Deposit States Have Higher Beverage Container Recycling Rates

Deposit States
- Aluminum: 84%
- PET: 48%
- Glass: 65%

Non-Deposit States
- Aluminum: 39%
- PET: 20%
- Glass: 25%

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To Our Valued Foodservice Customers,

I would like to take this opportunity to thank you for featuring PepsiCo brands in your beverage portfolio. We are proud of our products and service and are constantly looking to drive what is next. Our goal is to help you build sustainable growth by innovating new ways to delight and engage consumers while continuing to provide a broad portfolio of products and platforms. As we do every year at this time, we are writing to communicate our pricing for 2018-2019.

Many different factors are considered when evaluating pricing decisions – including macro-trends, competition, commodity prices, and our strategic investments to provide superior service, marketing and advertising, and innovation to accelerate category growth. This year our business has experienced significant, unplanned increases across major commodity markets – including crude, aluminum, and PET - along with unprecedented rises in transport and logistics costs. Aluminum tariffs represent further unplanned inflation. To offset a portion of these additional pressures, support our investments, and continue to provide the highest quality products and service, we will be implementing a price increase on many products varying by brand and package. These increases will be effective on deliveries beginning July 1, 2018, unless the timing of your contract states otherwise. In addition to this annual price increase, your invoices for product deliveries in certain U.S. geographies may include amounts related to certain government-mandated beverage taxes or similar fees that are or will become effective in 2018 in various cities, counties or states.

Our long-term goal is to help grow your business by offering a winning line-up of beverages and providing unequaled service, relevant innovation, world class marketing, and great consumer value. We believe that these are the key drivers of long-term profitable growth.

While we recognize that price changes can be challenging for our customers, these changes will help support investments in your business that we believe will help drive balanced, sustainable revenue growth. Additional detail will be provided by your account manager. On behalf of all the associates at PepsiCo Foodservice, thank you again for your business.

Sincerely,

Heather Hoytink
Senior Vice President
PepsiCo Foodservice Field Sales
As leaders of our industry, we remain committed to providing the highest quality products, unequaled service, constant innovation, world-class marketing and consistent consumer value. We believe that these are the key drivers of long-term profitable category growth. Balanced and consistent marketplace pricing actions are the key enabler of these investments.

Many different factors are considered when evaluating pricing decisions – including macro-trends, competition, commodity prices and strategic investments. No single factor determines pricing actions. However, our commodity and operating environment continues to exceed inflation expectations, impacting raw material input costs and our cost to serve.

This letter is to inform you that PepsiCo North America Beverages will be implementing broad marketplace price actions to offset a portion of these additional pressures. Effective on January 1, 2019, PepsiCo North America Beverages intends to take a minimum of 4.5% pricing on our portfolio, unless your contract states otherwise. Your account representative may provide you with additional details within the next few weeks.

While we recognize that price increases can be challenging for our customers, these price moves will enable us to continue our investments in growing your business through world class marketing, providing the highest quality products, and exciting brand and packaging innovations. This balanced approach will drive overall category health and support a balance between volume, value and revenue growth.

As always, thank you in advance for your continued support.

Heather Hoytink
Senior Vice President Foodservice Field Sales