

PEPSICO INC
Form DEF 14A
March 16, 2018
Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule
14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

PepsiCo, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- | | |
|-----|---|
| (1) | Title of each class of securities to which transaction applies: |
| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction: |

Edgar Filing: PEPSICO INC - Form DEF 14A

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Table of Contents

Performance with Purpose is our vision to deliver top-tier financial performance over the long term by integrating sustainability into our business strategy, leaving a positive imprint on society and the environment

Table of Contents

Dear Fellow PepsiCo Shareholders:

“In the 21st century, being a great company means being a good company. At PepsiCo, we are focused not only on the coming quarters, but the coming years, considering not only the level, but the duration of returns, while being responsive to the needs of the world around us.”

INDRA K. NOOYI

Chairman of the Board of Directors
and Chief Executive Officer

I am pleased to invite you to attend our 2018 Annual Meeting of Shareholders on Wednesday, May 2, 2018 at 9:00 a.m. Eastern Daylight Time. The Meeting will be held at the New Bern Riverfront Convention Center in New Bern, North Carolina, the “birthplace” of Pepsi. We hope you will attend, but for those who cannot, we will offer a live webcast of our Annual Meeting on our website at www.pepsico.com under “Investors” – “Events and Presentations.”

Our strategy has enabled us to deliver strong performance in the short term and invest in the long term

Our results in 2017 build on our strong track record over the past five years. We are proud of what we have accomplished, particularly in light of challenges posed by global megatrends impacting the food and beverage industry – from macroeconomic and political volatility and the continued rebalancing of the economic world; to shifting consumer preferences and increasing demand for more nutritious foods and beverages; to the disruption of the retail landscape; to the emergence of niche brands; to the pace of digital innovation.

We believe the steps we have taken over the past year have helped address these key challenges and position us to emerge even stronger from this period of change, by continuing to focus on:

- expanding our product portfolio and leveraging the strength of our distribution system to offer consumers more nutritious foods and beverages and a wide array of choices;
- strengthening our retail and foodservice relationships;
- minimizing our environmental footprint;
- building on our capabilities in design, e-Commerce and digital solutions to meet changing consumer consumption patterns and capture cost savings while streamlining our operations; and
- investing in our associates so that we have the talent base to position us for continued growth.

By focusing on these areas, we are building a business that balances top-line growth and productivity, while reinvesting savings back into the business towards capabilities and technologies that we believe will enable us to adapt and thrive in this dynamic environment and deliver value to our shareholders over the long term. This approach has enabled us to increase our annualized dividend per share for the 46th consecutive year, including the 15 percent increase that will take effect with the June 2018 dividend payment, and has allowed us to return a total of \$38 billion in cash to shareholders through dividends and share repurchases over the past five years alone.

Our strategy continues to be guided by our steadfast focus on managing the business responsibly and sustainably through Performance with Purpose

We delivered strong performance in 2017 by embracing an approach that has guided our strategy over the past decade and has enabled us to transform our business in a way that is sustainable and consistent with our values. Our vision – what we call Performance with Purpose – is to deliver top-tier financial performance over the long term by integrating sustainability into our business strategy, leaving a positive imprint on society and the environment. Our Performance with Purpose 2025 goals are designed to build on our progress and broaden our efforts across not only our Company, but our value chain, our industry and the world in a way that will enable us to further respond to changing consumer and societal needs in the face of new and increasing opportunities, challenges and uncertainties.

Our Board is actively engaged in the Company’s strategy

Edgar Filing: PEPSICO INC - Form DEF 14A

As stewards of our Company, our Board plays an essential role in determining PepsiCo's overall long-term strategy. Our Board has deep experience and expertise in the area of strategy development and insights into the most important

PEPSICO 2018 PROXY STATEMENT | 1

Table of Contents

issues facing the Company. Our entire Board acts as a strategy committee and discusses the Company's key priorities annually in an extensive review of the Company's plans and throughout the year at almost every Board meeting, including during executive session without Company management present.

As we believe our performance is inextricably linked to the sustainability of the world in which we operate, sustainability topics are integral to our business strategy. As a result, the full Board considers sustainability issues as a vital element of its business oversight. To align with the new Performance with Purpose 2025 goals, our Board refined the roles of its Committees by creating a new Public Policy and Sustainability Committee in 2017. This Committee, which is comprised entirely of independent directors, assists the Board in providing more focused oversight of the Company's policies, programs and related risks that concern key public policy and sustainability matters.

We value the diversity of thought, experience and background in our Boardroom

As our Company's long-term strategy evolves, so do the skills, qualifications and experience that the Board seeks in its director nominees. The Board has a robust succession planning process designed to regularly review the mix of skills, qualifications and experience of the directors currently on the Board and needed in the future, as well as to identify individuals whose skills, qualifications and experience will enable them to meaningfully contribute to shaping our long-term business strategy.

We are extremely proud of the ongoing evolution of our Board and its track record on refreshment. We strive to maintain an appropriate balance of tenure, diversity, skills, qualifications and experience on the Board. Six members of the current Board have joined since 2014 and each brings new perspectives and ideas to the Board. At the same time, the Board believes it is equally important to benefit from the valuable experience and continuity that longer-serving directors bring to the Board. Twelve of the thirteen director nominees are independent and the average tenure of our independent director nominees is approximately six years. Nearly forty percent of our director nominees are women or ethnically diverse individuals and the three women on our Board all hold Board leadership positions. Six director nominees are citizens of countries other than the United States, providing management with a broad array of opinions and perspectives that are reflective of our global businesses.

Underpinning our performance is our enduring commitment to ethical business practices and strong corporate governance and tone at the top

At PepsiCo, we believe acting ethically and responsibly is not only the right thing to do, but also the right thing for our business. The Board has consistently demonstrated an enduring commitment to strong corporate governance practices and setting a strong tone at the top of the Company. We have adopted comprehensive corporate standards and policies to govern our operations and facilitate accountability for our actions.

We believe strong corporate governance and an ethical culture are the foundation for financial integrity, investor confidence and sustainable performance. We are focused on advancing our vision with honesty, fairness and integrity. PepsiCo is honored to have been named among Ethisphere's World's Most Ethical Companies for the twelfth consecutive year.

We value your views

The feedback we receive from our shareholders and other stakeholders is a cornerstone of our corporate governance practices. We believe that regular, transparent communication is essential to PepsiCo's long-term success, and we have a longstanding practice of regularly engaging with our shareholders and other stakeholders – such as customers, consumers, suppliers, associates, advocacy groups, governments and communities – on all aspects of our business. These important external viewpoints inform our decisions and our strategy. Through our ongoing dialogue with you, we seek to ensure that corporate governance at PepsiCo is a dynamic framework that can both accommodate the demands of a rapidly changing business environment and remain responsive to the priorities of our shareholders and other stakeholders.

Your vote is important

Whether or not you plan to attend the Annual Meeting in person, we encourage you to vote promptly. You may vote by telephone or over the Internet, or by completing, signing, dating and returning the enclosed proxy card or voting instruction form if you requested to receive printed proxy materials.

On behalf of our Board of Directors and all of our PepsiCo associates, thank you for being a PepsiCo shareholder and for your continued support of PepsiCo.

Sincerely,

Indra K. Nooyi
Chairman of the Board of Directors and
Chief Executive Officer
March 16, 2018

[2 | PEPSICO 2018 PROXY STATEMENT](#)

Table of Contents

Notice of 2018 Annual Meeting of Shareholders

Date and Time

Wednesday, May 2, 2018
9:00 a.m. Eastern Daylight Time

Place

The New Bern Riverfront Convention Center
203 South Front Street
New Bern, North Carolina 28560

Items to be Voted On

- 1** Elect as directors the 13 nominees named in the attached Proxy Statement.
- 2** Ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2018.
- 3** Provide advisory approval of executive compensation.
- 4** Act upon one shareholder proposal described in the attached Proxy Statement, if properly presented.

Record Date

Holders of record of our Common Stock as of the close of business on March 1, 2018 will be entitled to notice of, and to vote at, the Annual Meeting.

By Order of the Board of Directors,

David Yawman
Corporate Secretary
March 16, 2018

Live Webcast

The Annual Meeting will be webcast live on our website at www.pepsico.com under “Investors”—“Events and Presentations” beginning at 9:00 a.m. Eastern Daylight Time on May 2, 2018.

Proxy Voting

Your vote is very important. Whether or not you plan to attend the Annual Meeting in person, please promptly vote by telephone or over the Internet, or by completing, signing, dating and returning your proxy card or voting instruction form so that your shares will be represented at the Annual Meeting.

Advance Voting Methods

Telephone

Internet

Mail

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 2, 2018.

Our Notice of Annual Meeting, Proxy Statement and Annual Report for the fiscal year ended December 30, 2017 are available at www.pepsico.com/proxy18.

We are making the Proxy Statement and the form of proxy first available on or about March 16, 2018.

PEPSICO 2018 PROXY STATEMENT | 3

Table of Contents**Table of Contents**

<u>Proxy Statement Summary</u>	5
<u>Election of Directors (Proxy Item No. 1)</u>	11
<u>Director Nominees</u>	12
<u>Director Election Requirements and Majority-Vote Policy</u>	20
<u>Board Composition and Refreshment</u>	21
<u>Comprehensive, Ongoing Process for Board Succession Planning and Selection and Nomination of Directors</u>	21
<u>Directors' Skills, Qualifications and Experience</u>	22
<u>Attributes of Individual Nominees</u>	22
<u>Consideration of Board Diversity</u>	22
<u>Director Orientation and Continuing Education</u>	23
<u>Board and Committee Self-Assessments</u>	23
<u>Shareholder Recommendations and Nominations of Director Candidates</u>	24
<u>Corporate Governance at PepsiCo</u>	25
<u>Our Governance Philosophy</u>	25
<u>Our Global Code of Conduct</u>	25
<u>Our Board of Directors</u>	25
<u>Board Leadership Structure</u>	26
<u>Director Independence</u>	27
<u>Related Person Transactions</u>	27
<u>Committees of the Board of Directors</u>	29
<u>The Board's Role in Strategy Oversight</u>	32
<u>The Board's Oversight of Risk Management</u>	33
<u>The Board's Role in Human Capital Management and Talent Development</u>	33
<u>Shareholder Engagement</u>	34
<u>Our Commitment to Sustainable Business Practices</u>	35
<u>Political Contributions Policy</u>	35
<u>Communications with the Board</u>	35
<u>2017 Director Compensation</u>	37
<u>Annual Compensation</u>	37
<u>Initial Share Grant</u>	37
<u>Governance Features</u>	37
<u>2017 Non-Employee Director Compensation</u>	38
<u>Ratification of Appointment of Independent Registered Public Accounting Firm (Proxy Item No. 2)</u>	40
<u>Audit Committee Report</u>	40
<u>Audit and Other Fees</u>	42
<u>Advisory Approval of Executive Compensation (Proxy Item No. 3)</u>	43
<u>Executive Compensation</u>	44
<u>Compensation Discussion and Analysis</u>	44
<u>2017 Summary Compensation Table</u>	60
<u>2017 Grants of Plan-Based Awards</u>	62
<u>2017 Outstanding Equity Awards at Fiscal Year-End</u>	63
<u>2017 Option Exercises and Stock Vested</u>	64
<u>2017 Pension Benefits</u>	65
<u>2017 Non-Qualified Deferred Compensation</u>	67
<u>Potential Payments on Termination or Change in Control</u>	68
<u>Compensation Committee Report</u>	69
<u>CEO Pay Ratio</u>	70
<u>Securities Authorized for Issuance under Equity Compensation Plans</u>	71
<u>Shareholder Proposal (Proxy Item No. 4)</u>	72
<u>Shareholder Proposal Regarding Special Shareowner Meeting Improvement (Proxy Item No. 4)</u>	72
<u>Ownership of PepsiCo Common Stock</u>	74
<u>Stock Ownership of Officers and Directors</u>	74
<u>Stock Ownership of Certain Beneficial Owners</u>	75
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	75
<u>Information About the Annual Meeting</u>	76
<u>Voting Procedures</u>	76
<u>Attending the Annual Meeting</u>	78

<u>2018 Proxy Materials</u>	<u>78</u>
<u>Other Matters</u>	<u>80</u>
<u>2019 Shareholder Proposals and Director Nominations</u>	<u>80</u>
<u>Exhibit A—Reconciliation of GAAP and Non-GAAP Information</u>	<u>A-1</u>

This Proxy Statement of PepsiCo, Inc. (“PepsiCo,” the “Company,” “we,” “us” or “our”) contains statements reflecting our views about our future performance that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (“Reform Act”). Statements that constitute forward-looking statements within the meaning of the Reform Act are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “expressed confidence,” “forecast,” “future,” “goal,” “guidance,” “intend,” “may,” “objective,” “outlook,” “plan,” “position,” “potential,” “project,” “seek,” “should,” “strategy,” “target,” “statements or variations of such words and other similar expressions. Forward-looking statements are based on currently available information, operating plans and projections about future events and trends. They inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in any such forward-looking statement. Such risks and uncertainties include, but are not limited to: changes in demand for PepsiCo’s products, as a result of changes in consumer preferences or otherwise; changes in or failure to comply with, applicable laws and regulations; imposition or proposed imposition of new or increased taxes aimed at PepsiCo’s products; imposition of labeling or warning requirements on PepsiCo’s products; changes in laws related to packaging and disposal of PepsiCo’s products; PepsiCo’s ability to compete effectively; political conditions, civil unrest or other developments and risks in the markets where PepsiCo’s products are made, manufactured, distributed or sold; the ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption; damage to PepsiCo’s reputation or brand image; loss of any key customer or disruption to the retail landscape, including rapid growth in hard discounters and the e-Commerce channel; and the other factors discussed in the risk factors section of PepsiCo’s most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

[4 | PEPSICO 2018 PROXY STATEMENT](#)

Table of Contents**PROXY STATEMENT SUMMARY****Proxy Statement Summary**

We provide below highlights of certain information in this Proxy Statement. As this is only a summary, please refer to the complete Proxy Statement and 2017 Annual Report before you vote.

The Board recommends a vote FOR all Director Nominees

Proposal 1 Election of 13 Director Nominees Our Nominating and Corporate Governance Committee and our Board have determined that each of the nominees possesses the right skills, qualifications and experience to effectively oversee PepsiCo's long-term business strategy. See "Election of Directors (Proxy Item No. 1)" beginning on page 11 of this Proxy Statement.

Director Nominees

Name	Primary Occupation	Director Since	Age*	Independent	Committee Membership			
					AC	CC	NCG	PPS
Shona L. Brown	Independent Advisor; Former Senior Advisor, Google Inc.	2009	52					
George W. Buckley	Former Chairman, President and Chief Executive Officer, 3M Company	2012	71					E
Cesar Conde	Chairman, NBCUniversal International Group and NBCUniversal Telemundo Enterprises	2016	44					
Ian M. Cook (Presiding Director)	Chairman, President and Chief Executive Officer, Colgate-Palmolive Company	2008	65					
Dina Dublon	Former Executive Vice President and Chief Financial Officer, JPMorgan Chase & Co.	2005	64					
Richard W. Fisher	Former President and Chief Executive Officer, Federal Reserve Bank of Dallas	2015	68					E
William R. Johnson	Operating Partner, Global Retail and Consumer, Advent International Corporation; Former Chairman, President and Chief Executive Officer, H.J. Heinz Company	2015	69					E
Indra K. Nooyi	Chairman of the Board and Chief Executive Officer, PepsiCo	2001	62					
David C. Page, MD	Director and President, Whitehead Institute for Biomedical Research; Professor, Massachusetts Institute of Technology	2014	61					
Robert C. Pohlad	President, Dakota Holdings, LLC	2015	63					
Daniel Vasella, MD	Former Chairman and Chief Executive Officer, Novartis AG	2002	64					
Darren Walker	President, Ford Foundation	2016	58					
Alberto Weisser	Former Chairman and Chief Executive Officer, Bunge Limited	2011	62					E

* Ages are as of March 16, 2018.

=Committee Chair
E = Financial Expert

AC = Audit Committee
CC = Compensation Committee
NCG = Nominating and Corporate Governance Committee
PPS = Public Policy and Sustainability Committee

Table of Contents

PROXY STATEMENT SUMMARY

Director Nominee Highlights

Director succession planning is a robust, ongoing process at PepsiCo. Our Board regularly evaluates desired attributes in light of the Company's strategy and evolving needs. We believe our director nominees bring a well-rounded variety of skills, qualifications, experience and diversity, and represent an effective mix of deep company knowledge and fresh perspectives.

Diversity

**Independent Director
Tenure***

Age*

* Age and tenure are as of March 16, 2018.

**Expertise and
Independence**

4 of 5

Audit
Committee
members are
financial
experts

12 of 13

Director
nominees are
independent

Balanced Mix of Skills, Qualifications and Experience

12 of 13

Director nominees have significant global experience

6 | PEPSICO 2018 PROXY STATEMENT

Table of Contents

PROXY STATEMENT SUMMARY

Corporate Governance Highlights

Our Corporate Governance Policies Reflect Best Practices

Many of our corporate governance practices are a result of valuable feedback and collaboration with our shareholders and other stakeholders who have provided important external viewpoints that inform our decisions and our strategy.

For example, in 2018, the Board amended our Corporate Governance Guidelines to underscore:

- the Board's focus on diversity, by explicitly stating its commitment to actively seeking out highly qualified women and minority candidates, as well as candidates with diverse backgrounds, skills and experiences, to include in the pool from which Board nominees are chosen; and
- the Board's involvement in human capital management and talent development, by adding those attributes to the list of experiences sought for individual directors.

The Board also established a new Public Policy and Sustainability Committee in 2017 to assist the Board in providing more focused oversight over PepsiCo's policies, programs and related risks that concern key public policy and sustainability matters.

Independent Oversight	<ul style="list-style-type: none"> 12 of 13 director nominees are independent Independent Presiding Director with clearly defined and robust responsibilities Regular executive sessions of independent directors at Board meetings (chaired by independent Presiding Director) and Committee meetings (chaired by independent Committee Chairs) 100% independent Board Committees Active Board oversight of the Company's strategy and risk management Comprehensive, ongoing Board succession planning process Focus on diversity (nearly 40% of directors are women or ethnically diverse)
Board Refreshment	<ul style="list-style-type: none"> Regular Board refreshment and mix of tenure of directors Annual Board and Committee self-evaluations Mandatory retirement age of 72 Ongoing director education Annual election of all directors
Shareholder Rights	<ul style="list-style-type: none"> Proxy access right for shareholders (3% ownership threshold continuously for 3 years / 2 director nominees or 20% of the Board / 20 shareholder aggregation limit) Majority-vote and director resignation policy for directors in uncontested elections Shareholder right to call special meeting for stockholders owning at least 20% of outstanding shares One class of shares with each share entitled to one vote Prohibition on hedging or pledging Company stock Comprehensive clawback policy applicable to directors and executives
Good Governance Practices	<ul style="list-style-type: none"> Rigorous director and executive stock ownership requirements > 97% average attendance of incumbent directors at Board and Committee meetings Active shareholder engagement program Global Code of Conduct applicable to directors and all employees with annual compliance certification Robust sustainability initiatives and political activities disclosures on our website

Proposal 2

Ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2018

The Board recommends a vote FOR this proposal

Our Board of Directors recommends that shareholders vote "FOR" the ratification of the appointment of KPMG as PepsiCo's independent registered public accounting firm for fiscal year 2018.

See "Ratification of Appointment of Independent Registered Public Accounting Firm (Proxy Item No. 2)" beginning on page 40 of this Proxy Statement.

Table of Contents**PROXY STATEMENT SUMMARY****The Board recommends a vote FOR this proposal****Proposal 3****Advisory Approval of****Executive Compensation****Executive Compensation At-a-Glance**

Our Board recommends that shareholders vote "FOR" the advisory approval of the compensation of our named executive officers ("NEOs" or "Named Executive Officers") for the 2017 performance year.

See "Advisory Approval of Executive Compensation (Proxy Item No. 3)" on page 43 of this Proxy Statement and "Compensation Discussion and Analysis" beginning on page 44 of this Proxy Statement.

2017 PepsiCo Performance Highlights

PepsiCo delivered another year of strong operating performance in 2017. In the midst of a dynamic retail environment and rapidly shifting consumer landscape, we met or exceeded most of the financial goals we set for the year. The following non-GAAP measures were used in our executive incentive pay programs.¹

Organic Revenue Growth ¹	Core Constant Currency Earnings Per Share ("EPS") Growth ¹	Free Cash Flow Excluding Certain Items ¹	Core Net Return on Invested Capital ("ROIC")
2.3%	8.8%	\$7.3B	22.9%

Goal: at least 3%

Goal: 8%

Goal: Approximately \$7.0B

Goal: 22%

Our total shareholder return ("TSR") reflects our strong 2017 results. We delivered 17.8% TSR, outperforming the median of our proxy peer group.

We also made significant progress against our strategic priorities to sustain shareholder value creation over the long-term.

Innovation: 2017 marked the 5th consecutive year that innovation sales comprised at least 8% of net revenue. Our focus on innovation is enabling us to meet the evolving tastes of consumers.

Brand Building: Spending on advertising and marketing stands at 6.4% of net revenue, delivering market share improvements in many key markets.

Execution: Reflecting our relentless focus on execution, PepsiCo was again ranked as the number-one, best-in-class manufacturer in the latest Kantar Retail annual U.S. PoweRanking® study.

Productivity: We delivered over \$1 billion of productivity savings that is enabling us to sustainably reinvest in the business.

Performance with Purpose: We continued to advance our global sustainability agenda that is transforming our product portfolio, minimizing our environmental footprint, and making local communities more prosperous.

Cash Return to Shareholders: We again increased our annualized dividend and met our goal of returning \$6.5 billion in cash to shareholders through dividends and share repurchases.

For further information on these financial measures, which are used as compensation performance measures and are not in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), please refer to the "2017 PepsiCo Performance Highlights" section of the Compensation Discussion and Analysis on page 44 of this Proxy Statement and Exhibit A to this Proxy Statement.

Table of Contents

PROXY STATEMENT SUMMARY

The Principles of Our Executive Compensation Program

Our executive compensation program is designed to align the interests of PepsiCo's executive officers with those of our shareholders. The Compensation Committee oversees and evaluates the program against competitive practices, regulatory developments and corporate governance trends.

The Compensation Committee has incorporated market-leading governance features into our programs that include **a comprehensive clawback policy, rigorous stock ownership guidelines and challenging targets for incentive awards aligned to financial goals communicated to shareholders.**

Our executive compensation program avoids shareholder-unfriendly features. For our executive officers, **we don't have employment agreements, supplemental retirement plans or excessive perks and we don't allow hedging or pledging of Company stock.**

Compensation Highlights

Reflecting our pay-for-performance compensation program, the strong results delivered for shareholders translated into above-target payouts of incentive awards.

Annual Incentive	1-year performance period	2017 Annual Incentive PepsiCo achieved strong operating performance as we met or exceeded most of the financial goals we set for the year.	Payout (% above target) +13% Average for all NEOs
-------------------------	----------------------------------	--	--

Long-Term Incentives 3-year performance period

For further information on these non-GAAP financial measures, which are used as compensation performance measures, please refer to the "2017 PepsiCo Performance Highlights" section of the Compensation Discussion and Analysis on page 44 of this Proxy Statement and Exhibit A to this Proxy Statement. For 2016, Core Constant Currency EPS Growth excluded the impact of the Venezuela deconsolidation that occurred in 2015.

Table of Contents

PROXY STATEMENT SUMMARY

Proposal 4 The Board recommends a vote AGAINST this shareholder proposal

Shareholder proposal See the Board’s statement in opposition of this shareholder proposal beginning on page 72 of this Proxy Statement.

Proposal	Proponent	What the proposal asks for	Why the Board recommends a vote AGAINST the proposal
<p>Proposal 4 – Special Shareowner Meeting Improvement See page 72</p>	<p>John Chevedden, on behalf of Kenneth Steiner</p>	<p>Reduce stock ownership threshold to call a special meeting from 20% to 10% of PepsiCo’s outstanding common stock</p>	<p>The Board believes the action requested by the proposal is neither necessary nor in the best interests of PepsiCo or its shareholders because:</p> <p style="padding-left: 20px;">PepsiCo already permits shareholders holding in the aggregate 20% or more of our outstanding shares to call a special meeting</p> <p style="padding-left: 20px;">The current ownership threshold prevents potential unnecessary waste of corporate resources and disruption by a much smaller minority of shareholders calling a special meeting on frivolous grounds</p> <p style="padding-left: 20px;">Shareholders have significant opportunities to engage with management and the Board throughout the year</p> <p style="padding-left: 20px;">PepsiCo has strong corporate governance policies and practices in place that protect shareholder rights</p>

Table of Contents

Election of Directors (Proxy Item No. 1)

Upon the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has nominated the 13 directors identified on the following pages for election at the 2018 Annual Meeting. If elected, the directors will hold office from election until the next Annual Meeting of Shareholders and until their successors are elected and qualified or until their death, resignation or removal.

All of the nominees are currently PepsiCo directors who were elected by shareholders at the 2017 Annual Meeting. Our Board has a comprehensive, ongoing director succession planning process designed to provide for a highly independent, well-qualified Board, with the diversity, experience and background to be effective and to provide strong oversight. Our Board regularly evaluates the needs of the Company and adds new skills, qualifications and experience to the Board as necessary to best position the Company to navigate through a constantly changing global landscape.

Our Nominating and Corporate Governance Committee and our Board have determined that each of the nominees possesses the right skills, qualifications and experience to effectively oversee PepsiCo's long-term business strategy. Biographical information about each nominee, as well as highlights of certain notable skills, qualifications and experience that contributed to the nominee's selection as a member of our Board of Directors and nomination for re-election at our 2018 Annual Meeting, are included on the following pages.

The chart below summarizes the notable skills, qualifications and experience of each director nominee and highlights the balanced mix of skills, qualifications and experience of the Board as a whole. These are the same attributes that the Board considers as part of its ongoing director succession planning process and aligns with the needs of PepsiCo's long-term business strategy. This high-level summary is not intended to be an exhaustive list of each director nominee's skills or contributions to the Board.

Skills/Qualifications/ Experience	Shona Brown George Buckley Cesar Conde Ian Cook Dina Dublon Richard Fisher William Johnson Indra Nooyi David Page Robert Pohl Daniel Vasella Darren Walker Alberto Weisser
--	---

- Public Company CEO
- Financial Expertise/
- Financial Community
- Consumer Products
- Risk Management
- Public Policy
- Science/Medical
- Research/Innovation
- Technology/Data
- Analytics/e-Commerce/
- Digital Marketing/Cyber
- Developing and
- Emerging Markets/
- International Residence
- Diversity

Our Nominating and Corporate Governance Committee and our Board are also keenly focused on ensuring that a wide range of backgrounds and experience are represented on our Board.

Diversity	Independent Director Tenure*	Age*
	Average Tenure: 6.3 years	Average Age: 61.8
	* Age and tenure are as of March 16, 2018.	>69% younger than 65

Table of Contents

ELECTION OF DIRECTORS (PROXY ITEM NO. 1)

Additionally, all directors are expected to possess personal traits such as candor, integrity and professionalism and must be able to commit significant time to the Company's oversight. For additional information on the Board selection process, including the Board's consideration of diversity, see "Board Composition and Refreshment" on pages 21-24 of this Proxy Statement.

Although our Board does not anticipate that any of the nominees will be unable to stand for election as a director at our Annual Meeting, if this occurs, proxies will be voted in favor of such other person or persons as may be designated by our Nominating and Corporate Governance Committee and our Board.

Director Nominees

Our Board of Directors recommends that shareholders vote "FOR" the election of each of the following director nominees:

Shona L. Brown

Director Since: 2009

Age: 52

Independent Committee Memberships:

CHAIR
Public Policy and Sustainability

Shona L. Brown served as a Senior Advisor to Google Inc., an Internet search and advertising technologies corporation, from 2013 to 2015. Dr. Brown served as Senior Vice President of Google.org, Google Inc.'s philanthropic arm, from 2011 to 2012. Dr. Brown served as Google Inc.'s Senior Vice President, Business Operations from 2006 to 2011 and Vice President, Business Operations from 2003 through 2006, leading internal business operations and people operations in both roles. Previously, Dr. Brown was a partner at McKinsey & Company, a management consulting firm. Dr. Brown also currently serves on the boards of several private companies and several non-profit organizations (including The Nature Conservancy, Code for America, the Gladstone Foundation, and the Center for Advanced Study in the Behavioral Sciences at Stanford University).

Other Public Company Directorships:

Current Atlassian Corporation plc

Previous (During Past 5 Years) None

Skills and Qualifications

Dr. Brown brings to our Board of Directors broad knowledge of information technology and social media and a critical perspective regarding the rapidly changing digital landscape gained from her extensive experience at a world-recognized global technology leader, Google. Dr. Brown also provides PepsiCo with the unique perspective of building innovation into business and people operations (including sustainability operations) at Google. In addition, through her business experience at Google and McKinsey & Company, she brings a deep expertise in building organizations optimized for adaptability, growth and innovation, which benefits PepsiCo as we address similar issues in an environment of evolving consumer preferences and regulatory initiatives. Her perspective on public policy and sustainability-related matters and the role of business in society gained from her experience working with non-profit organizations are valuable as the Company continues to focus on its Performance with Purpose goals and pursue strategies to drive sustainable long-term growth.

Table of Contents

ELECTION OF DIRECTORS (PROXY ITEM NO. 1)

George W. Buckley

Director Since: 2012

Age: 71

Independent Committee Memberships:

Audit

George W. Buckley served as Chairman, President and Chief Executive Officer of 3M Company, a diversified, global technology company, from 2005 to 2012. Previously, from 1997 to 2005, Dr. Buckley held several senior management roles, including Chairman and Chief Executive Officer, at Brunswick Corporation, a boat and recreational product manufacturer. Dr. Buckley currently serves on the boards of several public and private companies.

Other Public Company Directorships:

Current Smiths Group plc (Chairman); Stanley Black & Decker, Inc. (Chairman); Hitachi Ltd.

Previous (During Past 5 Years) Archer-Daniels-Midland Company (until 2013)

Skills and Qualifications

Through his leadership of the diversified, global technology company 3M, Dr. Buckley brings to our Board of Directors his expertise in integrating research and development into business operations to create incremental value through both line extensions and breakthrough innovation. In addition to contributing great insight to PepsiCo's innovation strategy through his experience as chief executive officer of public companies and on public and private company boards, as well as through his educational background, which includes a doctorate degree in engineering, Dr. Buckley also brings to the Board experience managing large global corporations across multiple industries and markets; skills in operations, strategic planning, information technology and financial matters; and valuable consumer products insights.

Cesar Conde

Director Since: 2016

Age: 44

Independent Committee Memberships:

Audit

Cesar Conde has served since 2015 as Chairman of NBCUniversal International Group and NBCUniversal Telemundo Enterprises, part of a global media and entertainment company. From 2013 to 2015, he served as Executive Vice President at NBCUniversal, where he oversaw NBCUniversal International and NBCUniversal Digital Enterprises. From 2009 to 2013, Mr. Conde served as President of Univision Networks, a leading American media company with a portfolio of Spanish language television networks, radio stations and digital platforms. From 2003 to 2009, Mr. Conde served in a variety of senior executive capacities at Univision Networks and is credited with transforming it into a leading global, multi-platform media brand. Prior to Univision, Mr. Conde served as the White House Fellow for Secretary of State Colin L. Powell from 2002 to 2003. Mr. Conde also currently serves on the boards of several non-profit organizations, including the Paley Center for Media, The Aspen Institute and the Foundation for Excellence in Education.

Other Public Company Directorships:

Current Owens Corning

Previous (During Past 5 Years) None

Skills and Qualifications

Mr. Conde is an experienced global executive with a strong track record in business, finance and media. He provides the Board with diverse and actionable perspectives on today's consumer and media landscapes, and his unique insights are particularly valuable as PepsiCo continues to build new digital marketing capabilities and adapt to changing demographics around the world. Mr. Conde also brings his market and consumer insights developed through his experience at national and global media companies and his leadership of social and corporate responsibility initiatives worldwide.

Table of Contents

ELECTION OF DIRECTORS (PROXY ITEM NO. 1)

Ian M. Cook

PRESIDING DIRECTOR

Director Since: 2008

Age: 65

Independent Committee Memberships:

Nominating and Corporate Governance

Ian M. Cook has served as Chief Executive Officer and a director of Colgate-Palmolive Company, a multinational consumer products company, since 2007 and became Chairman of its board in 2009. He has also served as President of Colgate-Palmolive since 2005. Mr. Cook joined Colgate-Palmolive in the United Kingdom in 1976 and progressed through a series of senior management roles. In 2002, he became Executive Vice President, North America and Europe. In 2004, he became Chief Operating Officer, with responsibility for operations in North America, Europe, Central Europe, Asia and Africa, and in 2005, he became responsible for all Colgate-Palmolive operations worldwide. Mr. Cook also serves on the boards of several non-profit organizations, including the Consumer Goods Forum, Catalyst, Memorial Sloan Kettering Cancer Center and New Visions for Public Schools.

Other Public Company Directorships:

- Current* Colgate-Palmolive Company
- Previous (During Past 5 Years)* None

Skills and Qualifications

Mr. Cook brings to our Board of Directors deep knowledge of the consumer products industry and operational leadership experience gained through his many years leading a global consumer products company, Colgate-Palmolive. He also contributes a broad understanding of industry trends and his extensive global leadership experience gained from holding a variety of senior management roles at Colgate-Palmolive in numerous countries throughout the world. Mr. Cook's qualifications also include expertise in finance, brand-building, corporate governance, human capital management and talent development and succession planning.

Dina Dublon

Director Since: 2005

Age: 64

Independent Committee Memberships:

Compensation

Public Policy and Sustainability CHAIR

Dina Dublon served as Executive Vice President and Chief Financial Officer at JPMorgan Chase & Co., a leading global financial services company, from 1998 until her retirement in 2004. In this role, she was responsible for financial management, corporate treasury and investor relations. Ms. Dublon previously held numerous positions at JPMorgan Chase & Co. and its predecessor companies, including corporate treasurer, managing director of the Financial Institutions Division and head of asset liability management. Ms. Dublon also previously served on the faculty of Harvard Business School and on the boards of several non-profit organizations, including the Women's Refugee Commission and Global Fund for Women.

Other Public Company Directorships:

- Current* Deutsche Bank AG (supervisory board)
- Previous (During Past 5 Years)* Accenture plc (until 2017); Microsoft Corporation (until 2014)

Skills and Qualifications

Ms. Dublon brings to our Board of Directors deep expertise in financial, accounting, strategic and banking matters and capital markets operations gained from her distinguished career in the financial services industry, particularly through her role as Executive Vice President and Chief Financial Officer of JPMorgan Chase & Co. She also contributes valuable risk management insights obtained through her experience at JPMorgan Chase & Co., as well as from her service on the boards of several other public companies, including as the Chair of Deutsche Bank AG's risk committee of the supervisory board. In addition, Ms. Dublon offers unique perspectives on emerging markets, public policy and sustainability-related matters gained while working with global non-profit organizations focusing on women's issues and initiatives.

Table of Contents

ELECTION OF DIRECTORS (PROXY ITEM NO. 1)

Richard W. Fisher

Director Since: 2015

Age: 68

Independent Committee Memberships:

Audit

Richard W. Fisher served as President and Chief Executive Officer of the Federal Reserve Bank of Dallas from 2005 to 2015. Previously, from 2001 to 2005, Mr. Fisher was Vice Chairman and Managing Partner of Kissinger McLarty Associates, a strategic advisory firm. From 1997 to 2001, Mr. Fisher served as Deputy U.S. Trade Representative with the rank of Ambassador, during which he oversaw the implementation of the North American Free Trade Agreement, the Bilateral Trade Agreement with Vietnam and other trade agreements. During his tenure, Mr. Fisher was also instrumental in China and Taiwan joining the World Trade Organization. Mr. Fisher's experience also includes serving as Managing Partner of Fisher Capital Management, an SEC-registered investment advisory firm, and Senior Manager of Brown Brothers Harriman & Co., a private banking firm. He has also served, since 2015, as a Senior Advisor for Barclays PLC, a financial services provider.

Other Public Company Directorships:

Current AT&T Inc.; Tenet Healthcare Corporation

Previous (During Past 5 Years) None

William R. Johnson

Director Since: 2015

Age: 69

Independent Committee Memberships:

Audit

William R. Johnson has served as Operating Partner, Global Retail and Consumer, of Advent International Corporation, a global private equity firm, since 2014. Previously, Mr. Johnson served as Chairman, President and Chief Executive Officer of the H.J. Heinz Company, a global packaged foods manufacturer, from 2000 until his retirement in 2013. He joined Heinz in 1982 and held various positions within the company before becoming President and Chief Operating Officer in 1996, then assuming the position of President and Chief Executive Officer in 1998. Mr. Johnson also served as an Advisory Partner of Triam Fund Management, L.P., an investment management firm, from 2015 to 2017.

Other Public Company Directorships:

Current United Parcel Service, Inc.

Previous (During Past 5 Years) Emerson Electric Company (until 2017); Education Management Corporation (until 2014); H.J. Heinz Company (until 2013)

Skills and Qualifications

Mr. Fisher brings to our Board of Directors deep knowledge of financial matters and financial expertise gained from extensive experience that includes serving as President and Chief Executive Officer of the Federal Reserve Bank of Dallas, Managing Partner of Fisher Capital Management and Senior Manager of Brown Brothers Harriman. Mr. Fisher also contributes his strategy, leadership and management skills, and experience gained from chairing for five years a Federal Reserve committee on information technology architecture and cybersecurity risks and from his public company director experience. In addition, his global experience and expertise in international trade and regulatory matters, including from his roles as Deputy U.S. Trade Representative and Vice Chairman and Managing Partner of Kissinger McLarty Associates, are particularly valuable to PepsiCo.

Skills and Qualifications

Mr. Johnson brings to our Board of Directors extensive leadership skills and consumer packaged goods expertise gained from serving as the Chairman, President and Chief Executive Officer of Heinz. Through his leadership of Heinz and his service on several private and public company boards, he offers deep experience in strategic planning, operations, marketing, brand development, logistics and financial expertise. Mr. Johnson's experience leading a global business with a large, labor-intensive workforce is of particular value to the Board.

Table of Contents

ELECTION OF DIRECTORS (PROXY ITEM NO. 1)

Indra K. Nooyi

Director Since: 2001

Age: 62

Indra K. Nooyi has been PepsiCo's Chief Executive Officer ("CEO") since 2006 and assumed the role of Chairman of our Board of Directors in 2007. She was elected to our Board and became President and Chief Financial Officer in 2001, after serving as Senior Vice President and Chief Financial Officer since 2000.

Ms. Nooyi also served as PepsiCo's Senior Vice President, Corporate Strategy and Development from 1996 until 2000, and as PepsiCo's Senior Vice President, Strategic Planning from 1994 until 1996. Prior to joining PepsiCo, Ms. Nooyi spent four years as Senior Vice President of Strategy, Planning and Strategic Marketing for Asea Brown Boveri, Inc. She was also Vice President and Director of Corporate Strategy and Planning at Motorola, Inc. Ms. Nooyi also currently serves on the boards of the International Cricket Council and several non-profit organizations, including the U.S.-India Business Council, the Consumer Goods Forum, Catalyst, Lincoln Center for the Performing Arts, Tsinghua University School of Economics and Management, the World Economic Forum and the Asia Society. She also serves on the Americas Advisory Panel of Temasek International Pte. Ltd., a Singapore-based investment company.

Other Public Company Directorships:

Current Schlumberger Limited

Previous (During Past 5 Years) None

Skills and Qualifications

Ms. Nooyi brings to our Board of Directors strong leadership skills, extensive strategic planning, business and financial experience and broad strategic vision for our Company. Her more than 20 years with PepsiCo have provided her with extensive knowledge of the global food and beverage industry. Ms. Nooyi also contributes invaluable perspectives on the global marketplace gained from her senior management positions at PepsiCo and her memberships on global business councils and forums. Her role as Chairman and CEO of PepsiCo creates a critical link between management and the Board of Directors, enabling the Board to perform its oversight function with the benefits of management's perspectives on the business.

Table of Contents

ELECTION OF DIRECTORS (PROXY ITEM NO. 1)

David C. Page, MD

Director Since: 2014

Age: 61

Independent Committee Memberships:

Compensation

Public Policy and Sustainability

David C. Page, MD, has served since 2005 as Director and President of the Whitehead Institute for Biomedical Research, an independent non-profit research and educational institute affiliated with Massachusetts Institute of Technology ("MIT"). In this role, he leads a group of scientists focused on cancer research, genetics, genomics, developmental biology, stem cell research, regenerative medicine, parasitic disease and plant biology. Dr. Page's own research focuses on the genetic and genomic differences between males and females, and the roles that these differences play in health and disease. His honors include a MacArthur Prize Fellowship, Science magazine's Top Ten Scientific Advances of the Year (in 1992 and again in 2003) and the 2011 March of Dimes Prize in Developmental Biology. He is a member of the National Academy of Sciences, the National Academy of Medicine and the American Academy of Arts and Sciences. Dr. Page also serves as a professor of biology at MIT and as an investigator at the Howard Hughes Medical Institute. He also serves on the board of the Society for Women's Health Research.

Skills and Qualifications

Dr. Page brings to our Board of Directors his scientific and medical expertise, gained from over 30 years of experience in those fields, and unique perspective on the intersection of academic and commercial scientific research of interest to companies in the food and beverage industry. His perspectives are particularly valuable in light of the Company's strategic focus on the areas of nutrition, as well as health and wellness. Dr. Page's experience with producing significant scientific discoveries and innovative breakthroughs is highly relevant to the Company's research and development initiatives, innovation pipeline and sustainability goals in an environment of shifting consumer preferences and regulatory initiatives.

Other Public Company Directorships:

Current None

Previous (During Past 5 Years) None

Table of Contents**ELECTION OF DIRECTORS (PROXY ITEM NO. 1)****Robert C. Pohlad**

Director Since: 2015

Age: 63

Independent Committee Memberships:

Nominating and Corporate Governance

Robert C. Pohlad has served as President of Dakota Holdings, LLC (and its predecessors), which operates multiple businesses across a number of industries, including commercial real estate, automotive sales automation and robotic engineering, and sports and entertainment, since 1987. From 2002 until its acquisition by PepsiCo in 2010, Mr. Pohlad was Chairman and Chief Executive Officer of PepsiAmericas, Inc., an independent publicly traded company. PepsiAmericas, Inc. was formed from several independent bottlers in 1998, and, under Mr. Pohlad's tenure, it grew to become the second-largest bottler of PepsiCo large-scale distribution systems and global products at the time of its acquisition. Previously, Mr. Pohlad held several other executive positions at bottling companies. Mr. Pohlad is a member and chair of the Board of Trustees of the University of Puget Sound, as well as a former member and chair of the Board of Visitors of the University of Minnesota Medical School.

Other Public Company Directorships:

Current None*Previous (During Past 5 Years)* None**Skills and Qualifications**

Mr. Pohlad brings to our Board of Directors extensive beverage and finance experience gained from the 20-plus years he spent in a variety of senior operational and executive roles at PepsiAmericas, Inc. and its predecessors. Mr. Pohlad has a deep understanding of leveraging large-scale distribution systems and global brands, specifically with respect to beverage and bottling operations, which is invaluable to PepsiCo. In addition, through his experience operating businesses and investments in myriad fields, Mr. Pohlad has gained expertise leading and developing strong management teams, creating and implementing effective strategic plans, addressing succession planning needs and brand-building.

Daniel Vasella, MD

Director Since: 2002

Age: 64

Independent Committee Memberships:

Compensation**Nominating and Corporate Governance**

Daniel Vasella, MD, served as Chairman of Novartis AG, a global innovative healthcare solutions company, from 1999 to 2013 and as Chief Executive Officer of Novartis AG from 1996 to January 2010. From 1992 to 1996, Dr. Vasella held the positions of Chief Executive Officer, Chief Operating Officer, Senior Vice President and Head of Worldwide Development and Head of Corporate Marketing at Sandoz Pharma Ltd. He also served at Sandoz Pharmaceuticals Corporation from 1988 to 1992. Dr. Vasella is currently working as a coach to senior executives. He is also a member of several non-profit boards including the Carnegie Endowment for International Peace.

Other Public Company Directorships:

Current American Express Company*Previous (During Past 5 Years)* Biotech Inc. (until January 2018); Novartis AG (until 2013)**Skills and Qualifications**

Dr. Vasella brings to our Board of Directors his expertise in the areas of nutrition and health and wellness, topics of critical importance to PepsiCo, as well as his leadership experience and global perspectives, which he obtained through his former role as Chairman and Chief Executive Officer of Novartis. Through his leadership of Novartis and his public company director experience, he also offers to PepsiCo extensive business, corporate governance, operations, management and marketing skills, human capital management and talent development, succession planning and experience developing corporate strategy. In addition, he contributes his knowledge of and experience with regulatory matters developed through his role leading a highly regulated, global business in rapidly changing markets.

Table of Contents

ELECTION OF DIRECTORS (PROXY ITEM NO. 1)

Darren Walker

Director Since: 2016

Age: 58

Independent Committee Memberships:

[Nominating and Corporate Governance](#)

[Public Policy and Sustainability](#)

Darren Walker has served since 2013 as President of the Ford Foundation, a philanthropic organization, and as its Vice President for Education, Creativity and Free Expression from 2010 to 2013. Prior to the Ford Foundation, Mr. Walker joined the Rockefeller Foundation, a philanthropic organization, in 2002 and served as a Vice President responsible for foundation initiatives from 2005 to 2010. From 1995 to 2002, he was the Chief Operating Officer of Abyssinian Development Corporation, a community development organization in Harlem in New York City. Prior to that, Mr. Walker held various positions in finance and banking at UBS AG. Mr. Walker currently serves on the boards of several non-profit organizations, including Arcus Foundation, Friends of the High Line and Carnegie Hall, and as Vice President of Foundation for Art and Preservation in Embassies. Mr. Walker also currently chairs the U.S.