

PEPSICO INC  
Form PRE 14A  
March 07, 2011  
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**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**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 pursuant to Rule 14a-11(c) or Rule 14a-12

**PepsiCo, Inc.**

(Names of Registrant as Specified in Its Charters)

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(Names 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:
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  - (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 calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
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- 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, 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:

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700 Anderson Hill Road

Purchase, New York 10577-1444

March [ ], 2011

Dear Fellow PepsiCo Shareholder:

You are invited to attend our Annual Meeting of Shareholders on Wednesday, May 4, 2011 at 9:00 a.m. Central Daylight Time at the headquarters of Frito-Lay, Inc., 7701 Legacy Drive, Plano, Texas.

At the meeting, we will ask you to elect the Board of Directors, to conduct an advisory vote on executive compensation and an advisory vote on the frequency of such vote, to ratify the appointment of the independent registered public accountants, to approve an amendment to PepsiCo's Articles of Incorporation to implement a majority vote standard for uncontested elections of Directors and to act upon two shareholder proposals. We will also review the progress of the Company during the past year and answer questions. The attached Proxy Statement describes the business we will conduct and provides information about the Company that you should consider when you vote your shares.

We are pleased to again take advantage of the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their shareholders on the Internet. We believe these rules allow us to provide you with the information you need while lowering the costs of delivery and reducing the environmental impact of our Annual Meeting.

You are cordially invited to attend the Annual Meeting in person. However, to ensure that your vote is counted at the Annual Meeting, please vote as promptly as possible.

Cordially,

Indra K. Nooyi

Chairman of the Board and

Chief Executive Officer

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

PepsiCo, Inc. will hold its Annual Meeting of Shareholders ( **Annual Meeting** ) at the headquarters of Frito-Lay, Inc., 7701 Legacy Drive, Plano, Texas, on Wednesday, **May 4, 2011** at **9:00 a.m.** Central Daylight Time ( **C.D.T.** ) to:

- n Elect the Board of Directors.
- n Conduct an advisory vote on executive compensation.
- n Conduct an advisory vote on whether to hold the shareholder advisory vote on executive compensation every one, two or three years.
- n Ratify the appointment of KPMG LLP as the Company's independent registered public accountants for fiscal year 2011.
- n Approve an amendment to our Articles of Incorporation to implement a majority vote standard for uncontested elections of Directors.
- n Act upon two shareholder proposals described in the attached Proxy Statement, if properly presented.
- n Transact any other business that may properly come before the Annual Meeting.

The Annual Meeting will be webcast on [www.pepsico.com](http://www.pepsico.com) beginning at 9:00 a.m. C.D.T. on May 4, 2011. Holders of record of the Company's Common and Convertible Preferred Stock as of the close of business on March 4, 2011 (the **Record Date** ) will be entitled to notice of, and to vote, at the Annual Meeting.

Please refer to the General Information section in this Proxy Statement for additional information about the Annual Meeting and voting.

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

March [ ], 2011

By order of the Board of Directors,

Larry D. Thompson

Secretary

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**Important Notice Regarding the Availability of  
Proxy Materials for the Annual Meeting of Shareholders  
To Be Held on May 4, 2011**

The Notice of Annual Meeting, Proxy Statement and the Annual Report on Form 10-K for the fiscal year ended December 25, 2010 are available at [www.pepsico.com/proxy11](http://www.pepsico.com/proxy11).

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**PepsiCo, Inc.**

700 Anderson Hill Road

Purchase, New York 10577-1444

**www.pepsico.com**

March [ ], 2011

**PROXY STATEMENT**

The Board of Directors of PepsiCo, Inc. ( **PepsiCo** or the **Company** ) is soliciting proxies to be voted at the Annual Meeting of Shareholders to be held on Wednesday, May 4, 2011, and at any postponement or adjournment of the Annual Meeting. We are making this Proxy Statement available in connection with the proxy solicitation.

PepsiCo's authorized stock includes both Common Stock and Convertible Preferred Stock. As of March 4, 2011, the Record Date, there were 1,600,455,394 shares of PepsiCo Common Stock outstanding and entitled to one vote each at the Annual Meeting and 223,653 shares of PepsiCo Convertible Preferred Stock outstanding and entitled to 1,109,878 votes at the Annual Meeting, which number is equal to the number of shares of Common Stock into which such shares of Convertible Preferred Stock could be converted on the Record Date, rounded to the nearest share. Holders of the Common Stock and the Convertible Preferred Stock vote together on all matters as a single class. As of the Record Date, the outstanding shares of Common Stock were registered in the names of 165,024 shareholders and the outstanding shares of Convertible Preferred Stock were registered in the names of 1,795 shareholders. To our knowledge, as of the Record Date, no person owned beneficially more than 5% of the outstanding Common Stock or Convertible Preferred Stock.

PepsiCo is making this Proxy Statement first available on or about March [ ], 2011.

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**GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**Why am I receiving these proxy materials?**

Our Board of Directors has made these materials available to you on the Internet or has delivered printed versions of these materials to you by mail in connection with the Board of Directors' solicitation of proxies for use at our Annual Meeting of Shareholders, which will take place at 9:00 a.m. C.D.T. on Wednesday, May 4, 2011 at the headquarters of Frito-Lay, Inc. (7701 Legacy Drive, Plano, Texas). This Proxy Statement describes matters on which you, as a shareholder, are entitled to vote. It also gives you information on these matters so that you can make an informed decision.

**What is included in these materials?**

These materials include:

this Proxy Statement for the Annual Meeting; and

the Company's Annual Report for the fiscal year ended December 25, 2010 (the **Annual Report**).

If you received printed versions of these materials by mail, these materials also include the proxy card or vote instruction form for the Annual Meeting.

**Why did I receive a one-page Notice in the mail regarding the Internet availability of proxy materials this year instead of printed proxy materials?**

In accordance with Securities and Exchange Commission ( **SEC** ) rules, instead of mailing a printed copy of our proxy materials to all of our shareholders, we have elected to furnish such materials to selected shareholders by providing access to these documents over the Internet. Accordingly, on March [ ], 2011, we sent a Notice of Internet Availability of Proxy Materials (the **Notice** ) to selected shareholders of record and beneficial owners. These shareholders have the ability to access the proxy materials on a website referred to in the Notice or request to receive a printed set of the proxy materials by calling the toll-free number found on the Notice. The Company encourages you to take advantage of the availability of the proxy materials on the Internet in order to help reduce the environmental impact of the Annual Meeting.

**How can I get electronic access to the proxy materials?**

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The Notice provides you with instructions regarding how to: (1) view our proxy materials for the Annual Meeting on the Internet; (2) vote your shares after you have viewed our proxy materials; (3) request a printed copy of the proxy materials; and (4) instruct us to send our future proxy materials to you electronically by email. Copies of the proxy materials are available for viewing at [www.pepsico.com/proxy11](http://www.pepsico.com/proxy11).

You may have received proxy materials by email. Even if you received a printed copy of our proxy materials, you may choose to receive future proxy materials by email. Choosing to receive your future proxy materials by email will lower our costs of delivery and will reduce the environmental impact of our Annual Meeting. If you choose to receive our future proxy materials by email, you will receive an email next year with instructions containing a link to view those proxy materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it or for so long as the email address provided by you is valid.

### **What items will be voted on at the Annual Meeting?**

Shareholders will vote on the following items at the Annual Meeting if each is properly presented at the meeting:

the election to the Board of the nominees named in this Proxy Statement (Proposal No. 1);

an advisory vote on executive compensation (Proposal No. 2);

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an advisory vote on the frequency of the shareholder advisory vote on executive compensation (Proposal No. 3);

the ratification of the appointment of KPMG LLP as our independent registered public accountants for fiscal year 2011 (Proposal No. 4);

an amendment to PepsiCo's Articles of Incorporation to implement a majority vote standard for uncontested elections of Directors (Proposal No. 5);

a shareholder proposal regarding the right to call special meetings of shareholders (Proposal No. 6);

a shareholder proposal regarding a political contributions report (Proposal No. 7); and

such other business as may properly come before the Annual Meeting or any postponement or adjournment of the meeting.

**What are the Board's voting recommendations?**

The Board recommends that you vote your shares:

FOR each of the nominees to the Board (Proposal No. 1);

FOR , on an advisory basis, the compensation of the Company's named executive officers (Proposal No. 2);

FOR EVERY THREE YEARS , on an advisory basis, regarding the frequency for the advisory vote on the Company's executive compensation (Proposal No. 3);

FOR the ratification of KPMG LLP as our independent registered public accountants for fiscal year 2011 (Proposal No. 4);

FOR the amendment to PepsiCo's Articles of Incorporation to implement a majority vote standard for uncontested elections of Directors (Proposal No. 5);

AGAINST the shareholder proposal regarding the right to call special meetings of shareholders (Proposal No. 6);

AGAINST the shareholder proposal regarding a political contributions report (Proposal No. 7).

**Where are the Company's principal executive offices located and what is the Company's main telephone number?**

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The Company's principal executive offices are located at 700 Anderson Hill Road, Purchase, New York 10577. The Company's main telephone number is (914) 253-2000.

### **Who may vote at the Annual Meeting?**

As of the Record Date of March 4, 2011, there were 1,600,455,394 shares of PepsiCo Common Stock outstanding and entitled to one vote each at the Annual Meeting and 223,653 shares of PepsiCo Convertible Preferred Stock outstanding and entitled to 1,109,878 votes at the Annual Meeting, which number is equal to the number of shares of Common Stock into which such shares of Convertible Preferred Stock could be converted on the Record Date, rounded to the nearest share. As of the Record Date, the outstanding shares of Common Stock were registered in the names of 165,024 shareholders and the outstanding shares of Convertible Preferred Stock were registered in the names of 1,795 shareholders. Only shareholders of record as of the close of business on the Record Date are entitled to receive notice of, to attend, and to vote at the Annual Meeting.

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### **What is the difference between a shareholder of record and a beneficial owner of shares held in street name?**

*Shareholder of Record.* If your shares are registered directly in your name with the Company's transfer agent, BNY Mellon Shareowner Services, you are considered the shareholder of record with respect to those shares, and the Notice or printed materials were sent directly to you by the Company. If you request printed copies of the proxy materials by mail, you will also receive a printed proxy card.

*Beneficial Owner of Shares Held in Street Name.* If your shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, then you are the beneficial owner of shares held in street name, and the Notice or the printed proxy materials were forwarded to you by that organization. The organization holding your account is considered the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account. If you request printed copies of the proxy materials by mail, you will also receive a printed vote instruction form.

### **If I am a shareholder of record of the Company's shares, how do I vote?**

There are four ways to vote:

*In Person.* If you are a shareholder of record, you may vote in person at the Annual Meeting. Bring your printed proxy card if you received one by mail. Otherwise, the Company will give shareholders of record a ballot at the Annual Meeting.

*Via the Internet.* If you received a Notice, you may vote by proxy via the Internet by visiting <http://www.proxyvoting.com/pep> and entering the control number found in the Notice.

*By Telephone.* If you received or requested printed copies of the proxy materials by mail, you may vote by proxy by calling the toll-free number found on the proxy card.

*By Mail.* If you received or requested printed copies of the proxy materials by mail, you may vote by proxy by filling out the proxy card and sending it back in the envelope provided.

### **If I am a beneficial owner of shares held in street name, how do I vote?**

Your bank or broker will send you instructions on how to vote. There are four ways to vote:

*In Person.* If you are a beneficial owner of shares held in street name and you wish to vote in person at the Annual Meeting, you must obtain a legal proxy from the organization that holds your shares.

*Via the Internet.* If you received a Notice, you may vote by proxy via the Internet by visiting <http://www.proxyvote.com> and entering the control number found in the Notice.

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*By Telephone.* If you received or requested printed copies of the proxy materials by mail, you may vote by proxy by calling the toll-free number found on the vote instruction form.

*By Mail.* If you received or requested printed copies of the proxy materials by mail, you may vote by proxy by filling out the vote instruction form and sending it back in the envelope provided.

### **Can employees who participate in PepsiCo's Savings Plan/PepsiCo Hourly 401(k) Plan vote?**

Yes, employees who participate in PepsiCo's Savings Plan/PepsiCo Hourly 401(k) Plan (a portion of which constitutes an Employee Stock Ownership Plan) can vote the shares they hold in the PepsiCo Savings Plan as of the close of business on March 4, 2011. To do so, the employee participant must sign and return the proxy card received or vote via internet or telephone, as instructed in the Notice or proxy materials received in connection with the shares they hold in the PepsiCo Savings Plan. If voting

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instructions are not provided for the shares held in the PepsiCo Savings Plan, the Savings Plan trustees will not vote those shares for which voting instructions are not received, unless required by law.

### **What constitutes a quorum in order to hold and transact business at the Annual Meeting?**

Under North Carolina law and the Company's By-Laws, the presence in person or by proxy of the holders of record of a majority of the votes entitled to be cast on a matter constitutes a quorum for action on that matter. Votes for and against, abstentions and broker non-votes will all be counted as present to determine whether a quorum has been established. Once a share of the Company's Common Stock or Convertible Preferred Stock is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and any adjournments or postponements. If a quorum is not present, the holders of record of a majority of such shares present and entitled to vote may adjourn the meeting until a quorum is obtained.

### **How are proxies voted?**

All valid proxies received prior to the Annual Meeting will be voted. All shares represented by a proxy will be voted and, where a shareholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the shareholder's instructions.

### **What happens if I do not give specific voting instructions?**

*Shareholders of Record.* If you are a shareholder of record and you indicate when voting on the Internet or by telephone that you wish to vote as recommended by the Board, or sign and return a proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

*Beneficial Owners of Shares Held in Street Name.* If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of securities exchanges, the organization that holds your shares may generally vote on routine matters at its discretion but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on such matters with respect to your shares. This is generally referred to as a broker non-vote.

### **Which ballot measures are considered routine or non-routine ?**

Proposal No. 4 (ratification of the appointment of the independent registered public accountants) and Proposal No. 5 (amendment to the Articles of Incorporation to implement majority vote standard in uncontested elections of Directors) are matters that the Company believes will be designated routine. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with such proposals.

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Proposal No. 1 (election of directors), Proposal No. 2 (advisory vote on executive compensation), Proposal No. 3 (advisory vote on the frequency of the shareholder advisory vote on executive compensation), and Shareholder Proposals No. 6 and 7 are matters the Company believes will be considered non-routine. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there will be broker non-votes on all proposals except Proposals No. 4 and No. 5.

### **Can I change my vote after I have voted?**

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting by voting again via the Internet or by telephone (only your latest Internet or telephone proxy



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submitted prior to the Annual Meeting will be counted), by signing and returning a new proxy card or vote instruction form with a later date, or by attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request that your prior proxy be revoked by delivering to the Company's Corporate Secretary at 700 Anderson Hill Road, Purchase, NY 10577 a written notice of revocation prior to the Annual Meeting.

### **Is my vote confidential?**

Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except as necessary to meet applicable legal requirements and to allow for the tabulation and certification of votes. Occasionally, shareholders provide written comments on their proxy cards, which may be forwarded (without the corresponding votes) to the Company's management and the Board.

### **What is the voting requirement to approve each of the proposals?**

*Election of Directors.* For Proposal No. 1, under North Carolina law and the Company's By-Laws, assuming the existence of a quorum at the Annual Meeting, the nominees for director who receive a plurality of all of the votes cast on the proposed shall be elected to the Board of Directors. This means that the twelve nominees receiving the highest number of votes for his or her election will be elected as directors. Abstentions and shares that are voted against a director nominee will not be counted toward such nominee's election. The Company has also implemented a Director Resignation Policy under its Corporate Governance Guidelines. Under this policy, if a director nominee in an uncontested election receives a greater number of votes against his or her election than votes for his or her election, the director nominee is required to offer his or her irrevocable resignation to the Board following certification of the shareholder vote. Abstentions have no effect under this policy. The Nominating and Corporate Governance Committee will consider the resignation offer and make a recommendation to the Board. Within 90 days following certification of the shareholder vote, the independent members of the Board will make and will promptly publicly disclose a final determination as to whether to accept the director's resignation. A director who tenders his or her resignation under this provision shall not be present during the deliberations or voting by the Committee or the Board regarding whether to accept the resignation offer.

*Advisory Vote on Executive Compensation.* For Proposal No. 2, assuming the existence of a quorum at the Annual Meeting, the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting in person or by proxy is required to approve, by non-binding vote, executive compensation.

*Frequency of the Vote on Executive Compensation.* For Proposal No. 3, assuming the existence of a quorum at the Annual Meeting, the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting in person or by proxy is required to approve, by non-binding vote, the frequency of the advisory vote on executive compensation.

*Ratification of Independent Registered Public Accountants.* For Proposal No. 4, assuming the existence of a quorum at the Annual Meeting, the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting in person or by proxy is required to ratify the appointment of the independent registered public accountants.

*Amendment to PepsiCo's Articles of Incorporation for Majority Voting.* For Proposal No. 5, assuming the existence of a quorum at the Annual Meeting, the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting in person or by proxy is required to approve the amendment to the Company's Articles of Incorporation to adopt a majority vote standard for uncontested elections of Directors.

Shareholder Proposals 6 and 7. For Proposals No. 6 and 7, assuming the existence of a quorum at the Annual Meeting, approval of each of Proposals No. 6 and 7 requires the

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affirmative vote of a majority of the votes cast on such proposal at the Annual Meeting in person or by proxy.

**Note on Abstentions.** If you abstain from voting on a particular matter, your vote will be counted as present for determining whether a quorum exists but will not be treated as cast either for or against that matter.

**Note on Broker Non-Votes.** Under New York Stock Exchange rules, a broker may cast a vote on behalf of a beneficial owner on routine matters, such as Proposals No. 4 and 5, when the broker does not receive specific voting instructions from that beneficial owner. On non-routine Proposals No. 1, 2, 3, 6 and 7, a broker may not cast a vote absent specific voting instructions from the beneficial owners. If you are a beneficial owner holding shares through a broker, bank or other holder of record and you do not vote on certain matters, your broker may cast a vote on your behalf for Proposals No. 4 and 5 but not Proposals No. 1, 2, 3, 6 and 7.

**Note on Advisory Votes.** Although the advisory votes on Proposals 2 and 3 are non-binding, as provided by law, our Board of Directors will review the results of the votes and, consistent with our record of shareowner engagement, will take them into account in making future determinations concerning executive compensation and the frequency of advisory votes on executive compensation.

### **Who will serve as the inspector of election?**

Representatives from BNY Mellon Shareowner Services will serve as the inspectors of election.

### **Where can I find the voting results of the Annual Meeting?**

The Company expects that the final voting results will be tallied by the inspectors of election and, within four business days after the Annual Meeting, the Company expects to file the results on Form 8-K with the SEC.

### **Who is paying for the cost of this proxy solicitation?**

The Company is paying the costs of the solicitation of proxies. This solicitation is being made on behalf of our Board of Directors, but may also be made without additional compensation by our officers or employees by telephone, facsimile, email or personal interview. In addition, we have retained Georgeson Inc. to assist in obtaining proxies by mail, facsimile or email from brokers, bank nominees and other institutions for the Annual Meeting. The estimated cost of such services is \$21,000 plus out-of-pocket expenses. Georgeson Inc. may be contacted at (866) 295-4321.

The Company must also pay brokerage firms and other persons representing beneficial owners of shares held in street name, certain fees associated with forwarding the Notice to beneficial owners, forwarding printed proxy materials by mail to beneficial owners who specifically request them and obtaining beneficial owners' voting instructions.

**How can I attend the Annual Meeting in Person?**

Attendance at the Annual Meeting is limited to shareholders of record as of the close of business on March 4, 2011. Admission to the Annual Meeting will be on a first-come, first-served basis and will require an admission ticket. Each shareholder will be asked to present valid picture identification such as a driver's license or passport. The use of cell phones, PDAs, pagers, recording and photographic equipment and/or computers is not permitted in the meeting rooms at the Annual Meeting. Frito-Lay headquarters is accessible to disabled persons. Upon advance request, we will provide wireless headsets for hearing amplification.

**How do I receive an admission ticket?**

If you are a registered shareholder and received your proxy materials by mail, your admission ticket is attached to your Notice or proxy card. If you received your proxy materials by email, you can obtain an admission ticket by contacting PepsiCo's Manager of Shareholder Relations at (914) 253-3055 or [investor@pepsico.com](mailto:investor@pepsico.com). An admission ticket will then be sent to you.

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If you are a beneficial owner of shares held in street name and received your proxy materials by mail, your admission ticket will be your Notice or voting instruction form you received from your bank, brokerage firm or other nominee. If you received your proxy materials by email, you can obtain an admission ticket by writing to PepsiCo's Manager of Shareholder Relations, 700 Anderson Hill Road, Purchase, NY 10577 or [investor@pepsico.com](mailto:investor@pepsico.com). Please be sure to include proof of ownership as of the Record Date, such as a bank or brokerage account statement.

Shareholders who do not obtain an admission ticket in advance may obtain one upon verification of their ownership, as of the Record Date, at the registration desk on the day of the Annual Meeting. Registration will begin at 8:30 a.m. C.D.T.

**Can I listen to the Annual Meeting on the Internet?**

Yes, our Annual Meeting will be webcast on May 4, 2011 at 9:00 a.m. C.D.T. You are invited to visit [www.pepsico.com](http://www.pepsico.com) to listen to the live webcast of the Annual Meeting. An archived copy of the webcast will be available on our website for at least 90 days following the date of our Annual Meeting.

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**ELECTION OF DIRECTORS (PROXY ITEM NO. 1)**

The Board of Directors (the **Board**) proposes the following twelve nominees for election as directors at the Annual Meeting. The directors will hold office from election until the next Annual Meeting of Shareholders, or until their successors are elected and qualified. If any of these nominees for director becomes unavailable, the persons named in the proxy intend to vote for any alternate designated by the current Board. Proxies cannot be voted for a greater number of persons than the nominees named.

**THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF THE FOLLOWING DIRECTORS.**

**SHONA L. BROWN**, 45, is Senior Vice President, Business Operations of Google Inc., a position she has held since 2006. From 2003 to 2006 she served as Vice President, Business Operations of Google Inc., where she led internal business operations and people operations. From October 1995 to August 2003, Ms. Brown was at McKinsey and Company, a management consulting firm, where she had been a partner since December 2000. She is a director of the following non-profit organizations: San Francisco Jazz Organization; The Bridgespan Group; The Exploratorium and The Nature Conservancy. Ms. Brown was elected to PepsiCo's Board in March 2009.

**IAN M. COOK**, 58, was elected a director of PepsiCo in 2008. He was named Chief Executive Officer and was elected to the board of Colgate-Palmolive Company in 2007 and became Chairman of the Board in January 2009. Mr. Cook joined Colgate in the United Kingdom in 1976 and progressed through a series of senior management roles around the world. 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. In 2005, he was named President and Chief Operating Officer, responsible for all Colgate operations worldwide.

**DINA DUBLON**, 57, was elected a director of PepsiCo in 2005. Ms. Dublon retired from JP Morgan Chase & Co. in 2004, where she had served as Executive Vice President and Chief Financial Officer since 1998. She is a director of Microsoft Corp. and Accenture plc. She is also a director of the Global Fund for Women and the Women's Refugee Commission. She is a trustee of Carnegie Mellon University.

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**VICTOR J. DZAU, MD**, 65, was elected a director of PepsiCo in 2005. Dr. Dzau is Chancellor for Health Affairs at Duke University and President and Chief Executive Officer of the Duke University Health System since July 2004. Prior to that he served as Hersey Professor of Medicine at Harvard Medical School and Chairman of the Department of Medicine at Brigham and Women's Hospital in Boston, Massachusetts from 1996 to 2004. He is a member of the Institute of Medicine of the National Academy of Sciences and the European Academy of Sciences and Arts. He was the previous Chairman of the National Institutes of Health (NIH) Cardiovascular Disease Advisory Committee and he served on the Advisory Committee to the Director of NIH. Dr. Dzau has been named 2004 Distinguished Scientist of the American Heart Association and was the recipient of the 2004 Max Delbruck Medal, Berlin, Germany, and the 2005 Ellis Island Medal of Honor. Dr. Dzau is also a director of Genzyme Corporation, Alnylam Pharmaceuticals, Inc. and Medtronic, Inc.

**RAY L. HUNT**, 67, Chairman of the Board, President and Chief Executive Officer of Hunt Consolidated, Inc., was elected to PepsiCo's Board in 1996. Mr. Hunt began his association with Hunt Oil Company in 1958 and has held his current position since 1976. He is also a director of numerous charitable and corporate organizations, including Bessemer Securities Corporation, Bessemer Securities LLC and King Ranch Inc.

**ALBERTO IBARGÜEN**, 67, was elected a director of PepsiCo in 2005. Mr. Ibargüen has been President and Chief Executive Officer of the John S. and James L. Knight Foundation since 2005. Mr. Ibargüen previously served as Chairman of Miami Herald Publishing Co., a Knight Ridder subsidiary, and as publisher of *The Miami Herald* and of *El Nuevo Herald*. He is a member of the boards of AMR Corporation, American Airlines, Inc., AOL, ProPublica and The Council on Foreign Relations. Mr. Ibargüen is also a member of the Board of The Newseum in Washington, D.C. and of the Worldwide Web Foundation in Switzerland.

**ARTHUR C. MARTINEZ**, 71, former Chairman of the Board, President and Chief Executive Officer of Sears, Roebuck and Co., was elected to PepsiCo's Board in 1999. Mr. Martinez was Chairman and Chief Executive Officer of the former Sears Merchandise Group from 1992 to 1995 and served as Chairman of the Board, President and Chief Executive Officer of Sears, Roebuck and Co. from 1995 until 2000. He served as Vice Chairman and a director of Saks Fifth Avenue from 1990 to 1992. He is a director of Liz Claiborne, Inc., International Flavors and Fragrances, Inc., Interactive Corp (IAC) and American International Group (AIG), and Chairman of HSN, Inc. Mr. Martinez served on the Board of ABN-AMRO Holding N.V. from 2002 until 2010 and as its Chairman from 2006-2010.

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**INDRA K. NOOYI**, 55, has been PepsiCo's Chief Executive Officer since 2006 and assumed the role of Chairman of PepsiCo's Board of Directors in 2007. She was elected to PepsiCo's Board of Directors 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.

**SHARON PERCY ROCKEFELLER**, 66, was elected a director of PepsiCo in 1986. She is President and Chief Executive Officer of WETA public radio and television stations in Washington, D.C., a position she has held since 1989, and was a member of the Board of Directors of WETA from 1985 to 1989. She was a member of the Board of Directors of the Corporation for Public Broadcasting until 1992 and is currently a director of the Public Broadcasting Service (PBS) in Washington, D.C. Ms. Rockefeller currently serves as a Trustee on the following non-profit boards: National Gallery of Art, The Museum of Modern Art, Johns Hopkins Medicine, Colonial Williamsburg Foundation and Rockefeller Philanthropy Advisors.