tropicana Products (Europe) Gmbh (Germany)
Tropicana Products Sales Inc. (Delaware)
Tropicana Products Inc. (Delaware)
Tropicana Sweden Ab (Sweden)
Tropicana Transportation Corp. (Delaware)
Tropicana United Kingdom Ltd. (United Kingdom)
Twinpack Atlantic Inc. (Canada)
Twisties Australia One Pty Ltd. (Australia)
Twisties Australia Two Pty Ltd. (Australia)
Ukrainian Developmental Corp. (Ukraine)
United Foods Company Sa (Brazil)
Valores Bermuda Srl (Venezuela)
Valores Mapumar (Venezuela)
Veurne Snack Foods Bvba (Belgium)
Vista Fountain Equipment Llc (Delaware)
Walker Snacks (Distribution) Ltd. (United Kingdom)
Walkers (Nominees) Ltd. (United Kingdom)
Walkers Acquisition Company Ltd. (United Kingdom)
Walkers Crisps Ltd. (United Kingdom)
Walkers Group Ltd. (United Kingdom)
Walkers Intermediate Holding Company Ltd. (United Kingdom)
Walkers Snack Foods Ltd. (United Kingdom)
Walkers Snacks Ltd. (United Kingdom)
Walkers Snacks Services Ltd. (United Kingdom)
Weinkellerei Franz Weber Gmbh Nierstein (Germany)
Wetter Beverage Co. (Delaware)
Wilson International Sales Corp. (Delaware)
Wotsits Brands Ltd. (United Kingdom)
Wuhan Pepsi-Cola Beverage Co. Ltd. (China)