PEPSICO INC
Form 10-Q
April 26, 2017
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark One)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 25, 2017 (12 weeks)
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 1-1183

PepsiCo, Inc.
(Exact Name of Registrant as Specified in its Charter)

North Carolina (State or Other Jurisdiction of Incorporation or Organization)	13-1584302 (I.R.S. Employer Identification No.)
700 Anderson Hill Road, Purchase, New York (Address of Principal Executive Offices)	10577 (Zip Code)

914-253-2000
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Accelerated filer ¨

Large accelerated filer x	Smaller reporting company ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ¨ NO x

Number of shares of Common Stock outstanding as of April 19, 2017 was 1,428,501,223.

Table of Contents

PepsiCo, Inc. and Subsidiaries

Table of Contents

Table of Contents

PART I FINANCIAL INFORMATION
ITEM 1. Condensed Consolidated Financial Statements.

Condensed Consolidated Statement of Income
PepsiCo, Inc. and Subsidiaries
(in millions except per share amounts, unaudited)

	12 Weeks Ended	
	3/25/2017	3/19/2016
Net Revenue	$12,049	$11,862
Cost of sales	5,286	5,151
Gross profit	6,763	6,711
Selling, general and administrative expenses	4,817	5,078
Amortization of intangible assets	13	14
Operating Profit	1,933	1,619
Interest expense	(252)	(246)
Interest income and other	40	14
Income before income taxes	1,721	1,387
Provision for income taxes	392	442
Net income	1,329	945
Less: Net income attributable to noncontrolling interests	11	14
Net Income Attributable to PepsiCo	$1,318	$931
Net Income Attributable to PepsiCo per Common Share		
Basic	$0.92	$0.64
Diluted	$0.91	$0.64
Weighted-average common shares outstanding		
Basic	1,428	1,446
Diluted	1,440	1,459
Cash dividends declared per common share	$0.7525	$0.7025

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

Condensed Consolidated Statement of Comprehensive Income
PepsiCo, Inc. and Subsidiaries
(in millions, unaudited)

	12 Weeks Ended 3/25/2017		
	Pre-tax amounts	Tax amounts	After-tax amounts
Net income			$ 1,329
Other comprehensive income			
Currency translation adjustment	$ 512	$ 4	516
Cash flow hedges:			
Reclassification of net gains to net income	(33)	11	(22)
Net derivative losses	(3)	(2)	(5)
Pension and retiree medical:			
Reclassification of net losses to net income	28	(9)	19
Remeasurement of net liabilities and translation	(14)	4	(10)
Unrealized gains on securities	9	(5)	4
Total other comprehensive income	$ 499	$ 3	502
Comprehensive income			1,831
Comprehensive income attributable to noncontrolling interests			(10)
Comprehensive Income Attributable to PepsiCo			$ 1,821

	12 Weeks Ended 3/19/2016		
	Pre-tax amounts	Tax amounts	After-tax amounts
Net income			$ 945
Other comprehensive loss			
Currency translation adjustment	$ (220)	$ —	(220)
Cash flow hedges:			
Reclassification of net gains to net income	(21)	5	(16)
Net derivative losses	—	(1)	(1)
Pension and retiree medical:			
Reclassification of net losses to net income	37	(12)	25
Remeasurement of net liabilities and translation	15	(48)	(33)
Unrealized losses on securities	(12)	7	(5)
Total other comprehensive loss	$ (201)	$ (49)	(250)
Comprehensive income			695
Comprehensive income attributable to noncontrolling interests			(14)
Comprehensive Income Attributable to PepsiCo			$ 681

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

Condensed Consolidated Statement of Cash Flows
PepsiCo, Inc. and Subsidiaries
(in millions, unaudited)

	12 Weeks Ended	
	3/25/2017	3/19/2016
Operating Activities		
Net income	$ 1,329	$ 945
Depreciation and amortization	477	481
Share-based compensation expense	72	69
Restructuring and impairment charges	27	30
Cash payments for restructuring charges	(7)	(30)
Charge related to the transaction with Tingyi (Cayman Islands) Holding Corp. (Tingyi)	—	373
Pension and retiree medical plan expenses	44	60
Pension and retiree medical plan contributions	(79)	(93)
Deferred income taxes and other tax charges and credits	129	19
Change in assets and liabilities:		
Accounts and notes receivable	(128)	(349)
Inventories	(513)	(530)
Prepaid expenses and other current assets	(299)	(255)
Accounts payable and other current liabilities	(1,386)	(661)
Income taxes payable	172	318
Other, net	(37)	(72)
Net Cash (Used for)/Provided by Operating Activities	(199)	305
Investing Activities		
Capital spending	(317)	(389)
Sales of property, plant and equipment	12	25
Acquisitions and investments in noncontrolled affiliates	(36)	—
Divestitures	41	55
Short-term investments, by original maturity:		
More than three months - purchases	(3,436)	(2,556)
More than three months - maturities	3,866	1,446
More than three months - sales	138	—
Three months or less, net	—	7
Other investing, net	1	—
Net Cash Provided by/(Used for) Investing Activities	269	(1,412)
Financing Activities		
Proceeds from issuances of long-term debt	—	2,532
Payments of long-term debt	(752)	(1,251)
Short-term borrowings, by original maturity:		
More than three months - proceeds	28	—
More than three months - payments	—	(9)
Three months or less, net	2,396	480
Cash dividends paid	(1,098)	(1,038)
Share repurchases - common	(444)	(619)
Share repurchases - preferred	(1)	(2)
Proceeds from exercises of stock options	245	165

Withholding tax payments on RSUs, PSUs and PEPunits converted	(116)	(99)
Other financing	(1)	(2)
Net Cash Provided by Financing Activities	257	157
Effect of exchange rate changes on cash and cash equivalents	43	(22)
Net Increase/(Decrease) in Cash and Cash Equivalents	370	(972)
Cash and Cash Equivalents, Beginning of Year	9,158	9,096
Cash and Cash Equivalents, End of Period	$9,528	$ 8,124

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

Condensed Consolidated Balance Sheet
PepsiCo, Inc. and Subsidiaries
(in millions except per share amounts)

	(Unaudited) 3/25/2017	12/31/2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 9,528	$ 9,158
Short-term investments	6,461	6,967
Accounts and notes receivable, less allowance: 3/17 - $139 and 12/16 - $134	6,848	6,694
Inventories:		
Raw materials and packaging	1,429	1,315
Work-in-process	220	150
Finished goods	1,633	1,258
	3,282	2,723
Prepaid expenses and other current assets	1,031	908
Total Current Assets	27,150	26,450
Property, plant and equipment	37,373	36,818
Accumulated depreciation	(20,724)	(20,227)
	16,649	16,591
Amortizable Intangible Assets, net	1,259	1,237
Goodwill	14,584	14,430
Other nonamortizable intangible assets	12,338	12,196
Nonamortizable Intangible Assets	26,922	26,626
Investments in Noncontrolled Affiliates	2,003	1,950
Other Assets	639	636
Total Assets	$ 74,622	$ 73,490
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt obligations	$ 8,577	$ 6,892
Accounts payable and other current liabilities	13,067	14,243
Total Current Liabilities	21,644	21,135
Long-Term Debt Obligations	30,081	30,053
Other Liabilities	6,693	6,669
Deferred Income Taxes	4,521	4,434
Total Liabilities	62,939	62,291
Commitments and contingencies		
Preferred Stock, no par value	41	41
Repurchased Preferred Stock	(194)	(192)
PepsiCo Common Shareholders’ Equity		
Common stock, par value $1^{2}/_{3}$¢ per share (authorized 3,600 shares; issued, net of repurchased common stock at par value: 1,430 and 1,428 shares, respectively)	24	24
Capital in excess of par value	3,857	4,091
Retained earnings	52,756	52,518
Accumulated other comprehensive loss	(13,416)	(13,919)

Repurchased common stock, in excess of par value (436 and 438 shares, respectively)	(31,499)	(31,468)
Total PepsiCo Common Shareholders' Equity	11,722	11,246
Noncontrolling interests	114	104
Total Equity	11,683	11,199
Total Liabilities and Equity	$ 74,622	$ 73,490

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

Condensed Consolidated Statement of Equity
PepsiCo, Inc. and Subsidiaries
(in millions, unaudited)

	12 Weeks Ended			
	3/25/2017		3/19/2016	
	Shares	Amount	Shares	Amount
Preferred Stock	0.8	$41	0.8	$41
Repurchased Preferred Stock				
Balance, beginning of year	(0.7)	(192)	(0.7)	(186)
Redemptions	—	(2)	—	(1)
Balance, end of period	(0.7)	(194)	(0.7)	(187)
Common Stock				
Balance, beginning of year	1,428	24	1,448	24
Change in repurchased common stock	2	—	(2)	—
Balance, end of period	1,430	24	1,446	24
Capital in Excess of Par Value				
Balance, beginning of year		4,091		4,076
Share-based compensation expense		73		70
Stock option exercises, RSUs, PSUs and PEPunits converted [(a)]		(191)		(139)
Withholding tax on RSUs, PSUs and PEPunits converted		(116)		(99)
Other		—		(2)
Balance, end of period		3,857		3,906
Retained Earnings				
Balance, beginning of year		52,518		50,472
Net income attributable to PepsiCo		1,318		931
Cash dividends declared – common		(1,080)		(1,020)
Balance, end of period		52,756		50,383
Accumulated Other Comprehensive Loss				
Balance, beginning of year		(13,919)		(13,319)
Other comprehensive income/(loss) attributable to PepsiCo		503		(250)
Balance, end of period		(13,416)		(13,569)
Repurchased Common Stock				
Balance, beginning of year	(438)	(31,468)	(418)	(29,185)
Share repurchases	(4)	(477)	(7)	(664)
Stock option exercises, RSUs, PSUs and PEPunits converted	6	446	5	360
Other	—	—	—	2
Balance, end of period	(436)	(31,499)	(420)	(29,487)
Total PepsiCo Common Shareholders' Equity		11,722		11,257
Noncontrolling Interests				
Balance, beginning of year		104		107
Net income attributable to noncontrolling interests		11		14
Currency translation adjustment		(1)		—
Other, net		—		(1)
Balance, end of period		114		120
Total Equity		$11,683		$11,231

(a) Includes total tax benefits of $53 million in 2016.
See accompanying notes to the condensed consolidated financial statements.

Table of Contents

Notes to the Condensed Consolidated Financial Statements

Note 1 - Basis of Presentation and Our Divisions

Basis of Presentation

When used in this report, the terms “we,” “us,” “our,” “PepsiCo” and the “Company” mean PepsiCo, Inc. and its consolidated subsidiaries, collectively.

Our Condensed Consolidated Balance Sheet as of March 25, 2017 and Condensed Consolidated Statements of Income, Comprehensive Income, Cash Flows and Equity for the 12 weeks ended March 25, 2017 and March 19, 2016 have not been audited. These statements have been prepared on a basis that is substantially consistent with the accounting principles applied in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. This report should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. In our opinion, these financial statements include all normal and recurring adjustments necessary for a fair presentation. The results for the 12 weeks ended March 25, 2017 are not necessarily indicative of the results expected for the full year.

While our financial results in the United States and Canada (North America) are reported on a 12-week basis, most of our international operations report on a monthly calendar basis for which the months of January and February are reflected in our first quarter results.

Our significant interim accounting policies include the recognition of a pro rata share of certain estimated annual sales incentives and certain advertising and marketing costs in proportion to revenue or volume, as applicable, and the recognition of income taxes using an estimated annual effective tax rate. Raw materials, direct labor and plant overhead, as well as purchasing and receiving costs, costs directly related to production planning, inspection costs and raw materials handling facilities, are included in cost of sales. The costs of moving, storing and delivering finished product are included in selling, general and administrative expenses.

The following information is unaudited. Unless otherwise noted, tabular dollars are in millions, except per share amounts. All per share amounts reflect common per share amounts, assume dilution unless otherwise noted, and are based on unrounded amounts. Reclassifications were made to the prior year’s financial statements to reflect the adoption of the recently issued accounting pronouncements disclosed in Note 2.

Our Divisions

We are organized into six reportable segments (also referred to as divisions), as follows:

1) Frito-Lay North America (FLNA), which includes our branded food and snack businesses in the United States and Canada;
2) Quaker Foods North America (QFNA), which includes our cereal, rice, pasta and other branded food businesses in the United States and Canada;
3) North America Beverages (NAB), which includes our beverage businesses in the United States and Canada;
4) Latin America, which includes all of our beverage, food and snack businesses in Latin America;
5) Europe Sub-Saharan Africa (ESSA), which includes all of our beverage, food and snack businesses in Europe and Sub-Saharan Africa; and
6) Asia, Middle East and North Africa (AMENA), which includes all of our beverage, food and snack businesses in Asia, Middle East and North Africa.

Table of Contents

Net revenue and operating profit/(loss) of each division are as follows:

	12 Weeks Ended			
	Net Revenue		Operating Profit/(Loss)	
	3/25/2017	3/19/2016	3/25/2017	3/19/2016
FLNA	$3,499	$3,418	$1,060	$1,018
QFNA	598	617	164	166
NAB	4,460	4,361	505	485
Latin America	1,077	1,042	132	175
ESSA	1,445	1,359	102	67
AMENA [(a)]	970	1,065	171	(148)
Total division	12,049	11,862	2,134	1,763
Corporate Unallocated	—	—	(201)	(144)
	$12,049	$11,862	$1,933	$1,619

(a) Operating loss for AMENA for the 12 weeks ended March 19, 2016 includes an impairment charge of $373 million to reduce the value of our 5% indirect equity interest in Tingyi-Asahi Beverages Holding Co. Ltd. (TAB) to its estimated fair value.

Total assets of each division are as follows:

	Total Assets	
	3/25/2017	12/31/2016
FLNA	$5,684	$5,731
QFNA	834	811
NAB	29,016	28,172
Latin America	4,732	4,568
ESSA	12,553	12,302
AMENA	5,473	5,261
Total division	58,292	56,845
Corporate [(a)]	16,330	16,645
	$74,622	$73,490

(a) Corporate assets consist principally of certain cash and cash equivalents, short-term investments, derivative instruments, property, plant and equipment and tax assets.

Note 2 - Recently Issued Accounting Pronouncements

Adopted

In 2016, the Financial Accounting Standards Board (FASB) issued guidance that changes the accounting for certain aspects of share-based payments to employees. We adopted the provisions of this guidance during our first quarter of 2017, resulting in the following impacts to our financial statements:

- Income tax effects of vested or settled awards are recognized in the provision for income taxes on our income statement on a prospective basis. Previously, these tax effects were recorded on our equity statement in capital in excess of par value. Our excess tax benefits were $60 million for the 12 weeks ended March 25, 2017, resulting in a $0.04 increase to diluted net income attributable to PepsiCo per common share. For the 12 weeks ended March 19, 2016, our excess tax benefits recognized were $53 million. If we had applied this standard in 2016, the impact would have been a $0.04 increase to diluted net income attributable to PepsiCo per common share for the 12 weeks ended March 19, 2016. The ongoing impact on our financial statements is dependent on the timing of award vesting or exercises, our tax rate and the intrinsic value when awards vest or are exercised.

Table of Contents

Excess tax benefits are retrospectively presented within operating activities and withholding tax payments upon vesting of restricted stock units (RSUs), performance stock units (PSUs) and PepsiCo equity performance units (PEPunits) are retrospectively presented within financing activities in the cash flow statement. The adoption resulted in an increase of $204 million and $174 million in our operating cash flow with a corresponding decrease in our financing cash flow for the 12 weeks ended March 25, 2017 and March 19, 2016, respectively.

The guidance also allows for the employer to repurchase more of an employee's shares for tax withholding purposes and not classify the award as a liability that requires valuation on a mark-to-market basis. Our accounting treatment for outstanding awards was not impacted by our adoption of this provision. In addition, the guidance allows for a policy election to account for forfeitures as they occur. We will continue to apply our policy of estimating forfeitures as they occur.

In 2016, the FASB issued guidance that eliminates the requirement that an investor retrospectively apply equity method accounting for an investment originally accounted for by another method. The guidance requires that an equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investor's ability to exercise significant influence over the investment is achieved. We adopted the provisions of this guidance prospectively during our first quarter of 2017; the adoption did not impact our financial statements.

In 2015, the FASB issued guidance that requires companies to classify all deferred tax assets and liabilities as noncurrent on the balance sheet. We adopted the provisions of this guidance retrospectively during our first quarter of 2017, resulting in the reclassification of $639 million of deferred taxes from current to non-current on our balance sheet as of December 31, 2016.

Not Yet Adopted

In 2017, the FASB issued guidance that requires companies to retrospectively present the service cost component of net periodic benefit cost for pension and retiree medical plans along with other compensation costs in operating profit and present the other components of net periodic benefit cost below operating profit in the income statement. The guidance also allows only the service cost component of net periodic benefit cost to be eligible for capitalization within inventory or fixed assets on a prospective basis. The guidance is effective beginning in 2018 and we will adopt in the first quarter of 2018. We are currently evaluating the impact of this guidance on our financial statements. See Note 7 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and Note 7 for further information on our service cost and other components of net periodic benefit cost for pension and retiree medical plans.

In 2016, the FASB issued guidance to clarify how restricted cash should be presented in the cash flow statement. The guidance is effective beginning in 2018 with early adoption permitted. The guidance is not expected to have a material impact on our financial statements. We are currently evaluating the timing of adoption of this guidance.

In 2016, the FASB issued guidance that changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking expected loss model that will replace today's incurred loss model and generally will result in earlier recognition of allowances for losses. For available-for-sale debt securities with unrealized losses, entities will measure credit losses in a manner similar to current practice, except that the losses will be recognized as an allowance. The guidance is effective beginning in 2020 with early adoption permitted in 2019. We are currently evaluating the impact of this guidance on our financial statements and the timing of adoption.

Table of Contents

In 2016, the FASB issued guidance that requires lessees to recognize most leases on their balance sheets, but record expenses on their income statements in a manner similar to current accounting. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. The guidance is effective beginning in 2019 with early adoption permitted. We are currently evaluating the impact of this guidance on our financial statements and the timing of adoption. This adoption will result in an increase in the assets and liabilities on our balance sheet. We commenced our assessment of the impact of the guidance on our current lease portfolio from both a lessor and lessee perspective. See Note 13 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for our minimum lease payments under non-cancelable operating leases.

In 2016, the FASB issued guidance that requires companies to measure investments in certain equity securities at fair value and recognize any changes in fair value in net income. The guidance is effective beginning in 2018. Since early adoption is not permitted, we will adopt the guidance in the first quarter of 2018. We are currently evaluating the impact of this guidance on our financial statements, including the impact on certain of our investments in noncontrolled affiliates and our available-for-sale securities. We are evaluating opportunities to reduce the risk and volatility of these investments in the future. See Note 9 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and Note 10 for further information on our available-for-sale securities.

In 2014, the FASB issued guidance on revenue recognition, with final amendments issued in 2016. The guidance provides for a five-step model to determine the revenue recognized for the transfer of goods or services to customers that reflects the expected entitled consideration in exchange for those goods or services. It also provides clarification for principal versus agent considerations and identifying performance obligations. In addition, the FASB introduced practical expedients related to disclosures of remaining performance obligations, as well as other amendments to guidance on collectibility, non-cash consideration and the presentation of sales and other similar taxes. Financial statement disclosures required under the guidance will enable users to understand the nature, amount, timing, judgments and uncertainty of revenue and cash flows relating to customer contracts. The two permitted transition methods under the guidance are the full retrospective approach or a cumulative effect adjustment to the opening retained earnings in the year of adoption (cumulative effect approach). The guidance is effective beginning in 2018, with early adoption permitted.

We are utilizing a comprehensive approach to assess the impact of the guidance on our contract portfolio by reviewing our current accounting policies and practices to identify potential differences that would result from applying the new requirements to our revenue contracts, including evaluation of our performance obligations, principal versus agent considerations and variable consideration. We continue to make significant progress on our contract reviews and are also in the process of evaluating the impact, if any, on changes to our business processes, systems and controls to support recognition and disclosure under the new guidance. Based on the foregoing, we do not currently expect this guidance to have a material impact on our financial statements. We are continuing with our implementation plan and currently expect to adopt the new guidance beginning in 2018 using the cumulative effect approach.

Note 3 - Restructuring and Impairment Charges

We publicly announced a multi-year productivity plan on February 13, 2014 (2014 Productivity Plan) that includes the next generation of productivity initiatives that we believe will strengthen our food, snack and beverage businesses by: accelerating our investment in manufacturing automation; further optimizing our global manufacturing footprint, including closing certain manufacturing facilities; re-engineering our go-to-market systems in developed markets; expanding shared services; and implementing simplified organization structures to drive efficiency.

Table of Contents

In the 12 weeks ended March 25, 2017, we incurred pre- and after-tax restructuring charges of $27 million ($0.02 per share) in conjunction with our 2014 Productivity Plan. Additionally, we incurred $30 million ($25 million after-tax or $0.02 per share) in the 12 weeks ended March 19, 2016. All of these net charges were recorded in selling, general and administrative expenses and primarily relate to severance and other employee-related costs, asset impairments (all non-cash) and other costs associated with the implementation of our initiatives, including contract termination costs. Substantially all of the restructuring accrual at March 25, 2017 is expected to be paid by the end of 2017.

A summary of our 2014 Productivity Plan charges by segment is as follows:

	12 Weeks Ended							
	3/25/2017				3/19/2016			
	Severance and Other Employee Costs	Asset Impairments	Other Costs	Total	Severance and Other Employee Costs	Asset Impairments	Other Costs	Total
FLNA [(a)]	$1	$ —	$ —	$1	$(4)	$ —	$ —	$(4)
QFNA	—	—	—	—	—	—	—	—
NAB	—	—	2	2	7	—	—	7
Latin America	12	11	1	24	—	—	—	—
ESSA	4	—	—	4	1	9	9	19
AMENA [(b)]	—	—	(6)	(6)	3	2	—	5
Corporate	1	—	1	2	1	—	2	3
	$18	$ 11	$ (2)	$27	$8	$ 11	$ 11	$30

(a) Income amount represents adjustments for changes in estimates of previously recorded amounts.

(b) Income amount primarily reflects a gain on the sale of property, plant and equipment.

Since the inception of the 2014 Productivity Plan, we incurred restructuring charges of $766 million:

	2014 Productivity Plan Costs to Date			
	Severance and Other Employee Costs	Asset Impairments	Other Costs	Total
FLNA	$65	$ 9	$ 23	$97
QFNA	15	—	6	21
NAB	97	68	84	249
Latin America	64	24	25	113
ESSA	85	37	56	178
AMENA	21	6	14	41
Corporate	18	—	49	67
	$365	$ 144	$ 257	$766

Table of Contents

A summary of our 2014 Productivity Plan activity for the 12 weeks ended March 25, 2017 is as follows:

	Severance and Other Employee Costs	Asset Impairments	Other Costs	Total
Liability as of December 31, 2016	$ 88	$ —	$ 8	$ 96
2017 restructuring charges	18	11	(2)	27
Cash payments	(5)	—	(2)	(7)
Non-cash charges and translation	(1)	(11)	6	(6)
Liability as of March 25, 2017	$ 100	$ —	$ 10	$ 110

There were no material charges related to other productivity and efficiency initiatives outside the scope of the 2014 Productivity Plan.

We regularly evaluate different productivity initiatives beyond the 2014 Productivity Plan discussed above.

See additional unaudited information in “Items Affecting Comparability” in Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Note 4 - Intangible Assets

A summary of our amortizable intangible assets is as follows:

	3/25/2017			12/31/2016		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Acquired franchise rights	$ 830	$ (113)	$ 717	$ 827	$ (108)	$ 719
Reacquired franchise rights	105	(102)	3	106	(102)	4
Brands	1,288	(990)	298	1,277	(977)	300
Other identifiable intangibles	541	(300)	241	522	(308)	214
	$ 2,764	$ (1,505)	$ 1,259	$ 2,732	$ (1,495)	$ 1,237

Table of Contents

The change in the book value of nonamortizable intangible assets is as follows:

	Balance 12/31/2016	Translation and Other	Balance 3/25/2017
FLNA			
Goodwill	$ 270	$ 2	$ 272
Brands	23	—	23
	293	2	295
QFNA			
Goodwill	175	—	175
NAB			
Goodwill	9,843	5	9,848
Reacquired franchise rights	7,064	8	7,072
Acquired franchise rights	1,512	1	1,513
Brands	314	—	314
	18,733	14	18,747
Latin America			
Goodwill	553	16	569
Brands	150	6	156
	703	22	725
ESSA			
Goodwill	3,177	110	3,287
Reacquired franchise rights	488	14	502
Acquired franchise rights	184	1	185
Brands	2,358	105	2,463
	6,207	230	6,437
AMENA			
Goodwill	412	21	433
Brands	103	7	110
	515	28	543
Total goodwill	14,430		