

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 25, 2021

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

13-1584302

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

700 Anderson Hill Road, Purchase, New York 10577

(Address of principal executive offices and Zip Code)

(914) 253-2000

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

<u>Title of each class</u>	<u>Trading Symbols</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value 1-2/3 cents per share	PEP	The Nasdaq Stock Market LLC
2.500% Senior Notes Due 2022	PEP22a	The Nasdaq Stock Market LLC
0.250% Senior Notes Due 2024	PEP24	The Nasdaq Stock Market LLC
2.625% Senior Notes Due 2026	PEP26	The Nasdaq Stock Market LLC
0.750% Senior Notes Due 2027	PEP27	The Nasdaq Stock Market LLC
0.875% Senior Notes Due 2028	PEP28	The Nasdaq Stock Market LLC
0.500% Senior Notes Due 2028	PEP28a	The Nasdaq Stock Market LLC
1.125% Senior Notes Due 2031	PEP31	The Nasdaq Stock Market LLC
0.400% Senior Notes Due 2032	PEP32	The Nasdaq Stock Market LLC
0.750% Senior Notes Due 2033	PEP33	The Nasdaq Stock Market LLC
0.875% Senior Notes Due 2039	PEP39	The Nasdaq Stock Market LLC
1.050% Senior Notes Due 2050	PEP50	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 No

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of PepsiCo, Inc. Common Stock held by nonaffiliates of PepsiCo, Inc. (assuming for these purposes, but without conceding, that all executive officers and directors of PepsiCo, Inc. are affiliates of PepsiCo, Inc.) as of June 11, 2021, the last day of business of our most recently completed second fiscal quarter, was \$203.9 billion (based on the closing sale price of PepsiCo, Inc.’s Common Stock on that date as reported on the Nasdaq Global Select Market).

The number of shares of PepsiCo, Inc. Common Stock outstanding as of February 3, 2022 was 1,383,451,400.

Documents Incorporated by Reference

Portions of the Proxy Statement relating to PepsiCo, Inc.’s 2022 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

PepsiCo, Inc.
Form 10-K Annual Report
For the Fiscal Year Ended December 25, 2021

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Forward-Looking Statements

This Annual Report on Form 10-K 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,” “will” or similar statements or variations of such words and other similar expressions. All statements addressing our future operating performance, and statements addressing events and developments that we expect or anticipate will occur in the future, are forward-looking statements within the meaning of the Reform Act. These 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. These risks and uncertainties include, but are not limited to, those described in “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Our Business – Our Business Risks.” Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. The discussion of risks in this report is by no means all-inclusive but is designed to highlight what we believe are important factors to consider when evaluating our future performance.

PART I

Item 1. Business.

When used in this report, the terms “we,” “us,” “our,” “PepsiCo” and the “Company” mean PepsiCo, Inc. and its consolidated subsidiaries, collectively. Certain terms used in this Annual Report on Form 10-K are defined in the Glossary included in Item 7. of this report.

Company Overview

We were incorporated in Delaware in 1919 and reincorporated in North Carolina in 1986. We are a leading global beverage and convenient food company with a complementary portfolio of brands, including Lays, Doritos, Cheetos, Gatorade, Pepsi-Cola, Mountain Dew, Quaker and SodaStream. Through our operations, authorized bottlers, contract manufacturers and other third parties, we make, market, distribute and sell a wide variety of beverages and convenient foods, serving customers and consumers in more than 200 countries and territories.

Our Operations

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

- 1) Frito-Lay North America (FLNA), which includes our branded convenient food businesses in the United States and Canada;
- 2) Quaker Foods North America (QFNA), which includes our branded convenient food businesses, such as cereal, rice, pasta and other branded food, in the United States and Canada;
- 3) PepsiCo Beverages North America (PBNA), which includes our beverage businesses in the United States and Canada;
- 4) Latin America (LatAm), which includes all of our beverage and convenient food businesses in Latin America;
- 5) Europe, which includes all of our beverage and convenient food businesses in Europe;

- 6) Africa, Middle East and South Asia (AMESA), which includes all of our beverage and convenient food businesses in Africa, the Middle East and South Asia; and
- 7) Asia Pacific, Australia and New Zealand and China Region (APAC), which includes all of our beverage and convenient food businesses in Asia Pacific, Australia and New Zealand, and China region.

Frito-Lay North America

Either independently or in conjunction with third parties, FLNA makes, markets, distributes and sells branded convenient foods. These foods include branded dips, Cheetos cheese-flavored snacks, Doritos tortilla chips, Fritos corn chips, Lay's potato chips, Ruffles potato chips and Tostitos tortilla chips. FLNA's branded products are sold to independent distributors and retailers. In addition, FLNA's joint venture with Strauss Group makes, markets, distributes and sells Sabra refrigerated dips and spreads.

Quaker Foods North America

Either independently or in conjunction with third parties, QFNA makes, markets, distributes and sells branded convenient foods, which include cereals, rice, pasta and other branded products. QFNA's products include Cap'n Crunch cereal, Life cereal, Pearl Milling Company syrups and mixes, Quaker Chewy granola bars, Quaker grits, Quaker oatmeal, Quaker rice cakes, Quaker Simply Granola and Rice-A-Roni side dishes. QFNA's branded products are sold to independent distributors and retailers.

PepsiCo Beverages North America

Either independently or in conjunction with third parties, PBNA makes, markets and sells beverage concentrates, fountain syrups and finished goods under various beverage brands including Aquafina, Diet Mountain Dew, Diet Pepsi, Gatorade, Gatorade Zero, Mountain Dew, Pepsi and Propel. PBNA operates its own bottling plants and distribution facilities and sells branded finished goods directly to independent distributors and retailers. PBNA also sells concentrate and finished goods for our brands to authorized and independent bottlers, who in turn sell our branded finished goods to independent distributors and retailers in certain markets. PBNA also, either independently or in conjunction with third parties, makes, markets, distributes and sells ready-to-drink tea and coffee products through joint ventures with Unilever (under the Lipton brand name) and Starbucks, respectively. Further, PBNA manufactures and distributes certain brands licensed from Keurig Dr Pepper Inc., including Crush, Dr Pepper and Schweppes, and certain juice brands licensed from Dole Food Company, Inc. and Ocean Spray Cranberries, Inc. (Ocean Spray). In the first quarter of 2022, we sold our Tropicana, Naked and other select juice brands to PAI Partners, while retaining a 39% noncontrolling interest in a newly formed joint venture (Juice Transaction) that will operate across North America and Europe. In the U.S., PepsiCo acts as the exclusive distributor for the new joint venture's portfolio of brands for small-format and foodservice customers with chilled direct-store-delivery. See Note 13 to our consolidated financial statements for further information.

Latin America

Either independently or in conjunction with third parties, LatAm makes, markets, distributes and sells a number of convenient food brands including Cheetos, Doritos, Emperador, Lay's, Mabel, Marias Gamesa, Ruffles, Sabritas, Saladitas and Tostitos, as well as many Quaker-branded convenient foods. LatAm also, either independently or in conjunction with third parties, makes, markets, distributes and sells beverage concentrates, fountain syrups and finished goods under various beverage brands including 7UP, Gatorade, H2oh!, Manzanita Sol, Mirinda, Pepsi, Pepsi Black, San Carlos and Toddy. These branded products are sold to authorized and independent bottlers, independent distributors and retailers. LatAm also, either independently or in conjunction with third parties, makes, markets, distributes and sells ready-to-drink tea products through an international joint venture with Unilever (under the Lipton brand name).

Europe

Either independently or in conjunction with third parties, Europe makes, markets, distributes and sells a number of convenient food brands including Cheetos, Chipita, Doritos, Lay's, Ruffles and Walkers, as well as many Quaker-branded convenient foods, through consolidated businesses, as well as through noncontrolled affiliates. Europe also, either independently or in conjunction with third parties, makes, markets, distributes and sells beverage concentrates, fountain syrups and finished goods under various beverage brands including 7UP, Diet Pepsi, Lubimy Sad, Mirinda, Pepsi and Pepsi Max. These branded products are sold to authorized and independent bottlers, independent distributors and retailers. In certain markets, however, Europe operates its own bottling plants and distribution facilities. Europe also, as part of its beverage business, manufactures and distributes SodaStream sparkling water makers and related products. Further, Europe makes, markets, distributes and sells a number of dairy products including Agusha, Chudo and Domik v Derevne. Europe also, either independently or in conjunction with third parties, makes, markets, distributes and sells ready-to-drink tea products through an international joint venture with Unilever (under the Lipton brand name). In the first quarter of 2022, we sold our Tropicana, Naked and other select juice brands to PAI Partners, while retaining a 39% noncontrolling interest in a newly formed joint venture that will operate across North America and Europe. See Note 13 to our consolidated financial statements for further information.

Africa, Middle East and South Asia

Either independently or in conjunction with third parties, AMESA makes, markets, distributes and sells a number of convenient food brands including Chipsy, Doritos, Kurkure, Lay's, Sasko, Spekko and White Star, as well as many Quaker-branded convenient foods, through consolidated businesses, as well as through noncontrolled affiliates. AMESA also makes, markets, distributes and sells beverage concentrates, fountain syrups and finished goods under various beverage brands including 7UP, Aquafina, Mirinda, Mountain Dew and Pepsi. These branded products are sold to authorized and independent bottlers, independent distributors and retailers. In certain markets, however, AMESA operates its own bottling plants and distribution facilities. AMESA also, either independently or in conjunction with third parties, makes, markets, distributes and sells ready-to-drink tea products through an international joint venture with Unilever (under the Lipton brand name).

Asia Pacific, Australia and New Zealand and China Region

Either independently or in conjunction with third parties, APAC makes, markets, distributes and sells a number of convenient food brands including BaiCaoWei, Cheetos, Doritos, Lay's and Smith's, as well as many Quaker-branded convenient foods, through consolidated businesses, as well as through noncontrolled affiliates. APAC also makes, markets, distributes and sells beverage concentrates, fountain syrups and finished goods under various beverage brands including 7UP, Aquafina, Mirinda, Mountain Dew, Pepsi and Sting. These branded products are sold to authorized and independent bottlers, independent distributors and retailers. APAC also, either independently or in conjunction with third parties, makes, markets, distributes and sells ready-to-drink tea products through an international joint venture with Unilever (under the Lipton brand name). Further, APAC licenses the Tropicana brand for use in China on co-branded juice products in connection with a strategic alliance with Tingyi (Cayman Islands) Holding Corp. (Tingyi).

Our Distribution Network

Our products are primarily brought to market through direct-store-delivery (DSD), customer warehouse and distributor networks and are also sold directly to consumers through e-commerce platforms and retailers. The distribution system used depends on customer needs, product characteristics and local trade practices.

Direct-Store-Delivery

We, our independent bottlers and our distributors operate DSD systems that deliver beverages and convenient foods directly to retail stores where the products are merchandised by our employees or our independent bottlers. DSD enables us to merchandise with maximum visibility and appeal. DSD is especially well-suited to products that are restocked often and respond to in-store promotion and merchandising.

Customer Warehouse

Some of our products are delivered from our manufacturing plants and distribution centers, both company and third-party operated, to customer warehouses. These less costly systems generally work best for products that are less fragile and perishable, and have lower turnover.

Distributor Networks

We distribute many of our products through third-party distributors. Third-party distributors are particularly effective when greater distribution reach can be achieved by including a wide range of products on the delivery vehicles. For example, our foodservice and vending business distributes beverages and convenient foods to restaurants, businesses, schools and stadiums through third-party foodservice and vending distributors and operators.

E-commerce

Our products are also available and sold directly to consumers on a growing number of company-owned and third-party e-commerce websites and mobile commerce applications.

Ingredients and Other Supplies

The principal ingredients we use in our beverage and convenient food products are apple, orange and pineapple juice and other juice concentrates, aspartame, corn, corn sweeteners, flavorings, flour, grapefruit, oranges and other fruits, oats, potatoes, raw milk, rice, seasonings, sucralose, sugar, vegetable and essential oils, and wheat. We also use water in the manufacturing of our products. Our key packaging materials include plastic resins, including polyethylene terephthalate (PET) and polypropylene resins used for plastic beverage bottles and film packaging used for convenient foods, aluminum, glass, closures, cardboard and paperboard cartons. In addition, we continue to integrate recyclability into our product development process and support the increased use of recycled content, including recycled PET, in our packaging. Fuel, electricity and natural gas are also important commodities for our businesses due to their use in our and our business partners' facilities and the vehicles delivering our products. We employ specialists to secure adequate supplies of many of these items and have not experienced any significant continuous shortages that would prevent us from meeting our requirements. Many of these ingredients, raw materials and commodities are purchased in the open market. The prices we pay for such items are subject to fluctuation, and we manage this risk through the use of fixed-price contracts and purchase orders, pricing agreements and derivative instruments, including swaps and futures. In addition, risk to our supply of certain raw materials is mitigated through purchases from multiple geographies and suppliers. When prices increase, we may or may not pass on such increases to our customers. In addition, we continue to make investments to improve the sustainability and resources of our agricultural supply chain, including the development of our initiative to advance sustainable farming practices by our suppliers and expanding it further globally. During 2021, we experienced higher than anticipated commodity, packaging and other input costs and, in some instances, limited shortages due to global inflation, supply chain disruptions, labor shortages, increased demand and other regulatory and macroeconomic factors associated with the novel coronavirus (COVID-19) pandemic, which has continued into fiscal 2022. See Note 9 to our consolidated financial statements for further information on how we manage our exposure to commodity prices.

We also maintain voluntary supply chain finance agreements with several participating global financial institutions, pursuant to which our suppliers, at their sole discretion, may elect to sell their accounts receivable with PepsiCo to such global financial institutions. These agreements did not have a material impact on our business or financial results. See “Our Financial Results – Our Liquidity and Capital Resources” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” for further information.

Our Brands and Intellectual Property Rights

We own numerous valuable trademarks which are essential to our worldwide businesses, including Agusha, Amp Energy, Aquafina, Aquafina Flavorsplash, Arto Lifewtr, BaiCaoWei, Bare, Bokomo, Bolt24, bubly, Cap’n Crunch, Ceres, Cheetos, Chester’s, Chipita, Chipsy, Chokis, Chudo, Cracker Jack, Crunchy, Diet Mountain Dew, Diet Mug, Diet Pepsi, Diet 7UP (outside the United States), Domik v Derevne, Doritos, Driftwell, Duyvis, Elma Chips, Emperador, Evolve, Frito-Lay, Fritos, Fruktovy Sad, G2, Gamesa, Gatorade, Gatorade Zero, Gatorlyte, Grandma’s, H2oh!, Health Warrior, Imunele, J7, Kas, Kurkure, Lay’s, Life, Lifewtr, Liquifruit, Lubimy, Mabel, Manzanita Sol, Marias Gamesa, Matutano, Mirinda, Miss Vickie’s, Moirs, Mother’s, Mountain Dew, Mountain Dew Code Red, Mountain Dew Game Fuel, Mountain Dew Kickstart, Mountain Dew Zero Sugar, MTN Dew Energy, Mug, Munchies, Muscle Milk, Near East, Off the Eaten Path, Paso de los Toros, Pasta Roni, Pearl Milling Company, Pepsi, Pepsi Black, Pepsi Max, Pepsi Zero Sugar, PopCorners, Pronutro, Propel, Quaker, Quaker Chewy, Quaker Simply Granola, Rice-A-Roni, Rockstar Energy, Rold Gold, Ruffles, Sabritas, Safari, Sakata, Saladitas, San Carlos, Sandora, Santitas, Sasko, 7UP (outside the United States), 7UP Free (outside the United States), Sierra Mist, Sierra Mist Zero Sugar, Simba, Smartfood, Smith’s, Snack a Jacks, SoBe, SodaStream, Sonric’s, Spekko, Stacy’s, Sting, Stubborn Soda, SunChips, Toddy, Toddynho, Tostitos, V Water, Vesely Molochnik, Walkers, Weetbix, White Star, Ya and Yachak. We also hold long-term licenses to use valuable trademarks in connection with our products in certain markets, including Ocean Spray. We also distribute Bang Energy drinks and various Keurig Dr Pepper Inc. brands, including Dr Pepper in certain markets, Crush and Schweppes. Joint ventures in which we have an ownership interest either own or have the right to use certain trademarks, such as Lipton, Sabra and Starbucks. In addition, in the first quarter of 2022, we sold our Tropicana, Naked and other select juice brands to PAI Partners while retaining a 39% noncontrolling interest in a newly formed joint venture that will operate across North America and Europe. In the U.S., PepsiCo acts as the exclusive distributor for the new joint venture’s portfolio of brands for small-format and foodservice customers with chilled direct-store-delivery. See Note 13 to our consolidated financial statements for further information. In 2022, we will also begin to distribute Hard MTN Dew, an alcoholic beverage manufactured and owned by the Boston Beer Company. We have licensed the use of the Hard MTN Dew trademark to the Boston Beer Company, which has appointed us as their distributor for this product. Trademarks remain valid so long as they are used properly for identification purposes, and we emphasize correct use of our trademarks. We have authorized, through licensing arrangements, the use of many of our trademarks in such contexts as convenient food joint ventures and beverage bottling appointments. In addition, we license the use of our trademarks on merchandise that is sold at retail, which enhances brand awareness.

We either own or have licenses to use a number of patents which relate to certain of our products, their packaging, the processes for their production and the design and operation of various equipment used in our businesses. Some of these patents are licensed to others.

Seasonality

Our businesses are affected by seasonal variations. Our beverage and convenient food sales are generally highest in the third quarter due to seasonal and holiday-related patterns and generally lowest in the first quarter. However, taken as a whole, seasonality has not had a material impact on our consolidated financial results.

Our Customers

Our customers include wholesale and other distributors, foodservice customers, grocery stores, drug stores, convenience stores, discount/dollar stores, mass merchandisers, membership stores, hard discounters, e-commerce retailers and authorized independent bottlers, among others. We normally grant our independent bottlers exclusive contracts to sell and manufacture certain beverage products bearing our trademarks within a specific geographic area. These arrangements provide us with the right to charge our independent bottlers for concentrate, finished goods and Aquafina royalties and specify the manufacturing process required for product quality. We also grant distribution rights to our independent bottlers for certain beverage products bearing our trademarks for specified geographic areas.

We rely on and provide financial incentives to our customers to assist in the distribution and promotion of our products to the consumer. For our independent distributors and retailers, these incentives include volume-based rebates, product placement fees, promotions and displays. For our independent bottlers, these incentives are referred to as bottler funding and are negotiated annually with each bottler to support a variety of trade and consumer programs, such as consumer incentives, advertising support, new product support, and vending and cooler equipment placement. Consumer incentives include pricing discounts and promotions, and other promotional offers. Advertising support is directed at advertising programs and supporting independent bottler media. New product support includes targeted consumer and retailer incentives and direct marketplace support, such as point-of-purchase materials, product placement fees, media and advertising. Vending and cooler equipment placement programs support the acquisition and placement of vending machines and cooler equipment. The nature and type of programs vary annually.

Changes to the retail landscape, including increased consolidation of retail ownership, the continued growth of sales through e-commerce websites and mobile commerce applications, including through subscription services and other direct-to-consumer businesses, the integration of physical and digital operations among retailers, as well as the international expansion of hard discounters, and the current economic environment, including in light of the COVID-19 pandemic, continue to increase the importance of major customers. In 2021, sales to Walmart Inc. (Walmart) and its affiliates, including Sam's Club (Sam's), represented approximately 13% of our consolidated net revenue, with sales reported across all of our divisions, including concentrate sales to our independent bottlers, which were used in finished goods sold by them to Walmart. The loss of this customer would have a material adverse effect on our FLNA, QFNA and PBNA divisions.

Our Competition

Our beverage and convenient food products are in highly competitive categories and markets and compete against products of international beverage and convenient food companies that, like us, operate in multiple geographies, as well as regional, local and private label manufacturers and economy brands and other competitors, including smaller companies developing and selling micro brands directly to consumers through e-commerce platforms or through retailers focused on locally-sourced products. In many countries in which our products are sold, including the United States, The Coca-Cola Company is our primary beverage competitor. Other beverage and convenient food competitors include, but are not limited to, Campbell Soup Company, Conagra Brands, Inc., Hormel Foods Corporation, Kellogg Company, Keurig Dr Pepper Inc., The Kraft Heinz Company, Link Snacks, Inc., Mondelēz International, Inc., Monster Beverage Corporation, Nestlé S.A., Red Bull GmbH and Utz Brands, Inc.

Many of our convenient food products hold significant leadership positions in the convenient food industry in the United States and worldwide. In 2021, we and The Coca-Cola Company represented approximately 22% and 19%, respectively, of the U.S. liquid refreshment beverage category by estimated retail sales in measured channels, according to Information Resources, Inc. However, The Coca-Cola

Company has significant carbonated soft drink (CSD) share advantage in many markets outside the United States.

Our beverage and convenient food products compete primarily on the basis of brand recognition and loyalty, taste, price, value, quality, product variety, innovation, distribution, advertising, marketing and promotional activity (including digital), packaging, convenience, service and the ability to anticipate and effectively respond to consumer preferences and trends, including increased consumer focus on health and wellness and sustainability and the continued acceleration of e-commerce and other methods of distributing and purchasing products. Success in this competitive environment is dependent on effective promotion of existing products, effective introduction of new products and reformulations of existing products, increased efficiency in production techniques, effective incorporation of technology and digital tools across all areas of our business, the effectiveness of our advertising campaigns, marketing programs, product packaging and pricing, new vending and dispensing equipment and brand and trademark development and protection. We believe that the strength of our brands, innovation and marketing, coupled with the quality of our products and flexibility of our distribution network, allows us to compete effectively.

Research and Development

We engage in a variety of research and development activities and invest in innovation globally with the goal of meeting the needs of our customers and consumers and accelerating growth. These activities principally involve: innovations focused on creating consumer preferred products to grow and transform our portfolio through development of new technologies, ingredients, flavors and substrates; development and improvement of our manufacturing processes including reductions in cost and environmental footprint; implementing product improvements to our global portfolio that reduce added sugars, sodium or saturated fat; offering more products with functional ingredients and positive nutrition including whole grains, fruit, vegetables, dairy, protein, fiber, micronutrients and hydration; development of packaging technology and new package designs, including reducing the amount of plastic in our packaging and developing recyclable, compostable, biodegradable or otherwise sustainable packaging; development of marketing, merchandising and dispensing equipment; further expanding our beyond the bottle portfolio including innovation for our SodaStream business; investments in technology and digitalization, including artificial intelligence and data analytics to enhance our consumer insights and research; continuing to strengthen our omnichannel capabilities, particularly in e-commerce; and efforts focused on reducing our impact on the environment, including reducing water use in our operations and our agricultural practices and reducing our climate impact in our operations throughout our value chain.

Our research centers are located around the world, including in Brazil, China, India, Ireland, Mexico, Russia, South Africa, the United Kingdom and the United States, and leverage consumer insights, food science and engineering to meet our strategy to continually innovate our portfolio of beverages and convenient foods.

Regulatory Matters

The conduct of our businesses, including the production, storage, distribution, sale, display, advertising, marketing, labeling, content, quality, safety, transportation, packaging, disposal, recycling and use of our products, as well as our employment and occupational health and safety practices and protection of personal information, are subject to various laws and regulations administered by federal, state and local governmental agencies in the United States, as well as to laws and regulations administered by government entities and agencies in the more than 200 other countries and territories in which our products are made, manufactured, distributed or sold. It is our policy to abide by the laws and regulations around the world that apply to our businesses.

The U.S. laws and regulations that we are subject to include, but are not limited to: the Federal Food, Drug and Cosmetic Act and various state laws governing food safety; the Food Safety Modernization Act; the Occupational Safety and Health Act and various state laws and regulations governing workplace health and safety; various federal, state and local environmental protection laws, as discussed below; the Federal Motor Carrier Safety Act; the Federal Trade Commission Act; the Lanham Act; various federal and state laws and regulations governing competition and trade practices; various federal and state laws and regulations governing our employment practices, including those related to equal employment opportunity, such as the Equal Employment Opportunity Act and the National Labor Relations Act and those related to overtime compensation, such as the Fair Labor Standards Act; various state and federal laws pertaining to sale and distribution of alcohol beverages; data privacy and personal data protection laws and regulations, including the California Consumer Privacy Act of 2018 (as modified by the California Privacy Rights Act); customs and foreign trade laws and regulations, including laws regarding the import or export of our products or ingredients used in our products and tariffs; laws regulating the sale of certain of our products in schools; laws regulating our supply chain, including the 2010 California Transparency in Supply Chains Act and laws relating to the payment of taxes. We are also required to comply with the Foreign Corrupt Practices Act and the Trade Sanctions Reform and Export Enhancement Act. We are also subject to various state and local statutes and regulations, including state consumer protection laws such as Proposition 65 in California, which requires that a specific warning appear on any product that contains a substance listed by the State of California as having been found to cause cancer or birth defects, unless the amount of such substance in the product is below a safe harbor level.

We are subject to numerous similar and other laws and regulations outside the United States, including but not limited to laws and regulations governing food safety, international trade and tariffs, supply chain, including the U.K. Modern Slavery Act, occupational health and safety, competition, anti-corruption and data privacy, including the European Union General Data Protection Regulation. In many jurisdictions, compliance with competition laws is of special importance to us due to our competitive position in those jurisdictions, as is compliance with anti-corruption laws, including the U.K. Bribery Act. We rely on legal and operational compliance programs, as well as in-house and outside counsel and other experts, to guide our businesses in complying with the laws and regulations around the world that apply to our businesses.

In addition, certain jurisdictions have either imposed, or are considering imposing, new or increased taxes on the manufacture, distribution or sale of our products, ingredients or substances contained in, or attributes of, our products or commodities used in the production of our products. These taxes vary in scope and form: some apply to all beverages, including non-caloric beverages, while others apply only to beverages with a caloric sweetener (e.g., sugar). Similarly, some measures apply a single tax rate per ounce/liter on beverages containing over a certain level of added sugar (or other sweetener) while others apply a graduated tax rate depending upon the amount of added sugar (or other sweetener) in the beverage and some apply a flat tax rate on beverages containing a particular substance or ingredient, regardless of the level of such substance or ingredient.

In addition, certain jurisdictions have either imposed, or are considering imposing, product labeling or warning requirements or other limitations on the marketing or sale of certain of our products as a result of ingredients or substances contained in such products or the audience to whom products are marketed. These types of provisions have required that we highlight perceived concerns about a product, warn consumers to avoid consumption of certain ingredients or substances present in our products, restrict the age of consumers to whom products are marketed or sold or limit the location in which our products may be available. It is possible that similar or more restrictive requirements may be proposed or enacted in the future.

In addition, certain jurisdictions have either imposed or are considering imposing regulations designed to increase recycling rates or encourage waste reduction. These regulations vary in scope and form from

deposit return systems designed to incentivize the return of beverage containers, to extended producer responsibility policies and even bans on the use of some types of single-use plastics. It is possible that similar or more restrictive requirements may be proposed or enacted in the future.

We are also subject to national and local environmental laws in the United States and in foreign countries in which we do business, including laws related to water consumption and treatment, wastewater discharge and air emissions. In the United States, our facilities must comply with the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act and other federal and state laws regarding handling, storage, release and disposal of wastes generated onsite and sent to third-party owned and operated offsite licensed facilities and our facilities outside the United States must comply with similar laws and regulations. In addition, continuing concern over environmental, social and governance matters, including climate change, is expected to continue to result in new or increased legal and regulatory requirements (in or outside of the United States) to reduce or mitigate the potential effects of greenhouse gases, to limit or impose additional costs on commercial water use due to local water scarcity concerns or to expand mandatory reporting of certain environmental, social and governance metrics. Our policy is to abide by all applicable environmental laws and regulations, and we have internal programs in place with respect to our global environmental compliance. We have made, and plan to continue making, necessary expenditures for compliance with applicable environmental laws and regulations and to achieve our sustainability goals. While these expenditures have not had a material impact on our business, financial condition or results of operations to date, changes in environmental compliance requirements, and expenditures necessary to comply with such requirements or to achieve our sustainability goals, could adversely affect our financial performance. In addition, we and our subsidiaries are subject to environmental remediation obligations arising in the normal course of business, as well as remediation and related indemnification obligations in connection with certain historical activities and contractual obligations, including those of businesses acquired by us or our subsidiaries. While these environmental remediation and indemnification obligations cannot be predicted with certainty, such obligations have not had, and are not expected to have, a material impact on our capital expenditures, earnings or competitive position.

In addition to the discussion in this section, see also “Item 1A. Risk Factors.”

Human Capital

PepsiCo believes that human capital management, including attracting, developing and retaining a high quality workforce, is critical to our long-term success. Our Board of Directors (Board) and its Committees provide oversight on a broad range of human capital management topics, including corporate culture, diversity, equity and inclusion, pay equity, health and safety, training and development and compensation and benefits.

We employed approximately 309,000 people worldwide as of December 25, 2021, including approximately 129,000 people within the United States. We are party to numerous collective bargaining agreements and believe that relations with our employees are generally good.

Protecting the safety, health, and well-being of our associates around the world is PepsiCo’s top priority. We strive to achieve an injury-free work environment. We also continue to invest in emerging technologies to protect our employees from injuries, including leveraging fleet telematics and distracted driving technology, resulting in reductions in road traffic accidents, and deploying wearable ergonomic risk reduction devices. In addition, throughout the COVID-19 pandemic, we have remained focused on the health and safety of our associates, especially our frontline associates who continue to make, move and sell our products during this critical time, including by continuing to implement various safety protocols in our facilities, providing personal protective equipment and enabling testing.

We believe that our culture of diversity, equity and inclusion is a competitive advantage that fuels innovation, enhances our ability to attract and retain talent and strengthens our reputation. We continually strive to improve the attraction, retention, and advancement of diverse associates to ensure we sustain a high-caliber pipeline of talent that also represents the communities we serve. As of December 25, 2021, our global workforce was approximately 27% female, while management roles were approximately 43% female. As of December 25, 2021, approximately 45% of our U.S. workforce was comprised of racially/ethnically diverse individuals, of which approximately 31% of our U.S. associates in managerial roles were racially/ethnically diverse individuals. Direct reports of our Chief Executive Officer include 7 executives globally who are racially/ethnically diverse and/or female.

We are also committed to the continued growth and development of our associates. PepsiCo supports and develops its associates through a variety of global training and development programs that build and strengthen employees' leadership and professional skills, including career development plans, mentoring programs and in-house learning opportunities, such as PEP U Degreed, our internal global online learning resource. In 2021, PepsiCo employees completed over 1,000,000 hours of training.

Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (SEC). The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those documents filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), are also available free of charge on our Internet site at <http://www.pepsico.com> as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC.

Investors should note that we currently announce material information to our investors and others using filings with the SEC, press releases, public conference calls, webcasts or our corporate website (www.pepsico.com), including news and announcements regarding our financial performance, key personnel, our brands and our business strategy. Information that we post on our corporate website could be deemed material to investors. We encourage investors, the media, our customers, consumers, business partners and others interested in us to review the information we post on these channels. We may from time to time update the list of channels we will use to communicate information that could be deemed material and will post information about any such change on www.pepsico.com. The information on our website is not, and shall not be deemed to be, a part hereof or incorporated into this or any of our other filings with the SEC.

Item 1A. Risk Factors.

The following risks, some of which have occurred and any of which may occur in the future, can have a material adverse effect on our business or financial performance, which in turn can affect the price of our publicly traded securities. These are not the only risks we face. There may be other risks we are not currently aware of or that we currently deem not to be material but that may become material in the future.

Business Risks

The impact of COVID-19 continues to create considerable uncertainty for our business.

Our global operations continue to expose us to risks associated with the COVID-19 pandemic. Numerous measures have been implemented around the world to try to reduce the spread of the virus and these measures have impacted and continue to impact us, our business partners and consumers.

We have seen and could continue to see changes in consumer demand as a result of COVID-19, including the inability of consumers to purchase our products due to illness, quarantine or other restrictions, store closures, or financial hardship. We also have seen and could continue to see shifts in product and channel preferences, including an increase in demand in the e-commerce channel, which has impacted and could continue to impact our sales and profitability. Reduced demand for our products or changes in consumer purchasing patterns, as well as continued economic uncertainty, can adversely affect our customers' financial condition, which can result in bankruptcy filings and/or an inability to pay for our products. In addition, we may also continue to experience business disruptions as a result of COVID-19, resulting from temporary closures of our facilities or facilities of our business partners or the inability of a significant portion of our or our business partners' workforce to work because of illness, absenteeism, quarantine, vaccine mandates, or travel or other governmental restrictions. In addition, we and our business partners may also continue to see adverse impacts to our supply chain as a result of COVID-19 through raw material, packaging or other supply shortages, labor shortages or reduced availability of air or other commercial transport, port congestion and closures or border restrictions, any of which can impact our business. Any sustained interruption in our or our business partners' operations, distribution network or supply chain or any significant continuous shortage of raw materials, packaging or other supplies can negatively impact our business. We have also incurred, and could continue to incur, increased employee and operating costs as a result of COVID-19, such as costs related to expanded benefits and frontline incentives, the provision of personal protective equipment and increased sanitation, allowances for credit losses, upfront payment reserves and inventory write-offs, and cost inflation in commodities, packaging, transportation and other input costs, which have negatively impacted and may continue to negatively impact our profitability. In addition, the increase in certain of our employees working remotely has resulted in increased demand on our information technology infrastructure, which can be subject to failure, disruption or unavailability, and increased vulnerability to cyberattacks and other cyber incidents. Also, continued economic uncertainty associated with the COVID-19 pandemic has resulted in volatility in the global capital and credit markets which can impair our ability to access these markets on terms commercially acceptable to us, or at all.

The impact of COVID-19 has heightened, or in some cases manifested, certain of the other risks discussed below. The extent of the impact of the COVID-19 pandemic on our business remains uncertain and will continue to depend on numerous evolving factors that we are not able to accurately predict and which will vary by jurisdiction and market, including the duration and scope of the pandemic, the emergence and spread of new variants of the virus, including the omicron and delta variants, the development and availability of effective treatments and vaccines, the speed at which vaccines are administered, the efficacy of vaccines against the virus and evolving strains or variants of the virus, global economic conditions during and after the pandemic, governmental actions that have been taken, or may be taken in the future, in response to the pandemic, and changes in consumer behavior in response to the pandemic, some of which may be more than just temporary.

Reduction in future demand for our products would adversely affect our business.

Demand for our products depends in part on our ability to innovate and anticipate and effectively respond to shifts in consumer trends and preferences, including the types of products our consumers want and how they browse for, purchase and consume them. Consumer preferences continuously evolve due to a variety of factors, including: changes in consumer demographics, consumption patterns and channel preferences (including continued increases in the e-commerce and online-to-offline channels); pricing; product quality; concerns or perceptions regarding packaging and its environmental impact (such as single-use and other plastic packaging); and concerns or perceptions regarding the nutrition profile and health effects of, or location of origin of, ingredients or substances in our products or packaging, including due to the results of third-party studies (whether or not scientifically valid). Concerns with any of the foregoing could lead consumers to reduce or publicly boycott the purchase or consumption of our products. Consumer

preferences are also influenced by perception of our brand image or the brand images of our products, the success of our advertising and marketing campaigns, our ability to engage with our consumers in the manner they prefer, including through the use of digital media or assets, and the perception of our use, and the use of social media. These and other factors have reduced in the past and could continue to reduce consumers' willingness to purchase certain of our products. Any inability on our part to anticipate or react to changes in consumer preferences and trends, or make the right strategic investments to do so, including investments in data analytics to understand consumer trends, can lead to reduced demand for our products, lead to inventory write-offs or erode our competitive and financial position, thereby adversely affecting our business. In addition, our business operations, including our supply chain, are subject to disruption by natural disasters or other events beyond our control that could negatively impact product availability and decrease demand for our products if our crisis management plans do not effectively resolve these issues.

Damage to our reputation or brand image can adversely affect our business.

Maintaining a positive reputation globally is critical to selling our products. Our reputation or brand image has in the past been, and could in the future be, adversely impacted by a variety of factors, including: any failure by us or our business partners to maintain high ethical, business and environmental, social and governance practices, including with respect to human rights, child labor laws, diversity, equity and inclusion, workplace conditions and employee health and safety; any failure to achieve our environmental, social and governance goals, including with respect to the nutrition profile of our products, diversity, equity and inclusion initiatives, packaging, water use and our impact on the environment; any failure to address health concerns about our products, products we distribute, or particular ingredients in our products, including concerns regarding whether certain of our products contribute to obesity or an increase in public health costs; our research and development efforts; any product quality or safety issues, including the recall of any of our products; any failure to comply with laws and regulations; consumer perception of our advertising campaigns, sponsorship arrangements, marketing programs, use of social media and our response to political and social issues or catastrophic events; or any failure to effectively respond to negative or inaccurate comments about us on social media or otherwise regarding any of the foregoing. Damage to our reputation or brand image has in the past and could in the future decrease demand for our products, thereby adversely affecting our business.

Product recalls or other issues or concerns with respect to product quality and safety can adversely affect our business.

We have and could in the future recall products due to product quality or safety issues, including actual or alleged mislabeling, misbranding, spoilage, undeclared allergens, adulteration or contamination. Product recalls have in the past and could in the future adversely affect our business by resulting in losses due to their cost, the destruction of product inventory or lost sales due to any unavailability of the product for a period of time. In addition, product quality or safety issues, whether as a result of failure to comply with food safety laws or otherwise, have in the past and could in the future also reduce consumer confidence and demand for our products, cause production and delivery disruptions, and result in increased costs (including payment of fines and/or judgments) and damage our reputation, particularly as we expand into new categories, such as nuts and meat convenient foods globally and the distribution of alcoholic beverages in the United States, all of which can adversely affect our business. Failure to maintain adequate oversight over product quality or safety can result in product recalls, litigation, government investigations or inquiries or civil or criminal proceedings, all of which may result in fines, penalties, damages or criminal liability. Our business can also be adversely affected if consumers lose confidence in product quality, safety and integrity generally, even if such loss of confidence is unrelated to products in our portfolio.

Any inability to compete effectively can adversely affect our business.

Our products compete against products of international beverage and convenient food companies that, like us, operate in multiple geographies, as well as regional, local and private label and economy brand manufacturers and other competitors, including smaller companies developing and selling micro brands directly to consumers through e-commerce platforms or through retailers focused on locally sourced products. In many countries in which our products are sold, including the United States, The Coca-Cola Company is our primary beverage competitor. Our products compete primarily on the basis of brand recognition and loyalty, taste, price, value, quality, product variety, innovation, distribution, advertising, marketing and promotional activity, packaging, convenience, service and the ability to anticipate and effectively respond to consumer preferences and trends. Our business can be adversely affected if we are unable to effectively promote or develop our existing products or introduce and effectively market new products, if we are unable to effectively adopt new technologies, including artificial intelligence and data analytics to develop new commercial insights and improve operating efficiencies, if we are unable to continuously strengthen and evolve our capabilities in digital marketing, if our competitors spend more aggressively than we do or if we are otherwise unable to effectively respond to supply disruptions, pricing pressure (including as a result of commodity inflation) or otherwise compete effectively, and we may be unable to grow or maintain sales or category share or we may need to increase capital, marketing or other expenditures.

Failure to attract, develop and maintain a highly skilled and diverse workforce can have an adverse effect on our business.

Our business requires that we attract, develop and maintain a highly skilled and diverse workforce. Our employees are highly sought after by our competitors and other companies and our continued ability to compete effectively depends on our ability to attract, retain, develop and motivate highly skilled personnel for all areas of our organization. Any unplanned turnover, sustained labor shortage or unsuccessful implementation of our succession plans to backfill current leadership positions, including the Chief Executive Officer, or failure to attract, develop and maintain a highly skilled and diverse workforce, including with key capabilities such as e-commerce and digital marketing and data analytic skills, can deplete our institutional knowledge base, erode our competitive advantage or result in increased costs due to increased competition for employees, higher employee turnover or increased employee benefit costs. In addition, failure to attract, retain and develop associates from underrepresented communities can damage our business results and our reputation. Any of the foregoing can adversely affect our business.

Water scarcity can adversely affect our business.

We and our business partners use water in the manufacturing and sourcing of our products. Water is also essential to the production of the raw materials needed in our manufacturing process. Lack of available water of acceptable quality, increasing focus by governmental and non-governmental organizations, investors, customers and consumers on water scarcity and increasing pressure to conserve and replenish water in areas of scarcity and stress, including due to the effects of climate change, may lead to: supply chain disruption; adverse effects on our operations or the operations of our business partners; higher compliance costs; capital expenditures (including investments in the development of technologies to enhance water efficiency and reduce consumption); higher production costs, including less favorable pricing for water; the interruption or cessation of operations at, or relocation of, our facilities or the facilities of our business partners; failure to achieve our goals relating to water use; perception of our failure to act responsibly with respect to water use or to effectively respond to legal or regulatory requirements concerning water scarcity; or damage to our reputation, any of which can adversely affect our business.

Changes in the retail landscape or in sales to any key customer can adversely affect our business.

The retail landscape continues to evolve, including continued growth in e-commerce channels and hard discounters. Our business will be adversely affected if we are unable to maintain and develop successful relationships with e-commerce retailers and hard discounters, while also maintaining relationships with our key customers operating in traditional retail channels (many of whom are also focused on increasing their e-commerce sales). Our business can be adversely affected if e-commerce channels and hard discounters take significant additional market share away from traditional retailers or we fail to find ways to create increasingly better digital tools and capabilities for our retail customers to enable them to grow their businesses. In addition, our business can be adversely affected if we are unable to profitably expand our own direct-to-consumer e-commerce capabilities. The retail industry is also impacted by increased consolidation of ownership and purchasing power, particularly in North America, Europe and Latin America, resulting in large retailers or buying groups with increased purchasing power, impacting our ability to compete in these areas. Consolidation also adversely impacts our smaller customers' ability to compete effectively, resulting in an inability on their part to pay for our products or reduced or canceled orders of our products. Further, we must maintain mutually beneficial relationships with our key customers, including Walmart, to compete effectively. Any inability to resolve a significant dispute with any of our key customers, a change in the business condition (financial or otherwise) of any of our key customers, even if unrelated to us, a significant reduction in sales to any key customer, or the loss of any of our key customers can adversely affect our business.

Disruption of our manufacturing operations or supply chain, including increased commodity, packaging, transportation, labor and other input costs, can adversely affect our business.

We have experienced and could continue to experience disruption in our manufacturing operations and supply chain. Many of the raw materials and supplies used in the production of our products are sourced from countries experiencing civil unrest, political instability or unfavorable economic conditions. Some raw materials and supplies, including packaging materials, are available only from a limited number of suppliers or from a sole supplier or are in short supply when seasonal demand is at its peak. There can be no assurance that we will be able to maintain favorable arrangements and relationships with suppliers or that our contingency plans will be effective to prevent disruptions that may arise from shortages or discontinuation of any raw materials and other supplies that we use in the manufacture, production and distribution of our products. Any sustained or significant disruption to the manufacturing or sourcing of products or materials could increase our costs and interrupt product supply, which can adversely impact our business.

The raw materials and other supplies, including agricultural commodities, fuel and packaging materials, such as recycled PET, transportation, labor and other supply chain inputs that we use for the manufacturing, production and distribution of our products are subject to price volatility and fluctuations in availability caused by many factors, including changes in supply and demand, supplier capacity constraints, inflation, weather conditions (including potential effects of climate change), fire, natural disasters, disease or pests (including the impact of greening disease on the citrus industry), agricultural uncertainty, health epidemics or pandemics or other contagious outbreaks (including COVID-19), labor shortages (including the lack of availability of truck drivers or as a result of COVID-19), strikes or work stoppages, governmental incentives and controls (including import/export restrictions, such as new or increased tariffs, sanctions, quotas or trade barriers), port congestions or delays, transport capacity constraints, cybersecurity incidents or other disruptions, loss or impairment of key manufacturing sites, political uncertainties, acts of terrorism, governmental instability or currency exchange rates. Many of our raw materials and supplies are purchased in the open market and the prices we pay for such items are subject to fluctuation. We experienced higher than anticipated commodity, packaging and transportation costs during 2021, which may continue. When input prices increase unexpectedly or significantly, we may

be unwilling or unable to increase our product prices or unable to effectively hedge against price increases to offset these increased costs without suffering reduced volume, revenue, margins and operating results.

Political and social conditions can adversely affect our business.

Political and social conditions in the markets in which our products are sold have been and could continue to be difficult to predict, resulting in adverse effects on our business. The results of elections, referendums or other political conditions (including government shutdowns or hostilities between countries) in these markets have in the past and could continue to impact how existing laws, regulations and government programs or policies are implemented or result in uncertainty as to how such laws, regulations, programs or policies may change, including with respect to tariffs, sanctions, environmental and climate change regulations, taxes, benefit programs, the movement of goods, services and people between countries, relationships between countries, customer or consumer perception of a particular country or its government and other matters, and has resulted in and could continue to result in exchange rate fluctuation, volatility in global stock markets and global economic uncertainty or adversely affect demand for our products, any of which can adversely affect our business. In addition, political and social conditions in certain cities throughout the U.S. as well as globally have resulted in demonstrations and protests, including in connection with political elections and civil rights and liberties. Our operations, including the distribution of our products and the ingredients or other raw materials used in the production of our products, may be disrupted if such events persist for a prolonged period of time, including due to actions taken by governmental authorities in affected cities and regions, which can adversely affect our business.

Our business can be adversely affected if we are unable to grow in developing and emerging markets.

Our success depends in part on our ability to grow our business in developing and emerging markets, including Mexico, Russia, the Middle East, China, South Africa, Brazil and India. There can be no assurance that our products will be accepted or be successful in any particular developing or emerging market, due to competition, price, cultural differences, consumer preferences, method of distribution or otherwise. Our business in these markets has been and could continue in the future to be impacted by economic, political and social conditions; acts of war, terrorist acts, and civil unrest, including demonstrations and protests; competition; tariffs, sanctions or other regulations restricting contact with certain countries in these markets; foreign ownership restrictions; nationalization of our assets or the assets of our business partners; government-mandated closure, or threatened closure, of our operations or the operations of our business partners; restrictions on the import or export of our products or ingredients or substances used in our products; highly inflationary economies; devaluation or fluctuation or demonetization of currency; regulations on the transfer of funds to and from foreign countries, currency controls or other currency exchange restrictions, which result in significant cash balances in foreign countries, from time to time, or can significantly affect our ability to effectively manage our operations in certain of these markets and can result in the deconsolidation of such businesses; the lack of well-established or reliable legal systems; increased costs of doing business due to compliance with complex foreign and U.S. laws and regulations that apply to our international operations, including the Foreign Corrupt Practices Act, the U.K. Bribery Act and the Trade Sanctions Reform and Export Enhancement Act; and adverse consequences, such as the assessment of fines or penalties, for any failure to comply with laws and regulations. Our business can be adversely affected if we are unable to expand our business in developing and emerging markets, effectively operate, or manage the risks associated with operating, in these markets, or achieve the return on capital we expect from our investments in these markets.

Changes in economic conditions can adversely impact our business.

Many of the jurisdictions in which our products are sold have experienced and could continue to experience uncertain or unfavorable economic conditions, such as recessions or economic slowdowns,

which have and could continue to result in adverse changes in interest rates, tax laws or tax rates; inflation; volatile commodity markets; labor shortages; highly inflationary economies, devaluation, fluctuation or demonetization of currency; contraction in the availability of credit; austerity or stimulus measures; the effects of any default by or deterioration in the creditworthiness of the countries in which our products are sold; or a decrease in the fair value of pension or post-retirement assets that could increase future employee benefit costs and/or funding requirements of our pension or post-retirement plans. In addition, we cannot predict how current or future economic conditions will affect our business partners, including financial institutions with whom we do business, and any negative impact on any of the foregoing may also have an adverse impact on our business.

Future cyber incidents and other disruptions to our information systems can adversely affect our business.

We depend on information systems and technology, including public websites and cloud-based services, for many activities important to our business, including communications within our company, interfacing with customers and consumers; ordering and managing inventory; managing and operating our facilities; protecting confidential information, including personal data we collect; maintaining accurate financial records and complying with regulatory, financial reporting, legal and tax requirements. Our business has in the past and could in the future be negatively affected by system shutdowns, degraded systems performance, systems disruptions or security incidents. These disruptions or incidents may be caused by cyberattacks and other cyber incidents, network or power outages, software, equipment or telecommunications failures, the unintentional or malicious actions of employees or contractors, natural disasters, fires or other catastrophic events. Cyberattacks and other cyber incidents are occurring more frequently, the techniques used to gain access to information technology systems and data, disable or degrade service or sabotage systems are constantly evolving and becoming more sophisticated in nature and are being carried out by groups and individuals with a wide range of expertise and motives. Cyberattacks and cyber incidents may be difficult to detect for periods of time and take many forms including cyber extortion, denial of service, social engineering, introduction of viruses or malware (such as ransomware), exploiting vulnerabilities in hardware, software or other infrastructure, hacking, website defacement or theft of passwords and other credentials, unauthorized use of computing resources for digital currency mining and business email compromise. As with other global companies, we are regularly subject to cyberattacks and other cyber incidents, including the types of attacks and incidents described above. If we do not allocate and effectively manage the resources necessary to continue building and maintaining our information technology infrastructure, or if we fail to timely identify or appropriately respond to cyberattacks or other cyber incidents, our business has been and can continue to be adversely affected, which has resulted in and can continue to result in some or all of the following: transaction errors, processing inefficiencies, inability to access our data or systems, lost revenues or other costs resulting from disruptions or shutdowns of offices, plants, warehouses, distribution centers or other facilities, intellectual property or other data loss, litigation, claims, legal or regulatory proceedings, inquiries or investigations, fines or penalties, remediation costs, damage to our reputation or a negative impact on employee morale and the loss of current or potential customers.

Similar risks exist with respect to third-party providers, including suppliers, software and cloud-based service providers, that we rely upon for aspects of our information technology support services and administrative functions, including payroll processing, health and benefit plan administration and certain finance and accounting functions, and the systems managed, hosted, provided and/or used by such third parties and their vendors. For example, malicious actors have employed and could continue to employ the information technology supply chain to introduce malware through software updates or compromised supplier accounts or hardware. The need to coordinate with various third-party service providers, including with respect to timely notification and access to personnel and information concerning an incident, may complicate our efforts to resolve issues that arise. As a result, we are subject to the risk that

the activities associated with our third-party service providers can adversely affect our business even if the attack or breach does not directly impact our systems or information.

Although the cyber incidents and other systems disruptions that we have experienced to date have not had a material effect on our business, such incidents or disruptions could have a material adverse effect on us in the future. While we devote significant resources to network security, disaster recovery, employee training and other measures to secure our information technology systems and prevent unauthorized access to or loss of data, there are no guarantees that they will be adequate to safeguard against all cyber incidents, systems disruptions, system compromises or misuses of data. In addition, while we currently maintain insurance coverage that, subject to its terms and conditions, is intended to address costs associated with certain aspects of cyber incidents and information systems failures, this insurance coverage may not, depending on the specific facts and circumstances surrounding an incident, cover all losses or all types of claims that arise from an incident, or the damage to our reputation or brands that may result from an incident.

Failure to successfully complete or manage strategic transactions can adversely affect our business.

We regularly review our portfolio of businesses and evaluate potential acquisitions, joint ventures, distribution agreements, divestitures, refranchisings and other strategic transactions. The success of these transactions, including the recent completion of the Juice Transaction, is dependent upon, among other things, our ability to realize the full extent of the expected returns, benefits, cost savings or synergies as a result of a transaction, within the anticipated time frame, or at all; and receipt of necessary consents, clearances and approvals. Risks associated with strategic transactions include integrating manufacturing, distribution, sales, accounting, financial reporting and administrative support activities and information technology systems with our company or difficulties separating such personnel, activities and systems in connection with divestitures; operating through new business models or in new categories or territories; motivating, recruiting and retaining executives and key employees; conforming controls (including internal control over financial reporting and disclosure controls and procedures) and policies (including with respect to environmental compliance, health and safety compliance and compliance with anti-bribery laws); retaining existing customers and consumers and attracting new customers and consumers; managing tax costs or inefficiencies; maintaining good relations with divested or refranchised businesses in our supply or sales chain; inability to offset loss of revenue associated with divested brands or businesses; managing the impact of business decisions or other actions or omissions of our joint venture partners that may have different interests than we do; and other unanticipated problems or liabilities, such as contingent liabilities and litigation. Strategic transactions that are not successfully completed or managed effectively, or our failure to effectively manage the risks associated with such transactions, have in the past and could continue to result in adverse effects on our business.

Our reliance on third-party service providers and enterprise-wide systems can have an adverse effect on our business.

We rely on third-party service providers, including cloud data service providers, for certain areas of our business, including payroll processing, health and benefit plan administration and certain finance and accounting functions. Failure by these third parties to meet their contractual, regulatory and other obligations to us, or our failure to adequately monitor their performance, has in the past and could continue to result in our inability to achieve the expected cost savings or efficiencies and result in additional costs to correct errors made by such service providers. Depending on the function involved, such errors can also lead to business disruption, systems performance degradation, processing inefficiencies or other systems disruptions, the loss of or damage to intellectual property or sensitive data through security breaches or otherwise, incorrect or adverse effects on financial reporting, litigation, claims, legal or regulatory proceedings, inquiries or investigations, fines or penalties, remediation costs,

damage to our reputation or have a negative impact on employee morale, all of which can adversely affect our business.

In addition, we continue on our multi-year phased business transformation initiative to migrate certain of our systems, including our financial processing systems, to enterprise-wide systems solutions and have begun to roll out these systems in certain countries and divisions. We have experienced and could continue to experience systems outages and operating inefficiencies following these planned implementations. In addition, if we do not continue to allocate and effectively manage the resources necessary to build and sustain the proper information technology infrastructure, or if we fail to achieve the expected benefits from this initiative, our business could be adversely affected.

Climate change or measures to address climate change can negatively affect our business or damage our reputation.

Climate change may have a negative effect on agricultural productivity which may result in decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as potatoes, sugar cane, corn, wheat, rice, oats, oranges and other fruits (and fruit-derived oils). In addition, climate change may also increase the frequency or severity of natural disasters and other extreme weather conditions (including rising temperatures and drought), which could pose physical risks to our facilities, impair our production capabilities, disrupt our supply chain or impact demand for our products. Also, there is an increased focus in many jurisdictions in which our products are made, manufactured, distributed or sold regarding environmental policies relating to climate change, regulating greenhouse gas emissions, energy policies and sustainability, including single-use plastics. This increased focus may result in new or increased legal and regulatory requirements, such as potential carbon pricing programs, which could result in significant increased costs and require additional investments in facilities and equipment. As a result, the effects of climate change can negatively affect our business and operations. In addition, any failure to achieve our goals with respect to reducing our impact on the environment or perception of a failure to act responsibly with respect to the environment or to effectively respond to regulatory requirements concerning climate change can lead to adverse publicity, which could adversely affect demand for our products or damage our reputation. Any of the foregoing can adversely affect our business.

Strikes or work stoppages can cause our business to suffer.

Many of our employees are covered by collective bargaining agreements, and other employees may seek to be covered by collective bargaining agreements. Strikes or work stoppages or other business interruptions have occurred and may occur in the future if we are unable to renew, or enter into new, collective bargaining agreements on satisfactory terms and can impair manufacturing and distribution of our products, lead to a loss of sales, increase our costs or otherwise affect our ability to fully implement future operational changes to enhance our efficiency or to adapt to changing business needs or strategy, all of which can adversely affect our business.

Financial Risks

Failure to realize benefits from our productivity initiatives can adversely affect our financial performance.

Our future growth depends, in part, on our ability to continue to reduce costs and improve efficiencies, including our multi-year phased implementation of shared business service organizational models. We continue to identify and implement productivity initiatives that we believe will position our business for long-term sustainable growth by allowing us to achieve a lower cost structure, improve decision-making and operate more efficiently. Some of these measures result in unintended consequences, such as business disruptions, distraction of management and employees, reduced morale and productivity, unexpected

employee attrition, an inability to attract or retain key personnel and negative publicity. If we are unable to successfully implement our productivity initiatives as planned or do not achieve expected savings as a result of these initiatives, we may not realize all or any of the anticipated benefits, resulting in adverse effects on our financial performance.

A deterioration in our estimates and underlying assumptions regarding the future performance of our business can result in an impairment charge that can adversely affect our results of operations.

We conduct impairment tests on our goodwill and other indefinite-lived intangible assets annually or more frequently if circumstances indicate that impairment may have occurred. In addition, amortizable intangible assets, property, plant and equipment and other long-lived assets are evaluated for impairment upon a significant change in the operating or macroeconomic environment. A deterioration in our underlying assumptions regarding the impact of competitive operating conditions, macroeconomic conditions or other factors used to estimate the future performance of any of our reporting units or assets, including any deterioration in the weighted-average cost of capital based on market data available at the time, can result in an impairment charge, which can adversely affect our results of operations.

Fluctuations in exchange rates impact our financial performance.

Because our consolidated financial statements are presented in U.S. dollars, the financial statements of our subsidiaries outside the United States, where the functional currency is other than the U.S. dollar, are translated into U.S. dollars. Given our global operations, we also pay for the ingredients, raw materials and commodities used in our business in numerous currencies. Fluctuations in exchange rates, including as a result of inflation, central bank monetary policies, currency controls or other currency exchange restrictions have had, and could continue to have, an adverse impact on our financial performance.

Our borrowing costs and access to capital and credit markets can be adversely affected by a downgrade or potential downgrade of our credit ratings.

Rating agencies routinely evaluate us and their ratings are based on a number of factors, including our cash generating capability, levels of indebtedness, policies with respect to shareholder distributions and our financial strength generally, as well as factors beyond our control, such as the state of the economy and our industry. We expect to maintain Tier 1 commercial paper access, which we believe will facilitate appropriate financial flexibility and ready access to global credit markets at favorable interest rates. Any downgrade or announcement that we are under review for a potential downgrade of our credit ratings, especially any downgrade to below investment grade, can increase our future borrowing costs, impair our ability to access capital and credit markets on terms commercially acceptable to us or at all, result in a reduction in our liquidity, or impair our ability to access the commercial paper market with the same flexibility that we have experienced historically (and therefore require us to rely more heavily on more expensive types of debt financing), all of which can adversely affect our financial performance.

Legal, Tax and Regulatory Risks

Taxes aimed at our products can adversely affect our business or financial performance.

Certain jurisdictions in which our products are sold have either imposed, or are considering imposing, new or increased taxes on the manufacture, distribution or sale of certain of our products, particularly our beverages, as a result of the ingredients or substances contained in our products. These taxes vary in scope and form: some apply to all beverages, including non-caloric beverages, while others apply only to beverages with a caloric sweetener (e.g., sugar). Similarly, some measures apply a single tax rate per ounce/liter on beverages containing over a certain amount of added sugar (or other sweetener), some apply a graduated tax rate depending upon the amount of added sugar (or other sweetener) in the beverage and others apply a flat tax rate on beverages containing any amount of added sugar (or other sweetener). For example, certain provinces in Canada enacted a flat tax on all sugar-sweetened beverages, effective

September 1, 2022, at a rate of 0.20 Canadian dollars (0.16 U.S. dollars) per liter. These tax measures, whatever their scope or form, have in the past and could continue to increase the cost of certain of our products, reduce overall consumption of our products or lead to negative publicity, resulting in an adverse effect on our business and financial performance.

Limitations on the marketing or sale of our products can adversely affect our business and financial performance.

Certain jurisdictions in which our products are sold have either imposed, or are considering imposing, limitations on the marketing or sale of our products as a result of ingredients or substances in our products. These limitations require that we highlight perceived concerns about a product, warn consumers to avoid consumption of certain ingredients or substances present in our products, restrict the age of consumers to whom products are marketed or sold or limit the location in which our products may be available. For example, Argentina and Colombia enacted warning labeling requirements in 2021 to indicate whether a particular pre-packaged food or beverage product is considered to be high in sugar, sodium or saturated fat. Certain jurisdictions have imposed or are considering imposing color-coded labeling requirements where colors such as red, yellow and green are used to indicate various levels of a particular ingredient, such as sugar, sodium or saturated fat, in products. The imposition or proposed imposition of additional limitations on the marketing or sale of our products has in the past and could continue to reduce overall consumption of our products, lead to negative publicity or leave consumers with the perception that our products do not meet their health and wellness needs, resulting in an adverse effect on our business and financial performance.

Laws and regulations related to the use or disposal of plastics or other packaging materials can adversely affect our business and financial performance.

We rely on diverse packaging solutions to safely deliver products to our customers and consumers. Certain of our products are sold in packaging designed to be recyclable or commercially compostable. However, not all packaging is recycled, whether due to lack of infrastructure or otherwise, and certain of our packaging is not currently recyclable. Packaging waste not properly disposed of that displays one or more of our brands has in the past resulted in and could continue to result in negative publicity, litigation or reduced consumer demand for our products, adversely affecting our financial performance. Many jurisdictions in which our products are sold have imposed or are considering imposing regulations or policies intended to encourage the use of sustainable packaging, waste reduction or increased recycling rates or to restrict the sale of products utilizing certain packaging. These regulations vary in form and scope and include extended producer responsibility policies, plastic or packaging taxes, restrictions on certain products and materials, requirements for bottle caps to be tethered to bottles, bans on the use of single-use plastics and requirements to charge deposit fees. For example, the European Union, Peru and certain states in the United States, among other jurisdictions, have imposed a minimum recycled content requirement for beverage bottle packaging and similar legislation is under consideration in other jurisdictions. These laws and regulations have in the past and could continue to increase the cost of our products, impact demand for our products, result in negative publicity and require us and our business partners, including our independent bottlers, to increase capital expenditures to invest in minimizing the amount of plastic or other materials used in our packaging or to develop alternative packaging, all of which can adversely affect our business and financial performance.

Failure to comply with personal data protection and privacy laws can adversely affect our business.

We are subject to a variety of continuously evolving and developing laws and regulations in numerous jurisdictions regarding personal data protection and privacy laws. These laws and regulations may be interpreted and applied differently from country to country or, within the United States, from state to state, and can create inconsistent or conflicting requirements. Our efforts to comply with these laws and

regulations, including with respect to data from residents of the European Union who are covered by the General Data Protection Regulation or residents of the state of California who are covered by the California Consumer Privacy Act (as modified by the California Privacy Rights Act), impose significant costs and challenges that are likely to continue to increase over time, particularly as additional jurisdictions adopt similar regulations. Failure to comply with these laws and regulations or to otherwise protect personal data from unauthorized access, use or other processing, have in the past and could in the future result in litigation, claims, legal or regulatory proceedings, inquiries or investigations, damage to our reputation, fines or penalties, all of which can adversely affect our business.

Increases in income tax rates, changes in income tax laws or disagreements with tax authorities can adversely affect our financial performance.

Increases in income tax rates or other changes in tax laws, including changes in how existing tax laws are interpreted or enforced, can adversely affect our financial performance. For example, economic and political conditions in countries where we are subject to taxes, including the United States, have in the past and could continue to result in significant changes in tax legislation or regulation, including those proposed and under consideration by the United States Congress and the Organization for Economic Cooperation and Development. For example, numerous countries have recently agreed to a statement in support of a global minimum tax rate of 15% as well as global profit reallocation. There can be no assurance that these changes will be adopted by individual countries, or that once adopted by individual countries, that they will not have adverse effects on our financial performance. This increasingly complex global tax environment has in the past and could continue to increase tax uncertainty, resulting in higher compliance costs and adverse effects on our financial performance. We are also subject to regular reviews, examinations and audits by numerous taxing authorities with respect to income and non-income based taxes. Economic and political pressures to increase tax revenues in jurisdictions in which we operate, or the adoption of new or reformed tax legislation or regulation, has made and could continue to make resolving tax disputes more difficult and the final resolution of tax audits and any related litigation can differ from our historical provisions and accruals, resulting in an adverse effect on our financial performance.

If we are unable to adequately protect our intellectual property rights, or if we are found to infringe on the intellectual property rights of others, our business can be adversely affected.

We possess intellectual property rights that are important to our business, including ingredient formulas, trademarks, copyrights, patents, business processes and other trade secrets. The laws of various jurisdictions in which we operate have differing levels of protection of intellectual property. Our competitive position and the value of our products and brands can be reduced and our business adversely affected if we fail to obtain or adequately protect our intellectual property, including our ingredient formulas, or if there is a change in law that limits or removes the current legal protections afforded our intellectual property. Also, in the course of developing new products or improving the quality of existing products, we have in the past infringed or been alleged to have infringed, and could in the future infringe or be alleged to infringe, on the intellectual property rights of others. Such infringement or allegations of infringement could result in expensive litigation and damages, damage to our reputation, disruption to our operations, injunctions against development, manufacturing, use and/or sale of certain products, inventory write-offs or other limitations on our ability to introduce new products or improve the quality of existing products, resulting in an adverse effect on our business.

Failure to comply with laws and regulations applicable to our business can adversely affect our business.

The conduct of our business is subject to numerous laws and regulations relating to the production, storage, distribution, sale, display, advertising, marketing, labeling, content (including whether a product

contains genetically engineered ingredients), quality, safety, transportation, traceability, sourcing (including pesticide use), packaging, disposal, recycling and use of our products or raw materials, employment and occupational health and safety, environmental, social and governance matters (including climate change) and data privacy and protection. In addition, in many jurisdictions, compliance with competition laws is of special importance to us due to our competitive position, as is compliance with anti-corruption laws. The imposition of new laws, changes in laws or regulatory requirements or changing interpretations thereof, and differing or competing regulations and standards across the markets where our products or raw materials are made, manufactured, distributed or sold, have in the past and could continue to result in higher compliance costs, capital expenditures and higher production costs, resulting in adverse effects on our business. For example, increasing governmental and societal attention to environmental, social and governance matters has resulted and could continue to result in new laws or regulatory requirements. In addition, the entry into new markets or categories, including our planned entry into the alcoholic beverage industry as a distributor in the United States and expansion into the nuts and meat convenient foods categories globally, has resulted in and could continue to result in our business being subject to additional regulations resulting in higher compliance costs. If one jurisdiction imposes or proposes to impose new laws or regulations that impact the manufacture, distribution or sale of our products, other jurisdictions may follow. Failure to comply with such laws or regulations can subject us to criminal or civil enforcement actions, including fines, injunctions, product recalls, penalties, disgorgement of profits or activity restrictions, all of which can adversely affect our business. In addition, the results of third-party studies (whether or not scientifically valid) purporting to assess the health implications of consumption of certain ingredients or substances present in certain of our products or packaging materials have resulted in and could continue to result in our being subject to new taxes and regulations or lawsuits that can adversely affect our business.

Potential liabilities and costs from litigation, claims, legal or regulatory proceedings, inquiries or investigations can have an adverse impact on our business.

We and our subsidiaries are party to a variety of litigation, claims, legal or regulatory proceedings, inquiries and investigations, including but not limited to matters related to our advertising, marketing or commercial practices, product labels, claims and ingredients, personal injury and property damage, intellectual property rights, privacy, employment, tax and insurance matters, environmental, social and governance matters and matters relating to our compliance with applicable laws and regulations. These matters are inherently uncertain and there is no guarantee that we will be successful in defending ourselves or that our assessment of the materiality of these matters and the likely outcome or potential losses and established reserves will be consistent with the ultimate outcome of such matters. Responding to these matters, even those that are ultimately non-meritorious, requires us to incur significant expense and devote significant resources, and may generate adverse publicity that damages our reputation or brand image. Any of the foregoing can adversely affect our business.

Item 1B. Unresolved Staff Comments.

We have received no written comments regarding our periodic or current reports from the staff of the SEC that were issued 180 days or more preceding the end of our 2021 year and that remain unresolved.

Item 2. Properties.

Our principal executive office located in Purchase, New York and our facilities located in Plano, Texas, all of which we own, are our most significant corporate properties.

In connection with making, marketing, distributing and selling our products, each division utilizes manufacturing, processing, bottling and production plants, warehouses, distribution centers, storage facilities, offices, including division headquarters, research and development facilities and other facilities, all of which are either owned or leased.

Significant properties by division are as follows:

	Property Type	Location	Owned/ Leased
FLNA	Research and development facility	Plano, Texas	Owned
QFNA	Convenient food plant	Cedar Rapids, Iowa	Owned
PBNA	Research and development facility	Valhalla, New York	Owned
PBNA	Concentrate plant	Arlington, Texas	Owned
PBNA	Tropicana plant ^(a)	Bradenton, Florida	Owned
LatAm	Convenient food plant	Celaya, Mexico	Owned
LatAm	Two convenient food plants	Vallejo, Mexico	Owned
Europe	Convenient food plant	Kashira, Russia	Owned
Europe	Manufacturing plant	Lehavim, Israel	Owned
Europe	Dairy plant	Moscow, Russia	Owned ^(b)
AMESA	Convenient food plant	Riyadh, Saudi Arabia	Owned ^(b)
APAC	Convenient food plant	Wuhan, China	Owned ^(b)
FLNA, QFNA, PBNA	Shared service center	Winston Salem, North Carolina	Leased
PBNA, LatAm	Concentrate plant	Colonia, Uruguay	Owned ^(b)
PBNA, Europe, AMESA	Two concentrate plants	Cork, Ireland	Owned
PBNA, AMESA, APAC	Concentrate plant	Singapore	Owned ^(b)
All divisions	Shared service center	Hyderabad, India	Leased

(a) As of December 25, 2021, this property was reclassified as held for sale on the consolidated balance sheet in connection with our Juice Transaction. See Note 13 to our consolidated financial statements for further information.

(b) The land on which these properties are located is leased.

Most of our plants are owned or leased on a long-term basis. In addition to company-owned or leased properties described above, we also utilize a highly distributed network of plants, warehouses and distribution centers that are owned or leased by our contract manufacturers, co-packers, strategic alliances or joint ventures in which we have an equity interest. We believe that our properties generally are in good operating condition and, taken as a whole, are suitable, adequate and of sufficient capacity for our current operations.

Item 3. Legal Proceedings.

We and our subsidiaries are party to a variety of litigation, claims, legal or regulatory proceedings, inquiries and investigations. While the results of such litigation, claims, legal or regulatory proceedings, inquiries and investigations cannot be predicted with certainty, management believes that the final outcome of the foregoing will not have a material adverse effect on our financial condition, results of operations or cash flows. See also “Item 1. Business – Regulatory Matters” and “Item 1A. Risk Factors.”

Item 4. Mine Safety Disclosures.

Not applicable.

Information About Our Executive Officers

The following is a list of names, ages and backgrounds of our current executive officers:

Name	Age	Title
David J. Flavell	50	Executive Vice President, General Counsel and Corporate Secretary, PepsiCo
Marie T. Gallagher	62	Senior Vice President and Controller, PepsiCo
Hugh F. Johnston	60	Vice Chairman, PepsiCo; Executive Vice President and Chief Financial Officer, PepsiCo
Ram Krishnan	51	Chief Executive Officer, International Franchise Beverages and Chief Commercial Officer
Ramon L. Laguarda	58	Chairman of the Board of Directors and Chief Executive Officer, PepsiCo
Silviu Popovici	54	Chief Executive Officer, Europe
Paula Santilli	57	Chief Executive Officer, Latin America
Ronald Schellekens	57	Executive Vice President and Chief Human Resources Officer, PepsiCo
Kirk Tanner	53	Chief Executive Officer, PepsiCo Beverages North America
Eugene Willemsen	54	Chief Executive Officer, Africa, Middle East, South Asia
Steven Williams	56	Chief Executive Officer, PepsiCo Foods North America

David J. Flavell has served as Executive Vice President, General Counsel and Corporate Secretary, PepsiCo since March 2021. Mr. Flavell previously held a number of leadership roles at PepsiCo, including as Senior Vice President, Deputy General Counsel and Chief Compliance & Ethics Officer for PepsiCo from 2019 to 2021, as Senior Vice President, Deputy General Counsel & Managing Attorney from 2018 to 2019, as Senior Vice President, Deputy General Counsel & General Counsel, International and Global Groups from 2017 to 2018, as Senior Vice President, Deputy General Counsel & General Counsel, Latin America and Frito-Lay North America from 2016 to 2017, as Senior Vice President, General Counsel, Latin America and Frito-Lay North America from 2015 to 2016, and as Senior Vice President, General Counsel, Asia, Middle East and Africa from 2011 to 2015. Before joining PepsiCo in 2011, Mr. Flavell was general counsel for Danone S.A.'s Asia Pacific and Middle East business. Prior to that, Mr. Flavell served as senior legal counsel at Fonterra Co-operative Group Limited and was a partner at Corrs Chambers Westgarth.

Marie T. Gallagher was appointed PepsiCo's Senior Vice President and Controller in 2011. Ms. Gallagher joined PepsiCo in 2005 as Vice President and Assistant Controller. Prior to joining PepsiCo, Ms. Gallagher was Assistant Controller at Altria Corporate Services from 1992 to 2005 and, prior to that, a senior manager at Coopers & Lybrand.

Hugh F. Johnston was appointed Vice Chairman, PepsiCo in 2015 and Executive Vice President and Chief Financial Officer, PepsiCo in 2010. In addition to providing strategic financial leadership for PepsiCo, Mr. Johnston's portfolio has included a variety of responsibilities, including leadership of the Company's information technology function since 2015, the Company's global e-commerce business from 2015 to 2019, and the Quaker Foods North America division from 2014 to 2016. He has also held a number of leadership roles throughout his PepsiCo career, serving as Executive Vice President, Global Operations from 2009 to 2010, President of Pepsi-Cola North America from 2007 to 2009, Executive Vice

President, Operations from 2006 to 2007, and Senior Vice President, Transformation from 2005 to 2006. Prior to that, he served as Senior Vice President and Chief Financial Officer of PepsiCo Beverages and Foods from 2002 through 2005, and as PepsiCo's Senior Vice President of Mergers and Acquisitions in 2002. Mr. Johnston joined PepsiCo in 1987 as a Business Planner and held various finance positions until 1999 when he left to join Merck & Co., Inc. as Vice President, Retail, a position which he held until he rejoined PepsiCo in 2002. Prior to joining PepsiCo in 1987, Mr. Johnston was with General Electric Company in a variety of finance positions.

Ram Krishnan has served as Chief Executive Officer, International Beverages and Chief Commercial Officer of PepsiCo, effective January 2022. Prior to that, Mr. Krishnan served as Executive Vice President and Chief Commercial Officer, PepsiCo, from 2019 to 2021, as President and Chief Executive Officer of PepsiCo's Asia Pacific, Australia and New Zealand and China Region from 2018 to 2020, and as PepsiCo's Senior Vice President and Chief Customer Officer for Walmart, leading PepsiCo's global Walmart customer team, from 2016 to 2017. Mr. Krishnan joined PepsiCo in 2006 and held marketing roles of increasing responsibility from 2006 to 2016, including as Senior Vice President and Chief Marketing Officer, Frito-Lay North America from 2014 to 2016, as Senior Vice President, Marketing, Frito-Lay North America from 2012 to 2013 and as Vice President of Global Brands, Frito-Lay North America from 2011 to 2012. Prior to PepsiCo, Mr. Krishnan spent six years at General Motors Company as a marketing manager for Cadillac.

Ramon L. Laguarta has served as PepsiCo's Chief Executive Officer and a director on the Board since 2018, and assumed the role of Chairman of the Board in 2019. Mr. Laguarta previously served as President of PepsiCo from 2017 to 2018. Prior to serving as President, Mr. Laguarta held a variety of positions of increasing responsibility in Europe, including as Commercial Vice President of PepsiCo Europe from 2006 to 2008, PepsiCo Eastern Europe Region from 2008 to 2012, President, Developing & Emerging Markets, PepsiCo Europe from 2012 to 2015, Chief Executive Officer, PepsiCo Europe in 2015, and Chief Executive Officer, Europe Sub-Saharan Africa from 2015 until 2017. From 2002 to 2006, he was General Manager for Iberia Snacks and Juices, and from 1999 to 2001 a General Manager for Greece Snacks. Prior to joining PepsiCo in 1996 as a marketing vice president for Spain Snacks, Mr. Laguarta worked for Chupa Chups, S.A., where he worked in several international assignments in Asia, Europe, the Middle East and the United States. Mr. Laguarta has served as a director of Visa Inc. since 2019.

Silviu Popovici was appointed Chief Executive Officer, Europe, effective 2019. Prior to this role, he served as Chief Executive Officer, Europe Sub-Saharan Africa in 2019 and as President, Europe Sub-Saharan Africa from 2017 to early 2019. Mr. Popovici previously served as President, Russia, Ukraine and CIS (The Commonwealth of Independent States) from 2015 to 2017, and as President, PepsiCo Russia from 2013 to 2015. Mr. Popovici joined PepsiCo in 2011 following PepsiCo's acquisition of Wimm-Bill-Dann Foods OJSC (WBD) and served as General Manager, WBD Foods Division from 2011 until 2012. Prior to the acquisition, Mr. Popovici held senior leadership roles at WBD, running its dairy business from 2008 to 2011 and its beverages business from 2006 to 2008.

Paula Santilli was appointed Chief Executive Officer, Latin America, effective 2019. Previously, she served in various leadership positions at PepsiCo Mexico Foods, as President from 2017 to 2019, as Chief Operating Officer from 2016 to 2017 and as Vice President and General Manager from 2011 to 2016. Prior to joining PepsiCo Mexico Foods, she held a variety of roles, including leadership positions in Beverages in Mexico, as well as in Foods and Snacks in the Latin America Southern Cone region comprising Argentina, Uruguay and Paraguay. Ms. Santilli joined PepsiCo in 2001 following PepsiCo's acquisition of the Quaker Oats Company. At Quaker, she held various roles of increasing responsibility from 1992 to 2001, including running the regional Quaker Foods and Gatorade businesses in Argentina, Chile and Uruguay.

Ronald Schellekens was appointed Executive Vice President and Chief Human Resources Officer, PepsiCo, in 2018. Prior to that, Mr. Schellekens served as Group HR Director of Vodafone Group Services Limited from 2009 to 2018, where he was responsible for the Vodafone Human Resource Management function, as well as health and safety, and property and real estate functions. Prior to joining Vodafone, Mr. Schellekens was executive vice president, human resources for the global downstream division of Royal Dutch Shell Plc. Prior to that, he worked for PepsiCo for nine years from 1994 to 2003 in various international, senior human resources roles, including assignments in Switzerland, Spain, South Africa, the United Kingdom and Poland, where he was most recently responsible for the Europe, Middle East & Africa region for PepsiCo Foods International. Prior to that, he served for nine years at AT&T Inc. in Human Resources.

Kirk Tanner was appointed Chief Executive Officer, PepsiCo Beverages North America, effective 2019. Prior to that, Mr. Tanner served as President and Chief Operating Officer, North America Beverages from 2016 to 2018, Chief Operating Officer, North America Beverages and President, Global Foodservice from 2015 to 2016, and President, Global Foodservice from 2014 to 2015. Mr. Tanner joined PepsiCo in 1992, where he has worked in numerous domestic and international locations and in a variety of roles, including Senior Vice President of Frito-Lay North America's West region from 2009 to 2013, Vice President, Sales of PepsiCo U.K. and Ireland from 2008 to 2009, Region Vice President of Frito-Lay North America's Mountain region from 2005 to 2008, Region Vice President of Frito-Lay North America's Mid-America region from 2002 to 2005 and Region Vice President of Frito-Lay North America's California region from 2000 to 2002.

Eugene Willemsen was appointed Chief Executive Officer, Africa, Middle East, South Asia, effective 2019. Previously he served as Chief Executive Officer, Sub-Saharan Africa in 2019 and as Executive Vice President, Global Categories and Franchise Management from 2015 to 2019. Before that, he led the global Pepsi-Lipton Joint Venture as President from 2014 to 2015. Prior to such role, Mr. Willemsen served as PepsiCo's Senior Vice President and General Manager, South East Europe from 2011 to 2013, as Senior Vice President and General Manager, Commercial, Europe from 2008 to 2011, as Senior Vice President and General Manager, Northern Europe from 2006 to 2008, as Vice President, General Manager, Benelux from 2000 to 2005 and as Commercial Director, Benelux for the snacks business from 1998 to 2000. Mr. Willemsen joined PepsiCo in 1995 as a business development manager.

Steven Williams was appointed Chief Executive Officer, PepsiCo Foods North America, effective 2019. Prior to this role, Mr. Williams served in leadership positions for Frito-Lay's U.S. operations, as Senior Vice President, Commercial Sales and Chief Commercial Officer from 2017 to 2019 and as General Manager and Senior Vice President, East Division from 2016 to 2017. Prior to that, he served as General Manager and Senior Vice President, Customer Management for PepsiCo's global Walmart business from 2013 to 2016, as Sales Senior Vice President, North American Nutrition from 2011 to 2013 and as Vice President, Sales, Central Division from 2009 to 2011. Mr. Williams joined PepsiCo in 2001 as a part of PepsiCo's acquisition of the Quaker Oats Company, which he joined in 1997 and has held leadership positions of increasing responsibility in sales and customer management.

Executive officers are elected by our Board of Directors, and their terms of office continue until the next annual meeting of the Board or until their successors are elected and have qualified. There are no family relationships among our executive officers.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Stock Trading Symbol – PEP.

Stock Exchange Listings – The Nasdaq Global Select Market is the principal market for our common stock, which is also listed on the SIX Swiss Exchange.

Shareholders – As of February 3, 2022, there were approximately 101,778 shareholders of record of our common stock.

Dividends – We have paid consecutive quarterly cash dividends since 1965. The declaration and payment of future dividends are at the discretion of the Board of Directors. Dividends are usually declared in February, May, July and November and paid at the end of March, June and September and the beginning of January. On February 2, 2022, the Board of Directors declared a quarterly dividend of \$1.075 per share payable March 31, 2022, to shareholders of record on March 4, 2022. For the remainder of 2022, the record dates for these dividend payments are expected to be June 3, September 2 and December 2, 2022, subject to approval of the Board of Directors. On February 10, 2022, we announced a 7% increase in our annualized dividend to \$4.60 per share from \$4.30 per share, effective with the dividend expected to be paid in June 2022.

Additionally, on February 10, 2022, we announced a share repurchase program providing for the repurchase of up to \$10.0 billion of PepsiCo common stock commencing on February 11, 2022 and expiring on February 28, 2026 (2022 share repurchase program). Shares repurchased under this program may be repurchased in open market transactions, in privately negotiated transactions, in accelerated stock repurchase transactions or otherwise. We expect to return a total of approximately \$7.7 billion to shareholders in 2022, comprising dividends of approximately \$6.2 billion and share repurchases of approximately \$1.5 billion.

For information on securities authorized for issuance under our equity compensation plans, see “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.”

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Our discussion and analysis is intended to help the reader understand our results of operations and financial condition and is provided as an addition to, and should be read in connection with, our consolidated financial statements and the accompanying notes. Definitions of key terms can be found in the glossary. Unless otherwise noted, tabular dollars are presented in millions, except per share amounts. All per share amounts reflect common stock per share amounts, assume dilution unless otherwise noted, and are based on unrounded amounts. Percentage changes are based on unrounded amounts.

Discussion in this Form 10-K includes results of operations and financial condition for 2021 and 2020 and year-over-year comparisons between 2021 and 2020. For discussion on results of operations and financial condition pertaining to 2019 and year-over-year comparisons between 2020 and 2019, please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 26, 2020.

OUR BUSINESS

Executive Overview

PepsiCo is a leading global beverage and convenient food company with a complementary portfolio of brands, including Lays, Doritos, Cheetos, Gatorade, Pepsi-Cola, Mountain Dew, Quaker and SodaStream. Through our operations, authorized bottlers, contract manufacturers and other third parties, we make, market, distribute and sell a wide variety of beverages and convenient foods, serving customers and consumers in more than 200 countries and territories.

As a global company with deep local ties, we faced many of the same challenges in 2021 as our consumers, customers, and competitors across the world, including the second year of the COVID-19 pandemic; a worsening climate crisis; supply chain disruptions; inflationary pressures; shifting consumer preferences and behaviors; a highly competitive operating environment; a rapidly changing retail landscape, including the growth in e-commerce; continued macroeconomic and political volatility; and an evolving regulatory landscape.

To meet the challenges of today – and those of tomorrow – we are driven by an approach called PepsiCo Positive (pep+). pep+ is a strategic end-to-end transformation of our business, with sustainability at the center of how the company will strive to create growth and value by operating within planetary boundaries and inspiring positive change for the planet and people. pep+ will guide how we will work to transform our business operations, from sourcing ingredients and making and selling products in a more sustainable way, to leveraging our more than one billion connections with consumers each day to take sustainability mainstream and engage people to make choices that are better for themselves and the planet.

pep+ drives action and progress across three key pillars, bringing together a number of industry-leading 2030 sustainability goals under a comprehensive framework:

- **Positive Agriculture:** We are working to spread regenerative practices to restore the Earth across land equal to the company's entire agricultural footprint (approximately 7 million acres), sustainably source key crops and ingredients, and improve the livelihoods of more people in our agricultural supply chain.
- **Positive Value Chain:** We are working to build a circular and inclusive value chain through actions to: achieve net-zero emissions by 2040; become net water positive by 2030; and introduce more sustainable packaging into the value chain. Our packaging goals include cutting virgin plastic per serving, using recycled content in our plastic packaging, and scaling our SodaStream business globally, an innovative platform that almost entirely eliminates the need for beverage packaging, among other levers. Additionally, we are making progress on our diversity, equity and inclusion journey. And we have introduced a new global workforce volunteering program, One Smile at a

Time, to encourage, support and empower each one of our approximately 309,000 employees to make positive impacts in their local communities.

- **Positive Choices:** We continue working to evolve our portfolio of beverage and convenient food products so that they are better for the planet and people, including by incorporating more diverse ingredients in both new and existing food products that are better for the planet and/or deliver nutritional benefits, prioritizing chickpeas, plant-based proteins and whole grains; expanding our position in the nuts & seeds category, where PepsiCo is already the global branded leader, including leadership positions in Mexico, China and several Western European markets; and accelerating our reduction of added sugars and sodium through the use of science-based targets across our portfolio and cooking our food offerings with healthier oils. We are also continuing to scale new business models that require little or no single-use packaging, including SodaStream – an icon of a Positive Choice and the largest sparkling water brand in the world by volume. SodaStream, already sold in more than 40 countries, and its new SodaStream Professional platform is expected to expand into functional beverages and reach additional markets by the end of 2022, part of the brand's effort to help consumers avoid plastic bottles.

We believe these priorities will position our Company for long-term sustainable growth.

See also “Item 1A. Risk Factors” for further information about risks and uncertainties that the Company faces.

Our Operations

See “Item 1. Business” for information on our divisions and a description of our distribution network, ingredients and other supplies, brands and intellectual property rights, seasonality, customers, competition and human capital. In addition, see Note 1 to our consolidated financial statements for financial information about our divisions and geographic areas.

Other Relationships

Certain members of our Board of Directors also serve on the boards of certain vendors and customers. These Board members do not participate in our vendor selection and negotiations nor in our customer negotiations. Our transactions with these vendors and customers are in the normal course of business and are consistent with terms negotiated with other vendors and customers. In addition, certain of our employees serve on the boards of Pepsi Bottling Ventures LLC and other affiliated companies of PepsiCo and do not receive incremental compensation for such services.

Our Business Risks

COVID-19

Our global operations continue to expose us to risks associated with the COVID-19 pandemic, which continues to result in challenging operating environments and has affected almost all of the more than 200 countries and territories in which our products are made, manufactured, distributed or sold. Numerous measures have been implemented around the world to try to reduce the spread of the virus, including travel bans and restrictions, quarantines, curfews, restrictions on public gatherings, shelter in place and safer-at-home orders, business shutdowns and closures. These measures have impacted and will continue to impact us, our customers (including foodservice customers), consumers, employees, bottlers, contract manufacturers, distributors, joint venture partners, suppliers and other third parties with whom we do business, which may continue to result in changes in demand for our products, increases in operating costs (whether as a result of changes to our supply chain or increases in employee costs, including expanded benefits and frontline incentives, costs associated with the provision of personal protective equipment and increased sanitation, or otherwise), or adverse impacts to our supply chain through labor shortages, raw

material shortages or reduced availability of air or other commercial transport, port closures or border restrictions, any of which can impact our ability to make, manufacture, distribute and sell our products. In addition, measures that impact our ability to access our offices, plants, warehouses, distribution centers or other facilities, or that impact the ability of our business partners to do the same or the inability of a significant portion of our or our business partners' workforce to work because of illness, absenteeism, quarantine, vaccine mandates, or travel or other governmental restrictions, may continue to impact the availability or productivity of our and their employees, many of whom are not able to perform their job functions remotely.

Public concern regarding the risk of contracting COVID-19 has impacted and may continue to impact demand from consumers, including due to consumers not leaving their homes or leaving their homes less often than they did prior to the start of the pandemic or otherwise shopping for and consuming food and beverage products in a different manner than they historically have or because some of our consumers have lower discretionary income due to unemployment or reduced or limited work as a result of measures taken in response to the pandemic. Even as governmental restrictions are relaxed and economies gradually, partially, or fully reopen in certain of these jurisdictions and markets, the ongoing economic impacts and health concerns associated with the pandemic may continue to affect consumer behavior, spending levels and shopping and consumption preferences. Changes in consumer purchasing and consumption patterns may increase demand for our products in one quarter, resulting in decreased demand for our products in subsequent quarters, or in a lower-margin sales channel resulting in potentially reduced profit from sales of our products. We continue to see shifts in product and channel preferences as markets move through varying stages of restrictions and re-opening at different times, including changes in at-home consumption, in immediate consumption and away-from-home channels, such as convenience and gas and foodservice. In addition, we continue to see an increase in demand in the e-commerce and online-to-offline channels and any failure to capitalize on this demand could adversely affect our ability to maintain and grow sales or category share and erode our competitive position.

Any reduced demand for our products or change in consumer purchasing and consumption patterns, as well as continued economic uncertainty (including supply chain disruptions and labor shortages), can adversely affect our customers' and business partners' financial condition, which can result in bankruptcy filings and/or an inability to pay for our products, reduced or canceled orders of our products, continued or additional closing of restaurants, stores, entertainment or sports complexes, schools or other venues in which our products are sold, or reduced capacity at any of the foregoing, or our business partners' inability to supply us with ingredients or other items necessary for us to make, manufacture, distribute or sell our products. Such adverse changes in our customers' or business partners' financial condition have also resulted and may continue to result in our recording additional charges for our inability to recover or collect any accounts receivable, owned or leased assets, including certain foodservice and vending and other equipment, or prepaid expenses. In addition, continued economic uncertainty associated with the COVID-19 pandemic has resulted in volatility in the global capital and credit markets which can impair our ability to access these markets on terms commercially acceptable to us, or at all.

While we have developed and implemented and continue to develop and implement health and safety protocols, business continuity plans and crisis management protocols in an effort to mitigate the negative impact of COVID-19 to our employees and our business, the extent of the impact of the pandemic on our business and financial results will continue to depend on numerous evolving factors that we are not able to accurately predict and which will vary by jurisdiction and market, including the duration and scope of the pandemic, the emergence and spread of new variants of the virus, including the omicron and delta variants, the development and availability of effective treatments and vaccines, the speed at which vaccines are administered, the efficacy of vaccines against the virus and evolving strains or variants of the virus, global economic conditions during and after the pandemic, governmental actions that have been

taken, or may be taken in the future, in response to the pandemic and changes in consumer behavior in response to the pandemic, some of which may be more than just temporary.

Risks Associated with Commodities and Our Supply Chain

Many of the commodities used in the production and transportation of our products are purchased in the open market. The prices we pay for such items are subject to fluctuation, and we manage this risk through the use of fixed-price contracts and purchase orders, pricing agreements and derivative instruments, including swaps and futures. During 2021, we experienced higher than anticipated transportation and commodity costs, which we expect to continue in 2022. A number of external factors, including the COVID-19 pandemic, adverse weather conditions, supply chain disruptions (including raw material shortages) and labor shortages, have impacted and may continue to impact transportation and commodity availability and costs. When prices increase, we may or may not pass on such increases to our customers without suffering reduced volume, revenue, margins and operating results.

See Note 9 to our consolidated financial statements for further information on how we manage our exposure to commodity prices.

Risks Associated with Climate Change

Certain jurisdictions in which our products are made, manufactured, distributed or sold have either imposed, or are considering imposing, new or increased legal and regulatory requirements to reduce or mitigate the potential effects of climate change, including regulation of greenhouse gas emissions and potential carbon pricing programs. These new or increased legal or regulatory requirements could result in significant increased costs of compliance and additional investments in facilities and equipment. However, we are unable to predict the scope, nature and timing of any new or increased environmental laws and regulations and therefore cannot predict the ultimate impact of such laws and regulations on our business or financial results. We continue to monitor existing and proposed laws and regulations in the jurisdictions in which our products are made, manufactured, distributed and sold and to consider actions we may take to potentially mitigate the unfavorable impact, if any, of such laws or regulations.

Risks Associated with International Operations

We are subject to risks in the normal course of business that are inherent to international operations. During the periods presented in this report, certain jurisdictions in which our products are made, manufactured, distributed or sold, including in certain developing and emerging markets, operated in a challenging environment, experiencing unstable economic, political and social conditions, civil unrest, natural disasters, debt and credit issues and currency controls or fluctuations. We continue to monitor the economic, operating and political environment in these markets closely and to identify actions to potentially mitigate any unfavorable impacts on our future results.

Imposition of Taxes and Regulations on our Products

Certain jurisdictions in which our products are made, manufactured, distributed or sold have either imposed, or are considering imposing, new or increased taxes or regulations on the manufacture, distribution or sale of our products or their packaging, ingredients or substances contained in, or attributes of, our products or their packaging, commodities used in the production of our products or their packaging or the recyclability or recoverability of our packaging. These taxes and regulations vary in scope and form. For example, some taxes apply to all beverages, including non-caloric beverages, while others apply only to beverages with a caloric sweetener (e.g., sugar). In addition, COVID-19 has resulted in increased regulatory focus on labeling in certain jurisdictions, including in Mexico which enacted product labeling requirements and limitations on the marketing of certain of our products as a result of ingredients or substances contained in such products. Further, some regulations apply to all products using certain types of packaging (e.g., plastic), while others are designed to increase the sustainability of packaging,

encourage waste reduction and increased recycling rates or facilitate the waste management process or restrict the sale of products in certain packaging.

We sell a wide variety of beverages and convenient foods in more than 200 countries and territories and the profile of the products we sell, the amount of revenue attributable to such products and the type of packaging used vary by jurisdiction. Because of this, we cannot predict the scope or form potential taxes, regulations or other limitations on our products or their packaging may take, and therefore cannot predict the impact of such taxes, regulations or limitations on our financial results. In addition, taxes, regulations and limitations may impact us and our competitors differently. We continue to monitor existing and proposed taxes and regulations in the jurisdictions in which our products are made, manufactured, distributed and sold and to consider actions we may take to potentially mitigate the unfavorable impact, if any, of such taxes, regulations or limitations, including advocating alternative measures with respect to the imposition, form and scope of any such taxes, regulations or limitations.

Retail Landscape

Our industry continues to be affected by disruption of the retail landscape, including the rapid growth in sales through e-commerce websites and mobile commerce applications, including through subscription services, the integration of physical and digital operations among retailers and the international expansion of hard discounters. We have seen and expect to continue to see a further shift to e-commerce, online-to-offline and other online purchasing by consumers, including as a result of the COVID-19 pandemic. We continue to monitor changes in the retail landscape and seek to identify actions we may take to build our global e-commerce and digital capabilities, such as expanding our direct-to-consumer business, and distribute our products effectively through all existing and emerging channels of trade and potentially mitigate any unfavorable impacts on our future results.

See also “Item 1A. Risk Factors,” “Executive Overview” above and “Market Risks” below for more information about these risks and the actions we have taken to address key challenges.

Risk Management Framework

The achievement of our strategic and operating objectives involves taking risks and that those risks may evolve over time. To identify, assess, prioritize, address, manage, monitor and communicate these risks across the Company’s operations, we leverage an integrated risk management framework. This framework includes the following:

- PepsiCo’s Board of Directors has oversight responsibility for PepsiCo’s integrated risk management framework. One of the Board’s primary responsibilities is overseeing and interacting with senior management with respect to key aspects of the Company’s business, including risk assessment and risk mitigation of the Company’s top risks. The Board receives updates on key risks throughout the year, including risks related to food safety and cybersecurity. During 2021, in addition to COVID-19 discussions as part of risk updates to the Board and the relevant Committees, the Board was provided with updates on COVID-19’s impact to our business, financial condition and operations through memos, teleconferences or other appropriate means of communication. In addition, the Board has tasked designated Committees of the Board with oversight of certain categories of risk management, and the Committees report to the Board regularly on these matters.
 - The Audit Committee of the Board reviews and assesses the guidelines and policies governing PepsiCo’s risk management and oversight processes, and assists the Board’s oversight of financial, compliance and employee safety risks facing PepsiCo;

- The Compensation Committee of the Board reviews PepsiCo’s employee compensation policies and practices to assess whether such policies and practices could lead to unnecessary risk-taking behavior;
 - The Nominating and Corporate Governance Committee assists the Board in its oversight of the Company’s governance structure and other corporate governance matters, including succession planning; and
 - The Sustainability, Diversity and Public Policy Committee of the Board assists the Board in its oversight of PepsiCo’s policies, programs and related risks that concern key sustainability (including climate change), diversity, equity and inclusion, and public policy matters.
- The PepsiCo Risk Committee (PRC), which is comprised of a cross-functional, geographically diverse, senior management group, including PepsiCo’s Chairman of the Board of Directors and Chief Executive Officer, meets regularly to identify, assess, prioritize and address top strategic, financial, operating, compliance, safety, reputational and other risks. The PRC is also responsible for reporting progress on our risk mitigation efforts to the Board;
 - Division and key market risk committees, comprised of cross-functional senior management teams, meet regularly to identify, assess, prioritize and address division and country-specific business risks;
 - PepsiCo’s Risk Management Office, which manages the overall risk management process, provides ongoing guidance, tools and analytical support to the PRC and the division and key country risk committees, identifies and assesses potential risks and facilitates ongoing communication between the parties, as well as with PepsiCo’s Board of Directors, the Audit Committee of the Board and other Committees of the Board;
 - PepsiCo’s Corporate Audit Department evaluates the ongoing effectiveness of our key internal controls through periodic audit and review procedures; and
 - PepsiCo’s Compliance & Ethics and Law Departments lead and coordinate our compliance policies and practices.

Market Risks

We are exposed to market risks arising from adverse changes in:

- commodity prices, affecting the cost of our raw materials and energy;
- foreign exchange rates and currency restrictions; and
- interest rates.

In the normal course of business, we manage commodity price, foreign exchange and interest rate risks through a variety of strategies, including productivity initiatives, global purchasing programs and hedging. Ongoing productivity initiatives involve the identification and effective implementation of meaningful cost-saving opportunities or efficiencies, including the use of derivatives. Our global purchasing programs include fixed-price contracts and purchase orders and pricing agreements. See “Item 1A. Risk Factors” for further discussion of our market risks.

The fair value of our derivatives fluctuates based on market rates and prices. The sensitivity of our derivatives to these market fluctuations is discussed below. See Note 9 to our consolidated financial statements for further discussion of these derivatives and our hedging policies. See “Our Critical Accounting Policies and Estimates” for a discussion of the exposure of our pension and retiree medical plan assets and liabilities to risks related to market fluctuations.

Inflationary, deflationary and recessionary conditions impacting these market risks also impact the demand for and pricing of our products. See “Item 1A. Risk Factors” for further discussion.

Commodity Prices

Our commodity derivatives had a total notional value of \$1.6 billion as of December 25, 2021 and \$1.1 billion as of December 26, 2020. At the end of 2021, the potential change in fair value of commodity derivative instruments, assuming a 10% decrease in the underlying commodity price, would have decreased our net unrealized gains in 2021 by \$177 million, which would generally be offset by a reduction in the cost of the underlying commodity purchases.

Foreign Exchange

Our operations outside of the United States generated 44% of our consolidated net revenue in 2021, with Mexico, Russia, Canada, China, the United Kingdom and South Africa, collectively, comprising approximately 23% of our consolidated net revenue in 2021. As a result, we are exposed to foreign exchange risks in the international markets in which our products are made, manufactured, distributed or sold. Additionally, we are exposed to foreign exchange risk from net investments in foreign subsidiaries, foreign currency purchases, foreign currency assets and liabilities created in the normal course of business. During 2021, favorable foreign exchange contributed 1 percentage point to net revenue growth, primarily due to appreciation in the Mexican peso, Canadian dollar and South African rand. Currency declines against the U.S. dollar which are not offset could adversely impact our future financial results.

In addition, volatile economic, political and social conditions and civil unrest in certain markets in which our products are made, manufactured, distributed or sold, including in Argentina, Brazil, China, Mexico, the Middle East, Russia and Turkey, and currency controls or fluctuations in certain of these international markets, continue to, and the threat or imposition of new or increased tariffs or sanctions or other impositions in or related to these international markets may, result in challenging operating environments.

Our foreign currency derivatives had a total notional value of \$2.8 billion as of December 25, 2021 and \$1.9 billion as of December 26, 2020. At the end of 2021, we estimate that an unfavorable 10% change in the underlying exchange rates would have decreased our net unrealized gains in 2021 by \$278 million, which would be significantly offset by an inverse change in the fair value of the underlying exposure.

The total notional amount of our debt instruments designated as net investment hedges was \$2.1 billion as of December 25, 2021 and \$2.7 billion as of December 26, 2020.

Interest Rates

Our interest rate derivatives had a total notional value of \$2.1 billion as of December 25, 2021 and \$3.0 billion as of December 26, 2020. Assuming year-end 2021 investment levels and variable rate debt, a 1-percentage-point increase in interest rates would have decreased our net interest expense in 2021 by \$47 million due to higher cash and cash equivalents and short-term investments levels, as compared with our variable rate debt.

OUR FINANCIAL RESULTS

Results of Operations — Consolidated Review

Volume

Physical or unit volume is one of the key metrics management uses internally to make operating and strategic decisions, including the preparation of our annual operating plan and the evaluation of our business performance. We believe volume provides additional information to facilitate the comparison of our historical operating performance and underlying trends, and provides additional transparency on how we evaluate our business because it measures demand for our products at the consumer level.

Beverage volume includes volume of concentrate sold to independent bottlers and volume of finished products bearing company-owned or licensed trademarks and allied brand products and joint venture trademarks sold by company-owned bottling operations. Beverage volume also includes volume of finished products bearing company-owned or licensed trademarks sold by our noncontrolled affiliates. Concentrate volume sold to independent bottlers is reported in concentrate shipments and equivalents (CSE), whereas finished beverage product volume is reported in bottler case sales (BCS). Both CSE and BCS convert all beverage volume to an 8-ounce-case metric. Typically, CSE and BCS are not equal in any given period due to seasonality, timing of product launches, product mix, bottler inventory practices and other factors. While our net revenue is not entirely based on BCS volume due to the independent bottlers in our supply chain, we believe that BCS is a better measure of the consumption of our beverage products. PBNA, LatAm, Europe, AMESA and APAC, either independently or in conjunction with third parties, make, market, distribute and sell ready-to-drink tea products through a joint venture with Unilever (under the Lipton brand name), and PBNA, either independently or in conjunction with third parties, makes, markets, distributes and sells ready-to-drink coffee products through a joint venture with Starbucks. In addition, APAC licenses the Tropicana brand for use in China on co-branded juice products in connection with a strategic alliance with Tingyi.

Convenient food volume includes volume sold by our subsidiaries and noncontrolled affiliates of convenient food products bearing company-owned or licensed trademarks. Internationally, we measure convenient food product volume in kilograms, while in North America we measure convenient food product volume in pounds. FLNA makes, markets, distributes and sells Sabra refrigerated dips and spreads through a joint venture with Strauss Group.

Consolidated Net Revenue and Operating Profit

	2021	2020	Change
Net revenue	\$ 79,474	\$ 70,372	13 %
Operating profit	\$ 11,162	\$ 10,080	11 %
Operating margin	14.0 %	14.3 %	(0.3)

See “Results of Operations – Division Review” for a tabular presentation and discussion of key drivers of net revenue.

Operating profit grew 11% and operating margin declined 0.3 percentage points. Operating profit growth was primarily driven by net revenue growth and productivity savings, partially offset by certain operating cost increases, a 14-percentage-point impact of higher commodity costs, and higher advertising and marketing expenses. The operating margin decline primarily reflects higher commodity costs.

Lower charges taken as a result of the COVID-19 pandemic compared to the prior year contributed 6 percentage points to operating profit growth. Additionally, lower acquisition and divestiture-related charges included in “Items Affecting Comparability” contributed 3 percentage points to operating profit growth.

Juice Transaction

In the first quarter of 2022, we sold our Tropicana, Naked and other select juice brands to PAI Partners, while retaining a 39% noncontrolling interest in a newly formed joint venture that will operate across North America and Europe. These juice businesses delivered approximately \$3 billion in net revenue in 2021. In the U.S., PepsiCo acts as the exclusive distributor for the new joint venture’s portfolio of brands for small-format and foodservice customers with chilled direct-store-delivery. See Note 13 to our consolidated financial statements for further information.

Results of Operations — Division Review

See “Our Business Risks,” “Non-GAAP Measures” and “Items Affecting Comparability” for a discussion of items to consider when evaluating our results and related information regarding measures not in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

In the discussions of net revenue and operating profit below, “effective net pricing” reflects the year-over-year impact of discrete pricing actions, sales incentive activities and mix resulting from selling varying products in different package sizes and in different countries and “net pricing” reflects the year-over-year combined impact of list price changes, weight changes per package, discounts and allowances. Additionally, “acquisitions and divestitures” reflect mergers and acquisitions activity, as well as divestitures and other structural changes, including changes in ownership or control in consolidated subsidiaries and nonconsolidated equity investees.

Net Revenue and Organic Revenue Growth

Organic revenue growth is a non-GAAP financial measure. For further information on this measure, see “Non-GAAP Measures.”

	2021					
	Reported % Change, GAAP Measure	Impact of		Organic % Change, Non-GAAP Measure ^(a)	Impact of	
		Foreign exchange translation	Acquisitions and divestitures		Organic volume ^(b)	Effective net pricing
FLNA	8 %	(0.5)	—	7 %	2	5
QFNA	— %	(1)	—	— %	(7)	7
PBNA	12 %	(0.5)	(1)	10 %	5	5
LatAm	17 %	(2)	—	15 %	4	10
Europe	9 %	(0.5)	—	9 %	4.5	4
AMESA	33 %	(4.5)	(17)	12 %	7	4
APAC	34 %	(6)	(15)	13 %	12	1
Total	13 %	(1)	(2)	10 %	4	5

(a) Amounts may not sum due to rounding.

(b) Excludes the impact of acquisitions and divestitures, including the impact of an extra month of volume for our acquisitions of Pioneer Food Group Ltd. (Pioneer Foods) in our AMESA division and Hangzhou Haomusi Food Co., Ltd. (Be & Cheery) in our APAC division as we aligned the reporting calendars of these acquisitions with those of our divisions. In certain instances, the impact of organic volume growth on net revenue growth differs from the unit volume growth disclosed in the following divisional discussions due to the impacts of acquisitions and divestitures, product mix, nonconsolidated joint venture volume, and, for our beverage businesses, temporary timing differences between BCS and CSE. Our net revenue excludes nonconsolidated joint venture volume, and, for our franchise-owned beverage businesses, is based on CSE.

Operating Profit, Operating Profit Adjusted for Items Affecting Comparability and Operating Profit Growth Adjusted for Items Affecting Comparability on a Constant Currency Basis

Operating profit adjusted for items affecting comparability and operating profit growth adjusted for items affecting comparability on a constant currency basis are both non-GAAP financial measures. For further information on these measures see “Non-GAAP Measures” and “Items Affecting Comparability.”

Operating Profit and Operating Profit Adjusted for Items Affecting Comparability

	2021				
	Reported, GAAP Measure ^(b)	Items Affecting Comparability ^(a)			Core, Non-GAAP Measure ^(b)
		Mark-to-market net impact	Restructuring and impairment charges	Acquisition and divestiture-related charges ^(c)	
FLNA	\$ 5,633	\$ —	\$ 28	\$ 2	\$ 5,663
QFNA	578	—	—	—	578
PBNA	2,442	—	20	11	2,473
LatAm	1,369	—	37	—	1,406
Europe	1,292	—	81	8	1,381
AMESA	858	—	15	10	883
APAC	673	—	7	4	684
Corporate unallocated expenses	(1,683)	19	49	(39)	(1,654)
Total	\$ 11,162	\$ 19	\$ 237	\$ (4)	\$ 11,414
	2020				
	Reported, GAAP Measure ^(b)	Items Affecting Comparability ^(a)			Core, Non-GAAP Measure ^(b)
		Mark-to-market net impact	Restructuring and impairment charges	Acquisition and divestiture-related charges ^(c)	
FLNA	\$ 5,340	\$ —	\$ 83	\$ 29	\$ 5,452
QFNA	669	—	5	—	674
PBNA	1,937	—	47	66	2,050
LatAm	1,033	—	31	—	1,064
Europe	1,353	—	48	—	1,401
AMESA	600	—	14	173	787
APAC	590	—	5	7	602
Corporate unallocated expenses	(1,442)	(73)	36	(20)	(1,499)
Total	\$ 10,080	\$ (73)	\$ 269	\$ 255	\$ 10,531

(a) See “Items Affecting Comparability.”

(b) Includes the charges taken as a result of the COVID-19 pandemic. See Note 1 to our consolidated financial statements for further information.

(c) The income amounts primarily relate to gains associated with the contingent consideration in connection with our acquisition of Rockstar Energy Beverages (Rockstar). In 2021, this impact is partially offset by divestiture-related charges associated with the Juice Transaction. See Note 13 to our consolidated financial statements for further information.

Operating Profit Growth and Operating Profit Growth Adjusted for Items Affecting Comparability on a Constant Currency Basis

	2021						Core Constant Currency % Change, Non-GAAP Measure ^(b)
	Impact of Items Affecting Comparability ^(a)				Impact of		
	Reported % Change, GAAP Measure	Mark-to-market net impact	Restructuring and impairment charges	Acquisition and divestiture-related charges	Core % Change, Non-GAAP Measure ^(b)	Foreign exchange translation	
FLNA	5.5 %	—	(1)	(0.5)	4 %	—	3 %
QFNA	(14)%	—	(0.5)	—	(14)%	—	(14)%
PBNA	26 %	—	(2)	(4)	21 %	(1)	20 %
LatAm	33 %	—	—	—	32 %	(4.5)	28 %
Europe	(4.5)%	—	2.5	1	(1.5)%	(1.5)	(3)%
AMESA	43 %	—	—	(31)	12 %	(2)	10 %
APAC	14 %	—	1	(1.5)	14 %	(3)	10 %
Corporate unallocated expenses	17 %	(7)	(1)	1	10 %	—	10 %
Total	11 %	1	—	(3)	8 %	(1)	7 %

(a) See “Items Affecting Comparability” for further information.

(b) Amounts may not sum due to rounding.

FLNA

Net revenue grew 8%, primarily driven by effective net pricing and organic volume growth. Unit volume grew 2%, primarily reflecting double-digit growth in variety packs and the impact of our BFY Brands, Inc. (BFY Brands) acquisition in the first quarter of 2020, partially offset by a low-single-digit decline in trademark Tostitos and a double-digit decline in trademark Santitas.

Operating profit increased 5.5%, primarily reflecting the net revenue growth, productivity savings and a 3-percentage-point impact of lower charges taken as a result of the COVID-19 pandemic. These impacts were partially offset by certain operating cost increases, including strategic initiatives and incremental transportation costs, and a 4-percentage-point impact of higher commodity costs, primarily packaging material and cooking oil.

QFNA

Net revenue grew slightly and unit volume declined 7%. The net revenue growth reflects effective net pricing and a 1-percentage-point impact of favorable foreign exchange, largely offset by a decrease in organic volume. The unit volume decline was primarily driven by double-digit declines in pancake syrups and mixes and in ready-to-eat cereals and a high-single-digit decline in oatmeal, partially offset by growth in Cheetos macaroni and cheese, which was introduced in the third quarter of 2020, and double-digit growth in lite snacks.

Operating profit declined 14%, primarily reflecting certain operating cost increases, including incremental transportation costs, and an 8-percentage-point impact of higher commodity costs, partially offset by productivity savings.

The impact of the COVID-19 pandemic contributed to a current-year decrease in consumer demand, which had a negative impact on net revenue, unit volume and operating profit performance compared to the significant COVID-19 related surge in consumer demand in the prior year.

PBNA

Net revenue increased 12%, primarily driven by effective net pricing and an increase in organic volume. Unit volume increased 6%, driven by a 7% increase in non-carbonated beverage (NCB) volume and a 4% increase in CSD volume. The NCB volume increase primarily reflected double-digit increases in our

overall water portfolio and our energy portfolio, a low-single-digit increase in Gatorade sports drinks and a mid-single-digit increase in Lipton ready-to-drink teas.

Operating profit increased 26%, primarily reflecting the net revenue growth, a 15-percentage-point impact of lower charges taken as a result of the COVID-19 pandemic and productivity savings. These impacts were partially offset by certain operating cost increases, including incremental transportation costs, an 18-percentage-point impact of higher commodity costs and higher advertising and marketing expenses. Higher prior-year acquisition and divestiture-related charges contributed 4 percentage points to operating profit growth.

Changes in consumer behavior as a result of the COVID-19 pandemic contributed to a current-year increase in consumer demand, which had a positive impact on net revenue, unit volume and operating profit performance.

In 2020, we received a notice of termination without cause from Vital Pharmaceuticals, Inc., which would end our distribution rights of Bang Energy drinks, effective October 24, 2023.

LatAm

Net revenue increased 17%, primarily reflecting effective net pricing and organic volume growth.

Convenient foods unit volume grew 3.5%, primarily reflecting low-single-digit growth in Brazil and Mexico.

Beverage unit volume grew 8%, primarily reflecting double-digit growth in Argentina and Chile. Additionally, Brazil experienced low-single-digit growth, Mexico experienced mid-single-digit growth and Guatemala experienced high-single-digit growth.

Operating profit increased 33%, primarily reflecting the net revenue growth, productivity savings and a 4.5-percentage-point impact of favorable foreign exchange. These impacts were partially offset by certain operating cost increases, a 30-percentage-point impact of higher commodity costs and higher advertising and marketing expenses. A current-year recognition of certain indirect tax credits in Brazil and lower charges taken as a result of the COVID-19 pandemic contributed 6 percentage points and 4 percentage points, respectively, to operating profit growth.

Changes in consumer behavior as a result of the COVID-19 pandemic contributed to a current-year increase in consumer demand, which had a positive impact on net revenue, unit volume and operating profit performance.

Europe

Net revenue increased 9%, primarily reflecting organic volume growth and effective net pricing.

Convenient foods unit volume grew 4%, primarily reflecting double-digit growth in Turkey and mid-single-digit growth in Russia and Poland, partially offset by a mid-single-digit decline in the United Kingdom. Additionally, the Netherlands grew slightly and France experienced low-single-digit growth.

Beverage unit volume grew 8%, primarily reflecting double-digit growth in Russia, Turkey and the United Kingdom and high-single-digit growth in France, partially offset by a low-single-digit decline in Germany.

Operating profit decreased 4.5%, primarily reflecting certain operating cost increases, a 28-percentage-point impact of higher commodity costs and a 2.5-percentage-point impact each from higher restructuring and impairment charges and a gain on an asset sale in the prior year. These impacts were partially offset by the net revenue growth and productivity savings. Additionally, lower charges taken as a result of the COVID-19 pandemic and favorable settlements of promotional spending accruals compared to the prior

year positively contributed 5 percentage points and 3 percentage points, respectively, to operating profit performance.

Changes in consumer behavior as a result of the COVID-19 pandemic contributed to a current-year increase in consumer demand, which had a positive impact on net revenue and unit volume performance.

During the fourth quarter of 2021, the implementation of an Enterprise Resource Planning (ERP) system in the United Kingdom caused a temporary disruption to our United Kingdom operations which had a negative impact on net revenue, unit volume and operating profit performance. These issues were largely resolved within the quarter and the business operations had resumed by year end.

AMESA

Net revenue increased 33%, reflecting a 14-percentage-point impact of our Pioneer Foods acquisition, which included the impact of an extra month of net revenue compared to the prior year as we aligned Pioneer Foods' reporting calendar with that of our AMESA division, as well as organic volume growth and effective net pricing. Favorable foreign exchange contributed 4.5 percentage points to net revenue growth.

Convenient foods unit volume grew 38%, primarily reflecting a 35-percentage-point impact of our Pioneer Foods acquisition, which included the impact of an extra month of unit volume as we aligned Pioneer Foods' reporting calendar with that of our AMESA division, double-digit growth in India and Pakistan and high-single-digit growth in the Middle East, partially offset by a low-single-digit decline in South Africa (excluding our Pioneer Foods acquisition).

Beverage unit volume grew 20%, primarily reflecting double-digit growth in India and Pakistan. Additionally, the Middle East experienced double-digit growth and Nigeria experienced high-single-digit growth.

Operating profit increased 43%, primarily reflecting the net revenue growth, a 31-percentage-point impact of the prior-year acquisition and divestiture-related charges associated with our Pioneer Foods acquisition and productivity savings. These impacts were partially offset by certain operating cost increases, a 13-percentage-point impact of higher commodity costs and higher advertising and marketing expenses. Additionally, lower charges taken as a result of the COVID-19 pandemic and our Pioneer Foods acquisition contributed 3 percentage points and 2 percentage points, respectively, to operating profit growth.

Changes in consumer behavior as a result of the COVID-19 pandemic contributed to a current-year increase in consumer demand, which had a positive impact on net revenue, unit volume and operating profit performance.

APAC

Net revenue increased 34%, reflecting a 15-percentage-point impact of our Be & Cheery acquisition, which included the impact of an extra month of net revenue compared to the prior year as we aligned Be & Cheery's reporting calendar with that of our APAC division, as well as organic volume growth, a 6-percentage-point impact of favorable foreign exchange and effective net pricing.

Convenient foods unit volume grew 19%, primarily reflecting a 16-percentage-point impact of our Be & Cheery acquisition, which included the impact of an extra month of unit volume as we aligned Be & Cheery's reporting calendar with that of our APAC division, and double-digit growth in China (excluding our Be & Cheery acquisition) and Thailand. Additionally, Australia, Indonesia and Taiwan each experienced low-single-digit growth.

Beverage unit volume grew 13%, primarily reflecting double-digit growth in China, partially offset by a low-single-digit decline in Vietnam. Additionally, the Philippines experienced low-single-digit growth and Thailand experienced mid-single-digit growth.

Operating profit increased 14%, primarily reflecting the net revenue growth, productivity savings and a 2-percentage-point contribution from our Be & Cheery acquisition, partially offset by certain operating cost increases and higher advertising and marketing expenses. Additionally, impairment charges associated with an equity method investment reduced operating profit growth by 3 percentage points. Favorable foreign exchange contributed 3 percentage points to operating profit growth.

Other Consolidated Results

	2021	2020	Change
Other pension and retiree medical benefits income	\$ 522	\$ 117	\$ 405
Net interest expense and other	\$(1,863)	\$(1,128)	\$ (735)
Annual tax rate	21.8 %	20.9 %	
Net income attributable to PepsiCo ^(a)	\$ 7,618	\$ 7,120	7 %
Net income attributable to PepsiCo per common share – diluted ^(a)	\$ 5.49	\$ 5.12	7 %

(a) In 2021, lower charges taken as a result of the COVID-19 pandemic contributed 7 percentage points to both net income attributable to PepsiCo growth and net income attributable to PepsiCo per common share growth. See Note 1 to our consolidated financial statements for further information.

Other pension and retiree medical benefits income increased \$405 million, primarily reflecting lower settlement charges in 2021, the recognition of fixed income gains on plan assets, the impact of plan changes approved in 2020, as discussed in Note 7 to our consolidated financial statements, and the impact of discretionary plan contributions, partially offset by a decrease in the expected rate of return on plan assets.

Net interest expense and other increased \$735 million, reflecting a charge of \$842 million in connection with our cash tender offers. See Note 8 to our consolidated financial statements for further information. This impact was partially offset by lower interest rates on average debt balances.

The reported tax rate increased 0.9 percentage points, primarily reflecting the net tax impact of adjustments to uncertain tax positions related to the final assessment from the Internal Revenue Service (IRS) audit for the tax years 2014 through 2016.

Non-GAAP Measures

Certain financial measures contained in this Form 10-K adjust for the impact of specified items and are not in accordance with U.S. GAAP. We use non-GAAP financial measures internally to make operating and strategic decisions, including the preparation of our annual operating plan, evaluation of our overall business performance and as a factor in determining compensation for certain employees. We believe presenting non-GAAP financial measures in this Form 10-K provides additional information to facilitate comparison of our historical operating results and trends in our underlying operating results and provides additional transparency on how we evaluate our business. We also believe presenting these measures in this Form 10-K allows investors to view our performance using the same measures that we use in evaluating our financial and business performance and trends.

We consider quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of our ongoing financial and business performance or trends. Examples of items for which we may make adjustments include: amounts related to mark-to-market gains or losses (non-cash); charges related to restructuring plans; costs associated with mergers, acquisitions, divestitures and other structural changes; gains associated with divestitures; pension and retiree medical-related amounts (including all settlement and curtailment gains and losses); charges or

adjustments related to the enactment of new laws, rules or regulations, such as tax law changes; amounts related to the resolution of tax positions; tax benefits related to reorganizations of our operations; debt redemptions, cash tender or exchange offers; asset impairments (non-cash); and remeasurements of net monetary assets. Previously, certain immaterial pension and retiree medical-related settlement and curtailment gains and losses were not considered items affecting comparability. Pension and retiree medical-related service cost, interest cost, expected return on plan assets, and other net periodic pension costs will continue to be reflected in our core results. See below and “Items Affecting Comparability” for a description of adjustments to our U.S. GAAP financial measures in this Form 10-K.

Non-GAAP information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with U.S. GAAP. In addition, our non-GAAP financial measures may not be the same as or comparable to similar non-GAAP measures presented by other companies.

The following non-GAAP financial measures contained in this Form 10-K are discussed below:

Cost of sales, gross profit, selling, general and administrative expenses, other pension and retiree medical benefits income, net interest expense and other, provision for income taxes, net income attributable to noncontrolling interests and net income attributable to PepsiCo, each adjusted for items affecting comparability, operating profit and net income attributable to PepsiCo per common share – diluted, each adjusted for items affecting comparability, and the corresponding constant currency growth rates

These measures exclude the net impact of mark-to-market gains and losses on centrally managed commodity derivatives that do not qualify for hedge accounting, restructuring and impairment charges related to our 2019 Multi-Year Productivity Plan (2019 Productivity Plan), costs associated with our acquisitions and divestitures, the impact of settlement and curtailment gains and losses related to pension and retiree medical plans, a charge related to cash tender offers and tax expense related to the Tax Cuts and Jobs Act (TCJ Act) (see “Items Affecting Comparability” for a detailed description of each of these items). We also evaluate performance on operating profit and net income attributable to PepsiCo per common share – diluted, each adjusted for items affecting comparability, on a constant currency basis, which measure our financial results assuming constant foreign currency exchange rates used for translation based on the rates in effect for the comparable prior-year period. In order to compute our constant currency results, we multiply or divide, as appropriate, our current-year U.S. dollar results by the current-year average foreign exchange rates and then multiply or divide, as appropriate, those amounts by the prior-year average foreign exchange rates. We believe these measures provide useful information in evaluating the results of our business because they exclude items that we believe are not indicative of our ongoing performance or that we believe impact comparability with the prior year.

Organic revenue growth

We define organic revenue growth as a measure that adjusts for the impacts of foreign exchange translation, acquisitions and divestitures, and where applicable, the impact of an additional week of results every five or six years (53rd reporting week), including in our 2022 financial results. Adjusting for acquisitions and divestitures reflects mergers and acquisitions activity, including the impact in 2021 of an extra month of net revenue for our acquisitions of Pioneer Foods in our AMESA division and Be & Cheery in our APAC division as we aligned the reporting calendars of these acquisitions with those of our divisions, as well as divestitures and other structural changes, including changes in ownership or control in consolidated subsidiaries and nonconsolidated equity investees. We believe organic revenue growth provides useful information in evaluating the results of our business because it excludes items that we believe are not indicative of ongoing performance or that we believe impact comparability with the prior year.

See “Net Revenue and Organic Revenue Growth” in “Results of Operations – Division Review” for further information.

Free cash flow

We define free cash flow as net cash provided by operating activities less capital spending, plus sales of property, plant and equipment. Since net capital spending is essential to our product innovation initiatives and maintaining our operational capabilities, we believe that it is a recurring and necessary use of cash. As such, we believe investors should also consider net capital spending when evaluating our cash from operating activities. Free cash flow is used by us primarily for acquisitions and financing activities, including debt repayments, dividends and share repurchases. Free cash flow is not a measure of cash available for discretionary expenditures since we have certain non-discretionary obligations such as debt service that are not deducted from the measure.

See “Free Cash Flow” in “Our Liquidity and Capital Resources” for further information.

Return on invested capital (ROIC) and net ROIC, excluding items affecting comparability

We define ROIC as net income attributable to PepsiCo plus interest expense after-tax divided by the sum of quarterly average debt obligations and quarterly average common shareholders’ equity. Although ROIC is a common financial metric, numerous methods exist for calculating ROIC. Accordingly, the method used by management to calculate ROIC may differ from the methods other companies use to calculate their ROIC.

We believe this metric serves as a measure of how well we use our capital to generate returns. In addition, we use net ROIC, excluding items affecting comparability, to compare our performance over various reporting periods on a consistent basis because it removes from our operating results the impact of items that we believe are not indicative of our ongoing performance and reflects how management evaluates our operating results and trends. We define net ROIC, excluding items affecting comparability, as ROIC, adjusted for quarterly average cash, cash equivalents and short-term investments, after-tax interest income and items affecting comparability. We believe the calculation of ROIC and net ROIC, excluding items affecting comparability, provides useful information to investors and is an additional relevant comparison of our performance to consider when evaluating our capital allocation efficiency.

See “Return on Invested Capital” in “Our Liquidity and Capital Resources” for further information.

Items Affecting Comparability

Our reported financial results in this Form 10-K are impacted by the following items in each of the following years:

	2021								
	Cost of sales	Gross profit	Selling, general and administrative expenses	Operating profit	Other pension and retiree medical benefits income	Net interest expense and other	Provision for income taxes ^(a)	Net income attributable to noncontrolling interests	Net income attributable to PepsiCo
Reported, GAAP Measure	\$ 37,075	\$ 42,399	\$ 31,237	\$ 11,162	\$ 522	\$ (1,863)	\$ 2,142	\$ 61	\$ 7,618
Items Affecting Comparability									
Mark-to-market net impact	(39)	39	20	19	—	—	5	—	14
Restructuring and impairment charges	(29)	29	(208)	237	10	—	41	1	205
Acquisition and divestiture-related charges	(1)	1	5	(4)	—	—	23	—	(27)
Pension and retiree medical-related impact	—	—	—	—	12	—	1	—	11
Charge related to cash tender offers	—	—	—	—	—	842	165	—	677
Tax expense related to the TCJ Act	—	—	—	—	—	—	(190)	—	190
Core, Non-GAAP Measure	\$ 37,006	\$ 42,468	\$ 31,054	\$ 11,414	\$ 544	\$ (1,021)	\$ 2,187	\$ 62	\$ 8,688

	2020							
	Cost of sales	Gross profit	Selling, general and administrative expenses	Operating profit	Other pension and retiree medical benefits income	Provision for income taxes ^(a)	Net income attributable to PepsiCo	
Reported, GAAP Measure	\$ 31,797	\$ 38,575	\$ 28,495	\$ 10,080	\$ 117	\$ 1,894	\$ 7,120	
Items Affecting Comparability								
Mark-to-market net impact	64	(64)	9	(73)	—	(15)	(58)	
Restructuring and impairment charges	(30)	30	(239)	269	20	58	231	
Acquisition and divestiture-related charges	(32)	32	(223)	255	—	18	237	
Pension and retiree medical-related impact	—	—	—	—	205	47	158	
Core, Non-GAAP Measure	\$ 31,799	\$ 38,573	\$ 28,042	\$ 10,531	\$ 342	\$ 2,002	\$ 7,688	

(a) Provision for income taxes is the expected tax charge/benefit on the underlying item based on the tax laws and income tax rates applicable to the underlying item in its corresponding tax jurisdiction.

	2021	2020	Change
Net income attributable to PepsiCo per common share – diluted, GAAP measure	\$ 5.49	\$ 5.12	7 %
Mark-to-market net impact	0.01	(0.04)	
Restructuring and impairment charges	0.15	0.17	
Acquisition and divestiture-related charges	(0.02)	0.17	
Pension and retiree medical-related impact	0.01	0.11	
Charge related to cash tender offers	0.49	—	
Tax expense related to the TCJ Act	0.14	—	
Core net income attributable to PepsiCo per common share – diluted, non-GAAP measure	\$ 6.26 ^(a)	\$ 5.52 ^(a)	13 %
Impact of foreign exchange translation			(1.5)
Growth in core net income attributable to PepsiCo per common share – diluted, on a constant currency basis, non-GAAP measure			12 % ^(a)

(a) Does not sum due to rounding.

Mark-to-Market Net Impact

We centrally manage commodity derivatives on behalf of our divisions. These commodity derivatives include agricultural products, energy and metals. Commodity derivatives that do not qualify for hedge accounting treatment are marked to market each period with the resulting gains and losses recorded in corporate unallocated expenses as either cost of sales or selling, general and administrative expenses, depending on the underlying commodity. These gains and losses are subsequently reflected in division results when the divisions recognize the cost of the underlying commodity in operating profit. Therefore, the divisions realize the economic effects of the derivative without experiencing any resulting mark-to-market volatility, which remains in corporate unallocated expenses.

Restructuring and Impairment Charges

2019 Multi-Year Productivity Plan

The 2019 Productivity Plan, publicly announced on February 15, 2019, will leverage new technology and business models to further simplify, harmonize and automate processes; re-engineer our go-to-market and information systems, including deploying the right automation for each market; and simplify our organization and optimize our manufacturing and supply chain footprint. To build on the successful implementation of the 2019 Productivity Plan to date, we expanded and extended the program through the end of 2026 to take advantage of additional opportunities within the initiatives of the 2019 Productivity Plan. We now expect to incur pre-tax charges of approximately \$3.15 billion, including cash expenditures of approximately \$2.4 billion, as compared to our previous estimate of pre-tax charges of approximately \$2.5 billion, which included cash expenditures of approximately \$1.6 billion. Plan to date through December 25, 2021, we have incurred pre-tax charges of \$1.0 billion, including cash expenditures of \$776 million. In our 2022 financial results, we expect to incur pre-tax charges of approximately \$350 million, including cash expenditures of approximately \$300 million. These charges will be funded primarily through cash from operations. We expect to incur the majority of the remaining pre-tax charges and cash expenditures in our 2022 and 2023 financial results, with the balance to be incurred through 2026.

See Note 3 to our consolidated financial statements for further information related to our 2019 Productivity Plan. We regularly evaluate productivity initiatives beyond the productivity plan and other initiatives discussed above and in Note 3 to our consolidated financial statements.

Acquisition and Divestiture-Related Charges

Acquisition and divestiture-related charges primarily include fair value adjustments to the acquired inventory included in the acquisition-date balance sheets, merger and integration charges and costs associated with divestitures. Merger and integration charges include liabilities to support socioeconomic programs in South Africa, closing costs, employee-related costs, gains associated with contingent consideration, contract termination costs and other integration costs.

See Note 13 to our consolidated financial statements for further information.

Pension and Retiree Medical-Related Impact

Pension and retiree medical-related impact primarily includes settlement charges related to lump sum distributions exceeding the total of annual service and interest costs, as well as curtailment gains related to plan changes.

See Note 7 to our consolidated financial statements for further information.

Charge Related to Cash Tender Offers

As a result of the cash tender offers for some of our long-term debt, we recorded a charge primarily representing the tender price paid over the carrying value of the tendered notes and loss on treasury rate locks used to mitigate the interest rate risk on the cash tender offers.

See Note 8 to our consolidated financial statements for further information.

Tax Expense Related to the TCJ Act

Tax expense related to the TCJ Act reflects adjustments to the mandatory transition tax liability under the TCJ Act.

See Note 5 to our consolidated financial statements for further information.

Our Liquidity and Capital Resources

We believe that our cash generating capability and financial condition, together with our revolving credit facilities, working capital lines and other available methods of debt financing, such as commercial paper borrowings and long-term debt financing, will be adequate to meet our operating, investing and financing needs, including with respect to our net capital spending plans. Our primary sources of liquidity include cash from operations, pre-tax cash proceeds of approximately \$3.5 billion from the Juice Transaction, proceeds obtained from issuances of commercial paper and long-term debt, and cash and cash equivalents. These sources of cash are available to fund cash outflows that have both a short- and long-term component, including debt repayments and related interest payments; payments for acquisitions, including support for socioeconomic programs in South Africa related to our acquisition of Pioneer Foods; operating leases; purchase, marketing, and other contractual commitments, including capital expenditures and the transition tax liability under the TCJ Act. In addition, these sources of cash fund other cash outflows including anticipated dividend payments and share repurchases. We do not have guarantees or off-balance sheet financing arrangements, including variable interest entities, that we believe could have a material impact on our liquidity. See “Item 1A. Risk Factors,” “Our Business Risks” and Note 8 to our consolidated financial statements for further information.

Our sources and uses of cash were not materially adversely impacted by COVID-19 and, to date, we have not identified any material liquidity deficiencies as a result of the COVID-19 pandemic. Based on the information currently available to us, we do not expect the impact of the COVID-19 pandemic to have a material impact on our future liquidity. We will continue to monitor and assess the impact the COVID-19 pandemic may have on our business and financial results. See “Item 1A. Risk Factors,” “Our Business Risks” and Note 1 to our consolidated financial statements for further information related to the impact of the COVID-19 pandemic on our business and financial results.

As of December 25, 2021, cash, cash equivalents and short-term investments in our consolidated subsidiaries subject to currency controls or currency exchange restrictions were not material.

The TCJ Act imposed a one-time mandatory transition tax on undistributed international earnings, including \$18.9 billion held in our consolidated subsidiaries outside the United States as of December 30, 2017. As of December 25, 2021, our mandatory transition tax liability was \$2.9 billion, which must be paid through 2026 under the provisions of the TCJ Act; we currently expect to pay approximately \$309 million of this liability in 2022. Any additional guidance issued by the IRS may impact our recorded amounts for this transition tax liability. See Note 5 to our consolidated financial statements for further discussion of the TCJ Act.

As part of our evolving market practices, we work with our suppliers to optimize our terms and conditions, which include the extension of payment terms. Our current payment terms with a majority of our suppliers generally range from 60 to 90 days, which we deem to be commercially reasonable. We will continue to monitor economic conditions and market practice working with our suppliers to adjust as necessary. We also maintain voluntary supply chain finance agreements with several participating global financial institutions. Under these agreements, our suppliers, at their sole discretion, may elect to sell their accounts receivable with PepsiCo to these participating global financial institutions. Supplier participation in these financing arrangements is voluntary. Our suppliers negotiate their financing agreements directly with the respective global financial institutions and we are not a party to these agreements. These financing arrangements allow participating suppliers to leverage PepsiCo’s creditworthiness in establishing credit spreads and associated costs, which generally provides our suppliers with more favorable terms than they would be able to secure on their own. Neither PepsiCo nor any of its subsidiaries provide any guarantees to any third party in connection with these financing arrangements. We have no economic interest in our suppliers’ decision to participate in these agreements. Our obligations to our suppliers, including amounts due and scheduled payment terms, are not impacted. All

outstanding amounts related to suppliers participating in such financing arrangements are recorded within accounts payable and other current liabilities in our consolidated balance sheet. We were informed by the participating financial institutions that as of December 25, 2021 and December 26, 2020, \$1.5 billion and \$1.2 billion, respectively, of our accounts payable to suppliers who participate in these financing arrangements are outstanding. These supply chain finance arrangements did not have a material impact on our liquidity or capital resources in the periods presented and we do not expect such arrangements to have a material impact on our liquidity or capital resources for the foreseeable future.

Furthermore, our cash provided from operating activities is somewhat impacted by seasonality. Working capital needs are impacted by weekly sales, which are generally highest in the third quarter due to seasonal and holiday-related sales patterns and generally lowest in the first quarter. On a continuing basis, we consider various transactions to increase shareholder value and enhance our business results, including acquisitions, divestitures, joint ventures, dividends, share repurchases, productivity and other efficiency initiatives and other structural changes. These transactions may result in future cash proceeds or payments.

The table below summarizes our cash activity:

	2021	2020
Net cash provided by operating activities	\$ 11,616	\$ 10,613
Net cash used for investing activities	\$ (3,269)	\$(11,619)
Net cash (used for)/provided by financing activities	\$(10,780)	\$ 3,819

Operating Activities

In 2021, net cash provided by operating activities was \$11.6 billion, compared to \$10.6 billion in the prior year. The increase in operating cash flow primarily reflects favorable working capital comparisons and operating profit performance, partially offset by higher pre-tax pension and retiree medical plan contributions and higher net cash tax payments in the current year.

Investing Activities

In 2021, net cash used for investing activities was \$3.3 billion, primarily reflecting net capital spending of \$4.5 billion, partially offset by maturities of short-term investments with maturities greater than three months of \$1.1 billion.

In 2020, net cash used for investing activities was \$11.6 billion, primarily reflecting net cash paid in connection with our acquisitions of Rockstar of \$3.85 billion, Pioneer Foods of \$1.2 billion and Be & Cheery of \$0.7 billion, net capital spending of \$4.2 billion, as well as purchases of short-term investments with maturities greater than three months of \$1.1 billion.

See Note 1 to our consolidated financial statements for further discussion of capital spending by division; see Note 9 to our consolidated financial statements for further discussion of our investments in debt securities; and see Note 13 to our consolidated financial statements for further discussion of our acquisitions.

We regularly review our plans with respect to net capital spending, including in light of the ongoing uncertainty caused by the COVID-19 pandemic on our business, and believe that we have sufficient liquidity to meet our net capital spending needs.

Financing Activities

In 2021, net cash used for financing activities was \$10.8 billion, primarily reflecting the return of operating cash flow to our shareholders largely through dividend payments of \$5.8 billion, cash tender offers/debt redemption of \$4.8 billion, payments of long-term debt borrowings of \$3.5 billion and

payments of acquisition-related contingent consideration of \$0.8 billion, partially offset by proceeds from issuances of long-term debt of \$4.1 billion.

In 2020, net cash provided by financing activities was \$3.8 billion, primarily reflecting proceeds from issuances of long-term debt of \$13.8 billion, partially offset by the return of operating cash flow to our shareholders through dividend payments and share repurchases of \$7.5 billion, payments of long-term debt borrowings of \$1.8 billion and debt redemptions of \$1.1 billion.

See Note 8 to our consolidated financial statements for further discussion of debt obligations.

We annually review our capital structure with our Board of Directors, including our dividend policy and share repurchase activity. On February 13, 2018, we announced the 2018 share repurchase program providing for the repurchase of up to \$15.0 billion of PepsiCo common stock which commenced on July 1, 2018 and expired on June 30, 2021. On February 10, 2022, we announced the 2022 share repurchase program. See “Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” for further information. In addition, on February 10, 2022, we announced a 7% increase in our annualized dividend to \$4.60 per share from \$4.30 per share, effective with the dividend expected to be paid in June 2022. We expect to return a total of approximately \$7.7 billion to shareholders in 2022, comprising dividends of approximately \$6.2 billion and share repurchases of approximately \$1.5 billion.

Free Cash Flow

The table below reconciles net cash provided by operating activities, as reflected on our cash flow statement, to our free cash flow. Free cash flow is a non-GAAP financial measure. For further information on free cash flow, see “Non-GAAP Measures.”

	2021	2020	Change
Net cash provided by operating activities, GAAP measure	\$ 11,616	\$ 10,613	9 %
Capital spending	(4,625)	(4,240)	
Sales of property, plant and equipment	166	55	
Free cash flow, non-GAAP measure	<u>\$ 7,157</u>	<u>\$ 6,428</u>	11 %

We use free cash flow primarily for acquisitions and financing activities, including debt repayments, dividends and share repurchases. We expect to continue to return free cash flow to our shareholders primarily through dividends and share repurchases while maintaining Tier 1 commercial paper access, which we believe will facilitate appropriate financial flexibility and ready access to global capital and credit markets at favorable interest rates. However, see “Item 1A. Risk Factors” and “Our Business Risks” for certain factors that may impact our credit ratings or our operating cash flows.

Any downgrade of our credit ratings by a credit rating agency, especially any downgrade to below investment grade, whether or not as a result of our actions or factors which are beyond our control, could increase our future borrowing costs and impair our ability to access capital and credit markets on terms commercially acceptable to us, or at all. In addition, any downgrade of our current short-term credit ratings could impair our ability to access the commercial paper market with the same flexibility that we have experienced historically, and therefore require us to rely more heavily on more expensive types of debt financing. See “Item 1A. Risk Factors,” “Our Business Risks” and Note 8 to our consolidated financial statements for further information.

Material Changes in Line Items in Our Consolidated Financial Statements

Material changes in line items in our consolidated statement of income are discussed in “Results of Operations – Division Review” and “Items Affecting Comparability.”

Material changes in line items in our consolidated statement of cash flows are discussed in “Our Liquidity and Capital Resources.”

Material changes in line items in our consolidated balance sheet are discussed below:

Total Assets

In 2021, total assets were \$92.4 billion, compared to \$92.9 billion in the prior year. The decrease in total assets is primarily driven by the following line items:

	Change^(a)	Reference
Cash and cash equivalents	\$ (2.6)	Consolidated Statement of Cash Flows
Short-term investments	\$ (1.0)	Consolidated Statement of Cash Flows
Assets held for sale	\$ 1.8	Note 13
Property, plant and equipment, net	\$ 1.0	Note 1, Note 14
Other indefinite-lived intangible assets	\$ (0.5)	Note 4
Other assets	\$ 0.9	Note 14

Total Liabilities

In 2021, total liabilities were \$76.2 billion, compared to \$79.4 billion in the prior year. The decrease in total liabilities is primarily driven by the following line items:

	Change^(a)	Reference
Accounts payable and other current liabilities	\$ 1.6	Note 14
Liabilities held for sale	\$ 0.8	Note 13
Long-term debt obligations	\$ (4.3)	Note 8
Other liabilities ^(b)	\$ (2.2)	Note 7, Note 9 and Note 12

(a) In billions.

(b) Reflects changes primarily related to pension and retiree medical plans, contingent consideration associated with our acquisition of Rockstar and leases.

Total Equity

Refer to our consolidated statement of equity for material changes in equity line items.

Return on Invested Capital

ROIC is a non-GAAP financial measure. For further information on ROIC, see “Non-GAAP Measures.”

	2021	2020
Net income attributable to PepsiCo	\$ 7,618	\$ 7,120
Interest expense	1,988	1,252
Tax on interest expense	(441)	(278)
	\$ 9,165	\$ 8,094
Average debt obligations ^(a)	\$ 42,341	\$ 41,402
Average common shareholders’ equity ^(b)	14,924	13,536
Average invested capital	\$ 57,265	\$ 54,938
ROIC, non-GAAP measure	16.0 %	14.7 %

(a) Includes a quarterly average of short-term and long-term debt obligations.

(b) Includes a quarterly average of common stock, capital in excess of par value, retained earnings, accumulated other comprehensive loss and repurchased common stock.

The table below reconciles ROIC as calculated above to net ROIC, excluding items affecting comparability.

	<u>2021</u>	<u>2020</u>
ROIC, non-GAAP measure	16.0 %	14.7 %
Impact of:		
Average cash, cash equivalents and short-term investments	2.2	3.4
Interest income	(0.2)	(0.2)
Tax on interest income	—	0.1
Mark-to-market net impact	0.1	(0.1)
Restructuring and impairment charges	0.2	0.3
Acquisition and divestiture-related charges	(0.1)	0.4
Pension and retiree medical-related impact	(0.1)	0.2
Tax expense related to the TCJ Act	0.3	0.1
Other net tax benefits	—	1.0
Core Net ROIC, non-GAAP measure	<u>18.4 %</u>	<u>19.9 %</u>

OUR CRITICAL ACCOUNTING POLICIES AND ESTIMATES

An appreciation of our critical accounting policies and estimates is necessary to understand our financial results. These policies may require management to make difficult and subjective judgments regarding uncertainties, including those related to the COVID-19 pandemic, and as a result, such estimates may significantly impact our financial results. The precision of these estimates and the likelihood of future changes depend on a number of underlying variables and a range of possible outcomes. We applied our critical accounting policies and estimation methods consistently in all material respects and for all periods presented. We have discussed our critical accounting policies and estimates with our Audit Committee.

Our critical accounting policies and estimates are:

- revenue recognition;
- goodwill and other intangible assets;
- income tax expense and accruals; and
- pension and retiree medical plans.

Revenue Recognition

We recognize revenue when our performance obligation is satisfied. Our primary performance obligation (the distribution and sales of beverage and convenient food products) is satisfied upon the shipment or delivery of products to our customers, which is also when control is transferred. The transfer of control of products to our customers is typically based on written sales terms that do not allow for a right of return. However, our policy for DSD, including certain chilled products, is to remove and replace damaged and out-of-date products from store shelves to ensure that consumers receive the product quality and freshness they expect. Similarly, our policy for certain warehouse-distributed products is to replace damaged and out-of-date products. As a result, we record reserves, based on estimates, for anticipated damaged and out-of-date products.

Our products are sold for cash or on credit terms. Our credit terms, which are established in accordance with local and industry practices, typically require payment within 30 days of delivery in the United States, and generally within 30 to 90 days internationally, and may allow discounts for early payment.

We estimate and reserve for our expected credit loss exposure based on our experience with past due accounts and collectibility, write-off history, the aging of accounts receivable, our analysis of customer data, and forward-looking information (including the expected impact of the global economic uncertainty

related to the COVID-19 pandemic), leveraging estimates of creditworthiness and projections of default and recovery rates for certain of our customers.

Our policy is to provide customers with product when needed. In fact, our commitment to freshness and product dating serves to regulate the quantity of product shipped or delivered. In addition, DSD products are placed on the shelf by our employees with customer shelf space and storerooms limiting the quantity of product. For product delivered through other distribution networks, we monitor customer inventory levels.

As discussed in “Our Customers” in “Item 1. Business,” we offer sales incentives and discounts through various programs to customers and consumers. Total marketplace spending includes sales incentives, discounts, advertising and other marketing activities. Sales incentives and discounts are primarily accounted for as a reduction of revenue and include payments to customers for performing activities on our behalf, such as payments for in-store displays, payments to gain distribution of new products, payments for shelf space and discounts to promote lower retail prices. Sales incentives and discounts also include support provided to our independent bottlers through funding of advertising and other marketing activities.

A number of our sales incentives, such as bottler funding to independent bottlers and customer volume rebates, are based on annual targets, and accruals are established during the year, as products are delivered, for the expected payout, which may occur after year end once reconciled and settled. These accruals are based on contract terms and our historical experience with similar programs and require management judgment with respect to estimating customer and consumer participation and performance levels. Differences between estimated expense and actual incentive costs are normally insignificant and are recognized in earnings in the period such differences are determined. In addition, certain advertising and marketing costs are also based on annual targets and recognized during the year as incurred.

See Note 2 to our consolidated financial statements for further information on our revenue recognition and related policies, including total marketplace spending.

Goodwill and Other Intangible Assets

We sell products under a number of brand names, many of which were developed by us. Brand development costs are expensed as incurred. We also purchase brands and other intangible assets in acquisitions. In a business combination, the consideration is first assigned to identifiable assets and liabilities, including brands and other intangible assets, based on estimated fair values, with any excess recorded as goodwill. Determining fair value requires significant estimates and assumptions, including those related to the COVID-19 pandemic, based on an evaluation of a number of factors, such as marketplace participants, product life cycles, market share, consumer awareness, brand history and future expansion expectations, amount and timing of future cash flows and the discount rate applied to the cash flows.

We believe that a brand has an indefinite life if it has a history of strong revenue and cash flow performance and we have the intent and ability to support the brand with marketplace spending for the foreseeable future. If these indefinite-lived brand criteria are not met, brands are amortized over their expected useful lives, which generally range from 20 to 40 years. Determining the expected life of a brand requires management judgment and is based on an evaluation of a number of factors, including market share, consumer awareness, brand history, future expansion expectations and regulatory restrictions, as well as the macroeconomic environment of the countries in which the brand is sold.

In connection with previous acquisitions, we reacquired certain franchise rights which provided the exclusive and perpetual rights to manufacture and/or distribute beverages for sale in specified territories. In determining the useful life of these franchise rights, many factors were considered, including the pre-

existing perpetual bottling arrangements, the indefinite period expected for these franchise rights to contribute to our future cash flows, as well as the lack of any factors that would limit the useful life of these franchise rights to us, including legal, regulatory, contractual, competitive, economic or other factors. Therefore, certain of these franchise rights are considered as indefinite-lived. Franchise rights that are not considered indefinite-lived are amortized over the remaining contractual period of the contract in which the right was granted.

Indefinite-lived intangible assets and goodwill are not amortized and, as a result, are assessed for impairment at least annually, using either a qualitative or quantitative approach. We perform this annual assessment during our third quarter, or more frequently if circumstances indicate that the carrying value may not be recoverable. Where we use the qualitative assessment, first we determine if, based on qualitative factors, it is more likely than not that an impairment exists. Factors considered include macroeconomic (including those related to the COVID-19 pandemic), industry and competitive conditions, legal and regulatory environment, historical financial performance and significant changes in the brand or reporting unit. If the qualitative assessment indicates that it is more likely than not that an impairment exists, then a quantitative assessment is performed.

In the quantitative assessment for indefinite-lived intangible assets and goodwill, an assessment is performed to determine the fair value of the indefinite-lived intangible asset and the reporting unit, respectively. Estimated fair value is determined using discounted cash flows and requires an analysis of several estimates including future cash flows or income consistent with management's strategic business plans, annual sales growth rates, perpetuity growth assumptions and the selection of assumptions underlying a discount rate (weighted-average cost of capital) based on market data available at the time. Significant management judgment is necessary to estimate the impact of competitive operating, macroeconomic and other factors (including those related to the COVID-19 pandemic) to estimate future levels of sales, operating profit or cash flows. All assumptions used in our impairment evaluations for indefinite-lived intangible assets and goodwill, such as forecasted growth rates (including perpetuity growth assumptions) and weighted-average cost of capital, are based on the best available market information and are consistent with our internal forecasts and operating plans. A deterioration in these assumptions could adversely impact our results. These assumptions could be adversely impacted by certain of the risks described in "Item 1A. Risk Factors" and "Our Business Risks."

Amortizable intangible assets are only evaluated for impairment upon a significant change in the operating or macroeconomic environment. If an evaluation of the undiscounted future cash flows indicates impairment, the asset is written down to its estimated fair value, which is based on its discounted future cash flows.

See Note 2 and Note 4 to our consolidated financial statements for further information.

Income Tax Expense and Accruals

Our annual tax rate is based on our income, statutory tax rates and tax structure and transactions, including transfer pricing arrangements, available to us in the various jurisdictions in which we operate. Significant judgment is required in determining our annual tax rate and in evaluating our tax positions. We establish reserves when, despite our belief that our tax return positions are fully supportable, we believe that certain positions are subject to challenge and that we likely will not succeed. We adjust these reserves, as well as the related interest, in light of changing facts and circumstances, such as the progress of a tax audit, new tax laws, relevant court cases or tax authority settlements. See "Item 1A. Risk Factors" for further discussion.

An estimated annual effective tax rate is applied to our quarterly operating results. In the event there is a significant or unusual item recognized in our quarterly operating results, the tax attributable to that item is

separately calculated and recorded at the same time as that item. We consider the tax adjustments from the resolution of prior-year tax matters to be among such items.

Tax law requires items to be included in our tax returns at different times than the items are reflected in our consolidated financial statements. As a result, our annual tax rate reflected in our consolidated financial statements is different than that reported in our tax returns (our cash tax rate). Some of these differences are permanent, such as expenses that are not deductible in our tax return, and some differences reverse over time, such as depreciation expense. These temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in our tax returns in future years for which we have already recorded the tax benefit on our consolidated financial statements. We establish valuation allowances for our deferred tax assets if, based on the available evidence, it is not more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax liabilities generally represent tax expense recognized in our consolidated financial statements for which payment has been deferred, or expense for which we have already taken a deduction in our tax return but have not yet recognized as expense in our consolidated financial statements.

In 2021, our annual tax rate was 21.8% compared to 20.9% in 2020. See “Other Consolidated Results” for further information.

See Note 5 to our consolidated financial statements for further information.

Pension and Retiree Medical Plans

Our pension plans cover certain employees in the United States and certain international employees. Benefits are determined based on either years of service or a combination of years of service and earnings. Certain U.S. and Canada retirees are also eligible for medical and life insurance benefits (retiree medical) if they meet age and service requirements. Generally, our share of retiree medical costs is capped at specified dollar amounts, which vary based upon years of service, with retirees contributing the remainder of the cost. In addition, we have been phasing out certain subsidies of retiree medical benefits.

See “Items Affecting Comparability” and Note 7 to our consolidated financial statements for information about changes and settlements within our pension plans.

Our Assumptions

The determination of pension and retiree medical expenses and obligations requires the use of assumptions to estimate the amount of benefits that employees earn while working, as well as the present value of those benefits. Annual pension and retiree medical expense amounts are principally based on four components: (1) the value of benefits earned by employees for working during the year (service cost), (2) the increase in the projected benefit obligation due to the passage of time (interest cost), and (3) other gains and losses as discussed in Note 7 to our consolidated financial statements, reduced by (4) the expected return on assets for our funded plans.

Significant assumptions used to measure our annual pension and retiree medical expenses include:

- certain employee-related demographic factors, such as turnover, retirement age and mortality;
- the expected rate of return on assets in our funded plans;
- the spot rates along the yield curve used to determine service and interest costs and the present value of liabilities;
- for pension expense, the rate of salary increases for plans where benefits are based on earnings; and
- for retiree medical expense, health care cost trend rates.

Certain assumptions reflect our historical experience and management’s best judgment regarding future expectations. All actuarial assumptions are reviewed annually, except in the case of an interim remeasurement due to a significant event such as a curtailment or settlement. Due to the significant management judgment involved, these assumptions could have a material impact on the measurement of our pension and retiree medical expenses and obligations.

At each measurement date, the discount rates are based on interest rates for high-quality, long-term corporate debt securities with maturities comparable to those of our liabilities. Our U.S. obligation and pension and retiree medical expense is based on the discount rates determined using the Mercer Above Mean Curve. This curve includes bonds that closely match the timing and amount of our expected benefit payments and reflects the portfolio of investments we would consider to settle our liabilities.

See Note 7 to our consolidated financial statements for information about the expected rate of return on plan assets and our plans’ investment strategy. Although we review our expected long-term rates of return on an annual basis, our asset returns in a given year do not significantly influence our evaluation of long-term rates of return.

The health care trend rate used to determine our retiree medical plans’ obligation and expense is reviewed annually. Our review is based on our claims experience, information provided by our health plans and actuaries, and our knowledge of the health care industry. Our review of the trend rate considers factors such as demographics, plan design, new medical technologies and changes in medical carriers.

Weighted-average assumptions for pension and retiree medical expense are as follows:

	2022	2021	2020
<i>Pension</i>			
Service cost discount rate	3.1 %	2.6 %	3.4 %
Interest cost discount rate	2.4 %	1.9 %	2.8 %
Expected rate of return on plan assets	6.1 %	6.2 %	6.6 %
Expected rate of salary increases	3.1 %	3.1 %	3.2 %
<i>Retiree medical</i>			
Service cost discount rate	2.8 %	2.3 %	3.2 %
Interest cost discount rate	2.1 %	1.6 %	2.6 %
Expected rate of return on plan assets	5.7 %	5.4 %	5.8 %
Current health care cost trend rate	5.8 %	5.5 %	5.6 %

Based on our assumptions, we expect our total pension and retiree medical expense to decrease in 2022 primarily reflecting plan changes and related impacts, and higher discount rates.

Sensitivity of Assumptions

A decrease in each of the collective discount rates or in the expected rate of return assumptions would increase expense for our benefit plans. A 25-basis-point decrease in each of the above discount rates and expected rate of return assumptions would individually increase 2022 pre-tax pension and retiree medical expense as follows:

Assumption	Amount
Discount rates used in the calculation of expense	\$ 37
Expected rate of return	\$ 49

Funding

We make contributions to pension trusts that provide plan benefits for certain pension plans. These contributions are made in accordance with applicable tax regulations that provide for current tax deductions for our contributions and taxation to the employee only upon receipt of plan benefits. Generally, we do not fund our pension plans when our contributions would not be currently tax deductible. As our retiree medical plans are not subject to regulatory funding requirements, we generally fund these plans on a pay-as-you-go basis, although we periodically review available options to make additional contributions toward these benefits.

We made discretionary contributions to our U.S. qualified defined benefit plans of \$75 million in January 2022 and expect to make an additional \$75 million contribution in the third quarter of 2022.

Our pension and retiree medical plan contributions are subject to change as a result of many factors, such as changes in interest rates, deviations between actual and expected asset returns and changes in tax or other benefit laws. We continue to monitor the impact of the COVID-19 pandemic and related global economic conditions and uncertainty on the net unfunded status of our pension and retiree medical plans. We regularly evaluate different opportunities to reduce risk and volatility associated with our pension and retiree medical plans. See Note 7 to our consolidated financial statements for our past and expected contributions and estimated future benefit payments.

Consolidated Statement of Income

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 25, 2021, December 26, 2020 and December 28, 2019

(in millions except per share amounts)

	2021	2020	2019
Net Revenue	\$ 79,474	\$ 70,372	\$ 67,161
Cost of sales	37,075	31,797	30,132
Gross profit	42,399	38,575	37,029
Selling, general and administrative expenses	31,237	28,495	26,738
Operating Profit	11,162	10,080	10,291
Other pension and retiree medical benefits income/(expense)	522	117	(44)
Net interest expense and other	(1,863)	(1,128)	(935)
Income before income taxes	9,821	9,069	9,312
Provision for income taxes	2,142	1,894	1,959
Net income	7,679	7,175	7,353
Less: Net income attributable to noncontrolling interests	61	55	39
Net Income Attributable to PepsiCo	\$ 7,618	\$ 7,120	\$ 7,314
Net Income Attributable to PepsiCo per Common Share			
Basic	\$ 5.51	\$ 5.14	\$ 5.23
Diluted	\$ 5.49	\$ 5.12	\$ 5.20
Weighted-average common shares outstanding			
Basic	1,382	1,385	1,399
Diluted	1,389	1,392	1,407

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 25, 2021, December 26, 2020 and December 28, 2019

(in millions)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net income	\$ 7,679	\$ 7,175	\$ 7,353
Other comprehensive income/(loss), net of taxes:			
Net currency translation adjustment	(369)	(650)	628
Net change on cash flow hedges	155	7	(90)
Net pension and retiree medical adjustments	770	(532)	283
Other	22	(1)	(2)
	<u>578</u>	<u>(1,176)</u>	<u>819</u>
Comprehensive income	8,257	5,999	8,172
Less: Comprehensive income attributable to noncontrolling interests	61	55	39
Comprehensive Income Attributable to PepsiCo	<u>\$ 8,196</u>	<u>\$ 5,944</u>	<u>\$ 8,133</u>

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 25, 2021, December 26, 2020 and December 28, 2019

(in millions)

	2021	2020	2019
Operating Activities			
Net income	\$ 7,679	\$ 7,175	\$ 7,353
Depreciation and amortization	2,710	2,548	2,432
Operating lease right-of-use asset amortization	505	478	412
Share-based compensation expense	301	264	237
Restructuring and impairment charges	247	289	370
Cash payments for restructuring charges	(256)	(255)	(350)
Acquisition and divestiture-related charges	(4)	255	55
Cash payments for acquisition and divestiture-related charges	(176)	(131)	(10)
Pension and retiree medical plan expenses	123	408	519
Pension and retiree medical plan contributions	(785)	(562)	(716)
Deferred income taxes and other tax charges and credits	298	361	453
Tax expense/(benefit) related to the TCJ Act	190	—	(8)
Tax payments related to the TCJ Act	(309)	(78)	(423)
Change in assets and liabilities:			
Accounts and notes receivable	(651)	(420)	(650)
Inventories	(582)	(516)	(190)
Prepaid expenses and other current assets	159	26	(87)
Accounts payable and other current liabilities	1,762	766	735
Income taxes payable	30	(159)	(287)
Other, net	375	164	(196)
Net Cash Provided by Operating Activities	11,616	10,613	9,649
Investing Activities			
Capital spending	(4,625)	(4,240)	(4,232)
Sales of property, plant and equipment	166	55	170
Acquisitions, net of cash acquired, and investments in noncontrolled affiliates	(61)	(6,372)	(2,717)
Divestitures and sales of investments in noncontrolled affiliates	169	6	253
Short-term investments, by original maturity:			
More than three months - purchases	—	(1,135)	—
More than three months - maturities	1,135	—	16
More than three months - sales	—	—	62
Three months or less, net	(58)	27	19
Other investing, net	5	40	(8)
Net Cash Used for Investing Activities	(3,269)	(11,619)	(6,437)

(Continued on following page)

Consolidated Statement of Cash Flows (continued)

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 25, 2021, December 26, 2020 and December 28, 2019

(in millions)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Financing Activities			
Proceeds from issuances of long-term debt	\$ 4,122	\$ 13,809	\$ 4,621
Payments of long-term debt	(3,455)	(1,830)	(3,970)
Cash tender offers/debt redemption	(4,844)	(1,100)	(1,007)
Short-term borrowings, by original maturity:			
More than three months - proceeds	8	4,077	6
More than three months - payments	(397)	(3,554)	(2)
Three months or less, net	434	(109)	(3)
Payments of acquisition-related contingent consideration	(773)	—	—
Cash dividends paid	(5,815)	(5,509)	(5,304)
Share repurchases - common	(106)	(2,000)	(3,000)
Proceeds from exercises of stock options	185	179	329
Withholding tax payments on restricted stock units (RSUs) and performance stock units (PSUs) converted	(92)	(96)	(114)
Other financing	(47)	(48)	(45)
Net Cash (Used for)/Provided by Financing Activities	<u>(10,780)</u>	<u>3,819</u>	<u>(8,489)</u>
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(114)	(129)	78
Net (Decrease)/Increase in Cash and Cash Equivalents and Restricted Cash	<u>(2,547)</u>	<u>2,684</u>	<u>(5,199)</u>
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>8,254</u>	<u>5,570</u>	<u>10,769</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u>\$ 5,707</u>	<u>\$ 8,254</u>	<u>\$ 5,570</u>

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet

PepsiCo, Inc. and Subsidiaries

December 25, 2021 and December 26, 2020

(in millions except per share amounts)

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,596	\$ 8,185
Short-term investments	392	1,366
Accounts and notes receivable, net	8,680	8,404
Inventories	4,347	4,172
Prepaid expenses and other current assets	980	874
Assets held for sale	1,788	—
Total Current Assets	21,783	23,001
Property, Plant and Equipment, net	22,407	21,369
Amortizable Intangible Assets, net	1,538	1,703
Goodwill	18,381	18,757
Other Indefinite-Lived Intangible Assets	17,127	17,612
Investments in Noncontrolled Affiliates	2,627	2,792
Deferred Income Taxes	4,310	4,372
Other Assets	4,204	3,312
Total Assets	\$ 92,377	\$ 92,918
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt obligations	\$ 4,308	\$ 3,780
Accounts payable and other current liabilities	21,159	19,592
Liabilities held for sale	753	—
Total Current Liabilities	26,220	23,372
Long-Term Debt Obligations	36,026	40,370
Deferred Income Taxes	4,826	4,284
Other Liabilities	9,154	11,340
Total Liabilities	76,226	79,366
Commitments and contingencies		
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: 1,383 and 1,380 shares, respectively)	23	23
Capital in excess of par value	4,001	3,910
Retained earnings	65,165	63,443
Accumulated other comprehensive loss	(14,898)	(15,476)
Repurchased common stock, in excess of par value (484 and 487 shares, respectively)	(38,248)	(38,446)
Total PepsiCo Common Shareholders' Equity	16,043	13,454
Noncontrolling interests	108	98
Total Equity	16,151	13,552
Total Liabilities and Equity	\$ 92,377	\$ 92,918

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Equity

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 25, 2021, December 26, 2020 and December 28, 2019

(in millions except per share amounts)

	2021		2020		2019	
	Shares	Amount	Shares	Amount	Shares	Amount
Common Stock						
Balance, beginning of year	1,380	\$ 23	1,391	\$ 23	1,409	\$ 23
Change in repurchased common stock	3	—	(11)	—	(18)	—
Balance, end of year	<u>1,383</u>	<u>23</u>	<u>1,380</u>	<u>23</u>	<u>1,391</u>	<u>23</u>
Capital in Excess of Par Value						
Balance, beginning of year		3,910		3,886		3,953
Share-based compensation expense		302		263		235
Stock option exercises, RSUs and PSUs converted		(118)		(143)		(188)
Withholding tax on RSUs and PSUs converted		(92)		(96)		(114)
Other		(1)		—		—
Balance, end of year		<u>4,001</u>		<u>3,910</u>		<u>3,886</u>
Retained Earnings						
Balance, beginning of year		63,443		61,946		59,947
Cumulative effect of accounting changes		—		(34)		8
Net income attributable to PepsiCo		7,618		7,120		7,314
Cash dividends declared - common ^(a)		(5,896)		(5,589)		(5,323)
Balance, end of year		<u>65,165</u>		<u>63,443</u>		<u>61,946</u>
Accumulated Other Comprehensive Loss						
Balance, beginning of year		(15,476)		(14,300)		(15,119)
Other comprehensive income/(loss) attributable to PepsiCo		578		(1,176)		819
Balance, end of year		<u>(14,898)</u>		<u>(15,476)</u>		<u>(14,300)</u>
Repurchased Common Stock						
Balance, beginning of year	(487)	(38,446)	(476)	(36,769)	(458)	(34,286)
Share repurchases	(1)	(106)	(15)	(2,000)	(24)	(3,000)
Stock option exercises, RSUs and PSUs converted	4	303	4	322	6	516
Other	—	1	—	1	—	1
Balance, end of year	<u>(484)</u>	<u>(38,248)</u>	<u>(487)</u>	<u>(38,446)</u>	<u>(476)</u>	<u>(36,769)</u>
Total PepsiCo Common Shareholders' Equity		<u>16,043</u>		<u>13,454</u>		<u>14,786</u>
Noncontrolling Interests						
Balance, beginning of year		98		82		84
Net income attributable to noncontrolling interests		61		55		39
Distributions to noncontrolling interests		(49)		(44)		(42)
Acquisitions		—		5		—
Other, net		(2)		—		1
Balance, end of year		<u>108</u>		<u>98</u>		<u>82</u>
Total Equity		<u>\$ 16,151</u>		<u>\$ 13,552</u>		<u>\$ 14,868</u>

(a) Cash dividends declared per common share were \$4.2475, \$4.0225 and \$3.7925 for 2021, 2020 and 2019, respectively.

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 — Basis of Presentation and Our Divisions

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP and include the consolidated accounts of PepsiCo, Inc. and the affiliates that we control. In addition, we include our share of the results of certain other affiliates using the equity method based on our economic ownership interest, our ability to exercise significant influence over the operating or financial decisions of these affiliates or our ability to direct their economic resources. We do not control these other affiliates, as our ownership in these other affiliates is generally 50% or less. Intercompany balances and transactions are eliminated. As a result of exchange restrictions and other operating restrictions, we do not have control over our Venezuelan subsidiaries. As such, our Venezuelan subsidiaries are not included within our consolidated financial results for any period presented.

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, including merchandising activities, are included in selling, general and administrative expenses.

The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities. Estimates are used in determining, among other items, sales incentives accruals, tax reserves, share-based compensation, pension and retiree medical accruals, amounts and useful lives for intangible assets and future cash flows associated with impairment testing for indefinite-lived intangible assets, goodwill and other long-lived assets. We evaluate our estimates on an ongoing basis using our historical experience, as well as other factors we believe appropriate under the circumstances, such as current economic conditions, and adjust or revise our estimates as circumstances change. Additionally, the business and economic uncertainty resulting from the COVID-19 pandemic has made such estimates and assumptions more difficult to calculate. As future events and their effect cannot be determined with precision, actual results could differ significantly from those estimates.

Our fiscal year ends on the last Saturday of each December, resulting in a 53rd reporting week every five or six years, including in our 2022 financial results. While our North America results are reported on a weekly calendar basis, substantially all of our international operations reported on a monthly calendar basis prior to the fourth quarter of 2021, and beginning in the fourth quarter of 2021, all of our international operations report on a monthly calendar basis. This change did not have a material impact on our consolidated financial statements. The following chart details our quarterly reporting schedule for the three years presented:

Quarter	United States and Canada	International
First Quarter	12 weeks	January, February
Second Quarter	12 weeks	March, April and May
Third Quarter	12 weeks	June, July and August
Fourth Quarter	16 weeks	September, October, November and December

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. Certain reclassifications were made to the prior year's consolidated financial statements to conform to the current year presentation.

Our Divisions

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

- 1) FLNA, which includes our branded convenient food businesses in the United States and Canada;
- 2) QFNA, which includes our branded convenient food businesses, such as cereal, rice, pasta and other branded food, in the United States and Canada;
- 3) PBNA, which includes our beverage businesses in the United States and Canada;
- 4) LatAm, which includes all of our beverage and convenient food businesses in Latin America;
- 5) Europe, which includes all of our beverage and convenient food businesses in Europe;
- 6) AMESA, which includes all of our beverage and convenient food businesses in Africa, the Middle East and South Asia; and
- 7) APAC, which includes all of our beverage and convenient food businesses in Asia Pacific, Australia and New Zealand, and China region.

Through our operations, authorized bottlers, contract manufacturers and other third parties, we make, market, distribute and sell a wide variety of beverages and convenient foods, serving customers and consumers in more than 200 countries and territories with our largest operations in the United States, Mexico, Russia, Canada, China, the United Kingdom and South Africa.

The accounting policies for the divisions are the same as those described in Note 2, except for the following allocation methodologies:

- share-based compensation expense;
- pension and retiree medical expense; and
- derivatives.

Share-Based Compensation Expense

Our divisions are held accountable for share-based compensation expense and, therefore, this expense is allocated to our divisions as an incremental employee compensation cost.

The allocation of share-based compensation expense of each division is as follows:

	2021	2020	2019
FLNA	13 %	13 %	13 %
QFNA	1 %	1 %	1 %
PBNA	19 %	18 %	17 %
LatAm	5 %	6 %	7 %
Europe	13 %	16 %	17 %
AMESA	6 %	6 %	3 %
APAC	2 %	2 %	5 %
Corporate unallocated expenses	41 %	38 %	37 %

The expense allocated to our divisions excludes any impact of changes in our assumptions during the year which reflect market conditions over which division management has no control. Therefore, any variances between allocated expense and our actual expense are recognized in corporate unallocated expenses.

Pension and Retiree Medical Expense

Pension and retiree medical service costs measured at fixed discount rates are reflected in division results. The variance between the fixed discount rate used to determine the service cost reflected in division results and the discount rate as disclosed in Note 7 is reflected in corporate unallocated expenses.

Derivatives

We centrally manage commodity derivatives on behalf of our divisions. These commodity derivatives include agricultural products, energy and metals. Commodity derivatives that do not qualify for hedge accounting treatment are marked to market each period with the resulting gains and losses recorded in corporate unallocated expenses as either cost of sales or selling, general and administrative expenses, depending on the underlying commodity. These gains and losses are subsequently reflected in division results when the divisions recognize the cost of the underlying commodity in operating profit. Therefore, the divisions realize the economic effects of the derivative without experiencing any resulting mark-to-market volatility, which remains in corporate unallocated expenses. These derivatives hedge underlying commodity price risk and were not entered into for trading or speculative purposes.

Net Revenue and Operating Profit

Net revenue and operating profit of each division are as follows:

	Net Revenue			Operating Profit		
	2021	2020	2019	2021	2020	2019
FLNA	\$ 19,608	\$ 18,189	\$ 17,078	\$ 5,633	\$ 5,340	\$ 5,258
QFNA	2,751	2,742	2,482	578	669	544
PBNA	25,276	22,559	21,730	2,442	1,937	2,179
LatAm	8,108	6,942	7,573	1,369	1,033	1,141
Europe	13,038	11,922	11,728	1,292	1,353	1,327
AMESA ^(a)	6,078	4,573	3,651	858	600	671
APAC ^(b)	4,615	3,445	2,919	673	590	477
Total division	79,474	70,372	67,161	12,845	11,522	11,597
Corporate unallocated expenses	—	—	—	(1,683)	(1,442)	(1,306)
Total	\$ 79,474	\$ 70,372	\$ 67,161	\$ 11,162	\$ 10,080	\$ 10,291

(a) The increase in net revenue reflects our acquisition of Pioneer Foods. See Note 13 for further information.

(b) The increase in net revenue reflects our acquisition of Be & Cheery. See Note 13 for further information.

Our primary performance obligation is the distribution and sales of beverage and convenient food products to our customers. The following table reflects the approximate percentage of net revenue generated between our beverage business and our convenient food business for each of our international divisions, as well as our consolidated net revenue:

	2021		2020		2019	
	Beverage ^(a)	Convenient Food	Beverage ^(a)	Convenient Food	Beverage ^(a)	Convenient Food
LatAm	10 %	90 %	10 %	90 %	10 %	90 %
Europe	55 %	45 %	55 %	45 %	55 %	45 %
AMESA ^(b)	30 %	70 %	30 %	70 %	40 %	60 %
APAC	20 %	80 %	25 %	75 %	25 %	75 %
PepsiCo	45 %	55 %	45 %	55 %	45 %	55 %

(a) Beverage revenue from company-owned bottlers, which primarily includes our consolidated bottling operations in our PBNA and Europe segments, is approximately 40% of our consolidated net revenue. Generally, our finished goods beverage operations produce higher net revenue, but lower operating margins as compared to concentrate sold to authorized bottling partners for the manufacture of finished goods beverages.

(b) The increase in the approximate percentage of net revenue generated by our convenient food business in 2020 primarily reflects our acquisition of Pioneer Foods. See Note 13 for further information.

Operating profit in 2021 and 2020 includes certain pre-tax charges/credits taken as a result of the COVID-19 pandemic. These pre-tax charges/credits by division are as follows:

2021							
	Allowances for Expected Credit Losses ^(a)	Upfront Payments to Customers ^(b)	Inventory Write-Downs and Product Returns ^(c)	Employee Compensation Expense ^(d)	Employee Protection Costs ^(e)	Other ^(f)	Total
FLNA	\$ (8)	\$ —	\$ —	\$ 35	\$ 27	\$ 2	\$ 56
QFNA	(1)	—	—	2	1	—	2
PBNA	(19)	(21)	—	31	14	(16)	(11)
LatAm	—	—	1	44	15	4	64
Europe	(3)	(2)	—	13	8	5	21
AMESA	(1)	—	(2)	1	3	6	7
APAC	—	—	—	2	2	5	9
Total	<u>\$ (32)</u>	<u>\$ (23)</u>	<u>\$ (1)</u>	<u>\$ 128</u>	<u>\$ 70</u>	<u>\$ 6</u>	<u>\$ 148</u>
2020							
	Allowances for Expected Credit Losses ^(a)	Upfront Payments to Customers ^(b)	Inventory Write-Downs and Product Returns ^(c)	Employee Compensation Expense ^(d)	Employee Protection Costs ^(e)	Other ^(f)	Total
FLNA	\$ 17	\$ —	\$ 8	\$ 145	\$ 59	\$ —	\$ 229
QFNA	2	—	—	9	3	1	15
PBNA	29	56	28	115	50	26	304
LatAm	1	—	19	56	18	8	102
Europe	5	3	11	23	22	24	88
AMESA	2	—	3	9	7	12	33
APAC	—	—	3	(7)	2	5	3
Total	<u>\$ 56</u>	<u>\$ 59</u>	<u>\$ 72</u>	<u>\$ 350</u>	<u>\$ 161</u>	<u>\$ 76</u>	<u>\$ 774</u>

- (a) Reflects the expected impact of the global economic uncertainty caused by COVID-19, leveraging estimates of creditworthiness and projections of default and recovery rates for certain of our customers, including foodservice and vending businesses. Income amounts represent reductions in the previously recorded reserves due to improved projected default rates and lower at-risk receivable balances.
- (b) Relates to promotional spending for which benefit is not expected to be received. Income amounts represent reductions in previously recorded reserves due to improved projected default rates and lower overall advance balances.
- (c) Income amount represents a true-up of inventory write-downs. Includes a reserve for product returns of \$20 million in 2020.
- (d) Includes incremental frontline incentive pay, crisis child care and other leave benefits and labor costs. Income amount includes a social welfare relief credit of \$11 million.
- (e) Includes costs associated with personal protective equipment, temperature scans, cleaning and other sanitization services.
- (f) Includes certain reserves for property, plant and equipment, donations of cash and product, and other costs. Income amount represents adjustments for changes in estimates of previously recorded amounts.

Corporate Unallocated Expenses

Corporate unallocated expenses include costs of our corporate headquarters, centrally managed initiatives such as commodity derivative gains and losses, foreign exchange transaction gains and losses, our ongoing business transformation initiatives, unallocated research and development costs, unallocated insurance and benefit programs, tax-related contingent consideration, certain acquisition and divestiture-related charges, as well as certain other items.

Other Division Information

Total assets and capital spending of each division are as follows:

	Total Assets		Capital Spending		
	2021	2020	2021	2020	2019
FLNA	\$ 9,763	\$ 8,730	\$ 1,411	\$ 1,189	\$ 1,227
QFNA	1,101	1,021	92	85	104
PBNA	37,801	37,079	1,275	1,245	1,053
LatAm	7,272	6,977	461	390	557
Europe	18,472	17,917	752	730	613
AMESA	6,125	5,942	325	252	267
APAC	5,654	5,770	203	230	195
Total division	86,188	83,436	4,519	4,121	4,016
Corporate ^(a)	6,189	9,482	106	119	216
Total	\$ 92,377	\$ 92,918	\$ 4,625	\$ 4,240	\$ 4,232

(a) Corporate assets consist principally of certain cash and cash equivalents, restricted cash, short-term investments, derivative instruments, property, plant and equipment and tax assets. In 2021, the change in assets was primarily due to a decrease in cash and cash equivalents and short-term investments. Refer to the cash flow statement for further information.

Amortization of intangible assets and depreciation and other amortization of each division are as follows:

	Amortization of Intangible Assets			Depreciation and Other Amortization		
	2021	2020	2019	2021	2020	2019
FLNA	\$ 11	\$ 10	\$ 7	\$ 594	\$ 550	\$ 492
QFNA	—	—	—	46	41	44
PBNA	25	28	29	926	899	857
LatAm	4	4	5	283	251	270
Europe	37	40	37	364	350	341
AMESA	5	3	2	181	149	116
APAC	9	5	1	102	91	76
Total division	91	90	81	2,496	2,331	2,196
Corporate	—	—	—	123	127	155
Total	\$ 91	\$ 90	\$ 81	\$ 2,619	\$ 2,458	\$ 2,351

Net revenue and long-lived assets by country are as follows:

	Net Revenue			Long-Lived Assets ^(a)	
	2021	2020	2019	2021	2020
United States	\$ 44,545	\$ 40,800	\$ 38,644	\$ 36,324	\$ 36,657
Mexico	4,580	3,924	4,190	1,720	1,708
Russia	3,426	3,009	3,263	3,751	3,644
Canada	3,405	2,989	2,831	2,846	2,794
China ^(b)	2,679	1,732	1,300	1,745	1,649
United Kingdom	2,102	1,882	1,723	906	874
South Africa ^(c)	2,008	1,282	405	1,389	1,484
All other countries	16,729	14,754	14,805	13,399	13,423
Total	\$ 79,474	\$ 70,372	\$ 67,161	\$ 62,080	\$ 62,233

(a) Long-lived assets represent property, plant and equipment, indefinite-lived intangible assets, amortizable intangible assets and investments in noncontrolled affiliates. See Note 2 and Note 14 for further information on property, plant and equipment. See Note 2 and Note 4 for further information on goodwill and other intangible assets. Investments in noncontrolled affiliates are evaluated for

impairment upon a significant change in the operating or macroeconomic environment. These assets are reported in the country where they are primarily used.

- (b) The increase in net revenue reflects our acquisition of Be & Cheery. See Note 13 for further information.
- (c) The increase in net revenue reflects our acquisition of Pioneer Foods. See Note 13 for further information.

Note 2 — Our Significant Accounting Policies

Revenue Recognition

We recognize revenue when our performance obligation is satisfied. Our primary performance obligation (the distribution and sales of beverage and convenient food products) is satisfied upon the shipment or delivery of products to our customers, which is also when control is transferred. Merchandising activities are performed after a customer obtains control of the product, are accounted for as fulfillment of our performance obligation to ship or deliver product to our customers and are recorded in selling, general and administrative expenses. Merchandising activities are immaterial in the context of our contracts. In addition, we exclude from net revenue all sales, use, value-added and certain excise taxes assessed by government authorities on revenue producing transactions.

The transfer of control of products to our customers is typically based on written sales terms that do not allow for a right of return. However, our policy for DSD, including certain chilled products, is to remove and replace damaged and out-of-date products from store shelves to ensure that consumers receive the product quality and freshness they expect. Similarly, our policy for certain warehouse-distributed products is to replace damaged and out-of-date products. As a result, we record reserves, based on estimates, for anticipated damaged and out-of-date products.

Our products are sold for cash or on credit terms. Our credit terms, which are established in accordance with local and industry practices, typically require payment within 30 days of delivery in the United States, and generally within 30 to 90 days internationally, and may allow discounts for early payment.

We estimate and reserve for our expected credit loss exposure based on our experience with past due accounts and collectibility, write-off history, the aging of accounts receivable, our analysis of customer data, and forward-looking information (including the expected impact of the global economic uncertainty related to the COVID-19 pandemic), leveraging estimates of creditworthiness and projections of default and recovery rates for certain of our customers.

We are exposed to concentration of credit risk from our major customers, including Walmart. We have not experienced credit issues with these customers. In 2021, sales to Walmart and its affiliates (including Sam's) represented approximately 13% of our consolidated net revenue, including concentrate sales to our independent bottlers, which were used in finished goods sold by them to Walmart.

Total Marketplace Spending

We offer sales incentives and discounts through various programs to customers and consumers. Total marketplace spending includes sales incentives, discounts, advertising and other marketing activities. Sales incentives and discounts are primarily accounted for as a reduction of revenue and include payments to customers for performing activities on our behalf, such as payments for in-store displays, payments to gain distribution of new products, payments for shelf space and discounts to promote lower retail prices. Sales incentives and discounts also include support provided to our independent bottlers through funding of advertising and other marketing activities.

A number of our sales incentives, such as bottler funding to independent bottlers and customer volume rebates, are based on annual targets, and accruals are established during the year, as products are delivered, for the expected payout, which may occur after year end once reconciled and settled. These accruals are based on contract terms and our historical experience with similar programs and require management judgment with respect to estimating customer and consumer participation and performance

levels. Differences between estimated expense and actual incentive costs are normally insignificant and are recognized in earnings in the period such differences are determined. In addition, certain advertising and marketing costs are also based on annual targets and recognized during the year as incurred.

The terms of most of our incentive arrangements do not exceed one year and, therefore, do not require highly uncertain long-term estimates. Certain arrangements, such as fountain pouring rights, may extend beyond one year. Upfront payments to customers under these arrangements are recognized over the shorter of the economic or contractual life, primarily as a reduction of revenue, and the remaining balances of \$262 million as of December 25, 2021 and \$299 million as of December 26, 2020 are included in prepaid expenses and other current assets and other assets on our balance sheet.

For interim reporting, our policy is to allocate our forecasted full-year sales incentives for most of our programs to each of our interim reporting periods in the same year that benefits from the programs. The allocation methodology is based on our forecasted sales incentives for the full year and the proportion of each interim period's actual gross revenue or volume, as applicable, to our forecasted annual gross revenue or volume, as applicable. Based on our review of the forecasts at each interim period, any changes in estimates and the related allocation of sales incentives are recognized beginning in the interim period that they are identified. In addition, we apply a similar allocation methodology for interim reporting purposes for certain advertising and other marketing activities. Our annual consolidated financial statements are not impacted by this interim allocation methodology.

Advertising and other marketing activities, reported as selling, general and administrative expenses, totaled \$5.1 billion in 2021, \$4.6 billion in 2020 and \$4.7 billion in 2019, including advertising expenses of \$3.5 billion in 2021 and \$3.0 billion in both 2020 and 2019. Deferred advertising costs are not expensed until the year first used and consist of:

- media and personal service prepayments;
- promotional materials in inventory; and
- production costs of future media advertising.

Deferred advertising costs of \$53 million and \$48 million as of December 25, 2021 and December 26, 2020, respectively, are classified as prepaid expenses and other current assets on our balance sheet.

Distribution Costs

Distribution costs, including the costs of shipping and handling activities, which include certain merchandising activities, are reported as selling, general and administrative expenses. Shipping and handling expenses were \$13.7 billion in 2021, \$11.9 billion in 2020 and \$10.9 billion in 2019.

Software Costs

We capitalize certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use when both the preliminary project stage is completed and it is probable that the software will be used as intended. Capitalized software costs include (1) external direct costs of materials and services utilized in developing or obtaining computer software, (2) compensation and related benefits for employees who are directly associated with the software projects and (3) interest costs incurred while developing internal-use computer software. Capitalized software costs are included in property, plant and equipment on our balance sheet and amortized on a straight-line basis when placed into service over the estimated useful lives of the software, which approximate five to 10 years. Software amortization totaled \$135 million in 2021, \$152 million in 2020 and \$166 million in 2019. Net capitalized software and development costs were \$809 million and \$664 million as of December 25, 2021 and December 26, 2020, respectively.

Commitments and Contingencies

We are subject to various claims and contingencies related to lawsuits, certain taxes and environmental matters, as well as commitments under contractual and other commercial obligations. We recognize liabilities for contingencies and commitments when a loss is probable and estimable.

Research and Development

We engage in a variety of research and development activities and continue to invest to accelerate growth and to drive innovation globally. Consumer research is excluded from research and development costs and included in other marketing costs. Research and development costs were \$752 million, \$719 million and \$711 million in 2021, 2020 and 2019, respectively, and are reported within selling, general and administrative expenses.

Goodwill and Other Intangible Assets

Indefinite-lived intangible assets and goodwill are not amortized and, as a result, are assessed for impairment at least annually, using either a qualitative or quantitative approach. We perform this annual assessment during our third quarter, or more frequently if circumstances indicate that the carrying value may not be recoverable. Where we use the qualitative assessment, first we determine if, based on qualitative factors, it is more likely than not that an impairment exists. Factors considered include macroeconomic (including those related to the COVID-19 pandemic), industry and competitive conditions, legal and regulatory environment, historical financial performance and significant changes in the brand or reporting unit. If the qualitative assessment indicates that it is more likely than not that an impairment exists, then a quantitative assessment is performed.

In the quantitative assessment for indefinite-lived intangible assets and goodwill, an assessment is performed to determine the fair value of the indefinite-lived intangible asset and the reporting unit, respectively. Estimated fair value is determined using discounted cash flows and requires an analysis of several estimates including future cash flows or income consistent with management's strategic business plans, annual sales growth rates, perpetuity growth assumptions and the selection of assumptions underlying a discount rate (weighted-average cost of capital) based on market data available at the time. Significant management judgment is necessary to estimate the impact of competitive operating, macroeconomic and other factors (including those related to the COVID-19 pandemic) to estimate future levels of sales, operating profit or cash flows. All assumptions used in our impairment evaluations for indefinite-lived intangible assets and goodwill, such as forecasted growth rates (including perpetuity growth assumptions) and weighted-average cost of capital, are based on the best available market information and are consistent with our internal forecasts and operating plans. A deterioration in these assumptions could adversely impact our results.

Amortizable intangible assets are only evaluated for impairment upon a significant change in the operating or macroeconomic environment. If an evaluation of the undiscounted future cash flows indicates impairment, the asset is written down to its estimated fair value, which is based on its discounted future cash flows.

See Note 4 for further information.

Other Significant Accounting Policies

Our other significant accounting policies are disclosed as follows:

- *Basis of Presentation* – Note 1 includes a description of our policies regarding use of estimates, basis of presentation and consolidation.
- *Income Taxes* – Note 5.
- *Share-Based Compensation* – Note 6.

- *Pension, Retiree Medical and Savings Plans* – Note 7.
- *Financial Instruments* – Note 9.
- *Cash Equivalents* – Cash equivalents are highly liquid investments with original maturities of three months or less.
- *Inventories* – Note 14. Inventories are valued at the lower of cost or net realizable value. Cost is determined using the average; first-in, first-out (FIFO); or, in limited instances, last-in, first-out (LIFO) methods.
- *Property, Plant and Equipment* – Note 14. Property, plant and equipment is recorded at historical cost. Depreciation is recognized on a straight-line basis over an asset’s estimated useful life. Construction in progress is not depreciated until ready for service.
- *Translation of Financial Statements of Foreign Subsidiaries* – Financial statements of foreign subsidiaries are translated into U.S. dollars using period-end exchange rates for assets and liabilities and average exchange rates for revenues and expenses. Adjustments resulting from translating net assets are reported as a separate component of accumulated other comprehensive loss within common shareholders’ equity as currency translation adjustment.

Recently Issued Accounting Pronouncements - Adopted

In 2019, the Financial Accounting Standards Board (FASB) issued guidance to simplify the accounting for income taxes. The guidance primarily addresses how to (1) recognize a deferred tax liability after we transition to or from the equity method of accounting, (2) evaluate if a step-up in the tax basis of goodwill is related to a business combination or is a separate transaction, (3) recognize all of the effects of a change in tax law in the period of enactment, including adjusting the estimated annual tax rate, and (4) include the amount of tax based on income in the income tax provision and any incremental amount as a tax not based on income for hybrid tax regimes. We adopted the guidance in the first quarter of 2021. The adoption did not have a material impact on our consolidated financial statements or related disclosures.

Note 3 — Restructuring and Impairment Charges

2019 Multi-Year Productivity Plan

The 2019 Productivity Plan, publicly announced on February 15, 2019, will leverage new technology and business models to further simplify, harmonize and automate processes; re-engineer our go-to-market and information systems, including deploying the right automation for each market; and simplify our organization and optimize our manufacturing and supply chain footprint. To build on the successful implementation of the 2019 Productivity Plan to date, we expanded and extended the plan through the end of 2026 to take advantage of additional opportunities within the initiatives described above. We now expect to incur pre-tax charges of approximately \$3.15 billion, including cash expenditures of approximately \$2.4 billion, as compared to our previous estimate of pre-tax charges of approximately \$2.5 billion, which included cash expenditures of approximately \$1.6 billion. These pre-tax charges are expected to consist of approximately 55% of severance and other employee-related costs, 10% for asset impairments (all non-cash) resulting from plant closures and related actions and 35% for other costs associated with the implementation of our initiatives.

The total expected plan pre-tax charges are expected to be incurred by division approximately as follows:

	FLNA	QFNA	PBNA	LatAm	Europe	AMESA	APAC	Corporate
Expected pre-tax charges	15 %	1 %	25 %	10 %	25 %	5 %	4 %	15 %

A summary of our 2019 Productivity Plan charges is as follows:

	2021		2020		2019
Cost of sales	\$ 29	\$	30	\$	115
Selling, general and administrative expenses	208		239		253
Other pension and retiree medical benefits expense	10		20		2
Total restructuring and impairment charges	\$ 247	\$	289	\$	370
After-tax amount	\$ 206	\$	231	\$	303
Impact on net income attributable to PepsiCo per common share	\$ (0.15)	\$	(0.17)	\$	(0.21)

	2021		2020		2019	Plan to Date through 12/25/2021
FLNA	\$ 28	\$	83	\$	22	\$ 164
QFNA	—		5		2	12
PBNA	20		47		51	158
LatAm	37		31		62	139
Europe	81		48		99	234
AMESA	15		14		38	70
APAC	7		5		47	61
Corporate	49		36		47	139
	237		269		368	977
Other pension and retiree medical benefits expense	10		20		2	67
Total	\$ 247	\$	289	\$	370	\$ 1,044

	Plan to Date through 12/25/2021
Severance and other employee costs	\$ 564
Asset impairments	157
Other costs	323
Total	\$ 1,044

Severance and other employee costs primarily include severance and other termination benefits, as well as voluntary separation arrangements. Other costs primarily include costs associated with the implementation of our initiatives, including contract termination costs, consulting and other professional fees.

A summary of our 2019 Productivity Plan activity is as follows:

	Severance and Other Employee Costs	Asset Impairments	Other Costs	Total
Liability as of December 29, 2018	\$ 105	\$ —	\$ 1	\$ 106
2019 restructuring charges	149	92	129	370
Cash payments ^(a)	(138)	—	(119)	(257)
Non-cash charges and translation	12	(92)	10	(70)
Liability as of December 28, 2019	128	—	21	149
2020 restructuring charges	158	33	98	289
Cash payments ^(a)	(138)	—	(117)	(255)
Non-cash charges and translation	(26)	(33)	3	(56)
Liability as of December 26, 2020	122	—	5	127
2021 restructuring charges	120	32	95	247
Cash payments ^(a)	(163)	—	(93)	(256)
Non-cash charges and translation	(15)	(32)	—	(47)
Liability as of December 25, 2021	<u>\$ 64</u>	<u>\$ —</u>	<u>\$ 7</u>	<u>\$ 71</u>

(a) Excludes cash expenditures of \$2 million in both 2021 and 2020, and \$4 million in 2019, reported in the cash flow statement in pension and retiree medical plan contributions.

Substantially all of the restructuring accrual at December 25, 2021 is expected to be paid by the end of 2022.

Other Productivity Initiatives

There were no material charges related to other productivity and efficiency initiatives outside the scope of the 2019 Productivity Plan.

We regularly evaluate different productivity initiatives beyond the productivity plan and other initiatives described above.

Note 4 — Intangible Assets

A summary of our amortizable intangible assets is as follows:

	Average Useful Life (Years)	2021			2020			2019
		Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net	
Acquired franchise rights ^(a)	56 – 60	\$ 976	\$ (187)	\$ 789	\$ 976	\$ (173)	\$ 803	
Customer relationships	10 – 24	623	(227)	396	642	(204)	438	
Brands ^(b)	20 – 40	1,151	(989)	162	1,348	(1,099)	249	
Other identifiable intangibles	10 – 24	451	(260)	191	474	(261)	213	
Total		<u>\$ 3,201</u>	<u>\$ (1,663)</u>	<u>\$ 1,538</u>	<u>\$ 3,440</u>	<u>\$ (1,737)</u>	<u>\$ 1,703</u>	
Amortization expense				<u>\$ 91</u>			<u>\$ 90</u> <u>\$ 81</u>	

(a) Acquired franchise rights includes our distribution agreement with Vital Pharmaceuticals, Inc., with an expected residual value higher than our carrying value. The distribution agreement's useful life is three years, in accordance with the three-year termination notice issued, and is not reflected in the average useful life above.

(b) The change primarily reflects assets reclassified as held for sale in connection with our Juice Transaction. See Note 13 for further information.

Amortization is recognized on a straight-line basis over an intangible asset's estimated useful life. Amortization of intangible assets for each of the next five years, based on existing intangible assets as of December 25, 2021 and using average 2021 foreign exchange rates, is expected to be as follows:

	2022	2023	2024	2025	2026
Five-year projected amortization	\$ 84	\$ 84	\$ 83	\$ 81	\$ 72

Depreciable and amortizable assets are evaluated for impairment upon a significant change in the operating or macroeconomic environment. In these circumstances, if an evaluation of the undiscounted cash flows indicates impairment, the asset is written down to its estimated fair value, which is based on discounted future cash flows. Useful lives are periodically evaluated to determine whether events or circumstances have occurred which indicate the need for revision.

Indefinite-Lived Intangible Assets

We did not recognize any impairment charges for goodwill in each of the years ended December 25, 2021, December 26, 2020 and December 28, 2019. We did not recognize any impairment charges for indefinite-lived intangible assets in the year ended December 25, 2021. In 2020, we recognized a pre-tax impairment charge of \$41 million related to a coconut water brand in PBNA. We did not recognize any material impairment charges for indefinite-lived intangible assets in the year ended December 28, 2019. As of December 25, 2021, the estimated fair values of our indefinite-lived reacquired and acquired franchise rights recorded at PBNA exceeded their carrying values. However, there could be an impairment of the carrying value of PBNA's reacquired and acquired franchise rights if future revenues and their contribution to the operating results of PBNA's CSD business do not achieve our expected future cash flows or if macroeconomic conditions result in a future increase in the weighted-average cost of capital used to estimate fair value.

We have also analyzed the impact of the macroeconomic conditions in Russia on the estimated fair value of our indefinite-lived intangible assets in Russia and have concluded that there are no impairments for the year ended December 25, 2021. The estimated fair value of indefinite-lived intangible assets is dependent on macroeconomic conditions (including a resulting increase in the weighted-average cost of capital used to estimate fair value), future revenues and their contributions to operating results and expected future cash flows (including perpetuity growth assumptions), and significant changes in the decisions regarding assets that do not perform consistent with our expectations. Subsequent to December 25, 2021, we discontinued or repositioned certain juice and dairy brands in Russia in our Europe segment. As a result, we will recognize pre-tax impairment charges of approximately \$0.2 billion in the first quarter of 2022 in selling, general and administrative expenses.

For further information on our policies for indefinite-lived intangible assets, see Note 2.

The change in the book value of indefinite-lived intangible assets is as follows:

	Balance, Beginning 2020	Acquisitions	Translation and Other	Balance, End of 2020	Acquisitions/ (Divestitures)	Translation and Other	Balance, End of 2021
FLNA ^(a)							
Goodwill	\$ 299	\$ 164	\$ 2	\$ 465	\$ (8)	\$ 1	\$ 458
Brands	162	179	(1)	340	—	—	340
Total	461	343	1	805	(8)	1	798
QFNA							
Goodwill	189	—	—	189	—	—	189
Brands	11	—	(11)	—	—	—	—
Total	200	—	(11)	189	—	—	189
PBNA ^{(b) (c)}							
Goodwill	9,898	2,280	11	12,189	(216)	1	11,974
Reacquired franchise rights	7,089	—	18	7,107	—	—	7,107
Acquired franchise rights	1,517	16	3	1,536	1	1	1,538
Brands ^(d)	763	2,400	(41)	3,122	(290)	(324)	2,508
Total	19,267	4,696	(9)	23,954	(505)	(322)	23,127
LatAm							
Goodwill	501	—	(43)	458	—	(25)	433
Brands	125	—	(17)	108	(1)	(7)	100
Total	626	—	(60)	566	(1)	(32)	533
Europe ^(b)							
Goodwill ^(e)	3,961	(2)	(153)	3,806	(28)	(78)	3,700
Reacquired franchise rights ^(e)	505	—	(9)	496	(23)	(32)	441
Acquired franchise rights ^(e)	157	—	15	172	—	(14)	158
Brands ^(f)	4,181	—	(109)	4,072	—	182	4,254
Total	8,804	(2)	(256)	8,546	(51)	58	8,553
AMESA ^(g)							
Goodwill	446	560	90	1,096	(2)	(31)	1,063
Brands	—	183	31	214	—	(9)	205
Total	446	743	121	1,310	(2)	(40)	1,268
APAC ^(h)							
Goodwill	207	306	41	554	3	7	564
Brands ^(d)	100	309	36	445	—	31	476
Total	307	615	77	999	3	38	1,040
Total goodwill	15,501	3,308	(52)	18,757	(251)	(125)	18,381
Total reacquired franchise rights	7,594	—	9	7,603	(23)	(32)	7,548
Total acquired franchise rights	1,674	16	18	1,708	1	(13)	1,696
Total brands	5,342	3,071	(112)	8,301	(291)	(127)	7,883
Total	\$ 30,111	\$ 6,395	\$ (137)	\$ 36,369	\$ (564)	\$ (297)	\$ 35,508

- (a) Acquisitions/divestitures in 2021 and acquisitions in 2020 primarily reflect our acquisition of BFY Brands.
- (b) Acquisitions/divestitures in 2021 primarily reflects assets reclassified as held for sale in connection with our Juice Transaction. See Note 13 for further information.
- (c) Acquisitions in 2020 primarily reflects our acquisition of Rockstar. See Note 13 for further information.
- (d) Translation and other in 2021 primarily reflects the allocation of the Rockstar brand to the respective divisions, which was finalized in 2021 as part of purchase price allocation.
- (e) Translation and other primarily reflects the depreciation of the euro in 2021 and depreciation of the Russian ruble in 2020.
- (f) Translation and other in 2021 reflects the allocation of the Rockstar brand from PBNA, which was finalized in 2021 as part of purchase price allocation, partially offset by the depreciation of the euro. Translation and other in 2020 primarily reflects the depreciation of the Russian ruble.

(g) Acquisitions in 2020 primarily reflects our acquisition of Pioneer Foods. See Note 13 for further information.

(h) Acquisitions in 2020 primarily reflects our acquisition of Be & Cheery. See Note 13 for further information.

Note 5 — Income Taxes

The components of income before income taxes are as follows:

	2021	2020	2019
United States	\$ 3,740	\$ 4,070	\$ 4,123
Foreign	6,081	4,999	5,189
	<u>\$ 9,821</u>	<u>\$ 9,069</u>	<u>\$ 9,312</u>

The provision for income taxes consisted of the following:

	2021	2020	2019
Current:			
U.S. Federal	\$ 702	\$ 715	\$ 652
Foreign	955	932	807
State	44	110	196
	<u>1,701</u>	<u>1,757</u>	<u>1,655</u>
Deferred:			
U.S. Federal	375	273	325
Foreign	(14)	(167)	(31)
State	80	31	10
	<u>441</u>	<u>137</u>	<u>304</u>
	<u>\$ 2,142</u>	<u>\$ 1,894</u>	<u>\$ 1,959</u>

A reconciliation of the U.S. Federal statutory tax rate to our annual tax rate is as follows:

	2021	2020	2019
U.S. Federal statutory tax rate	21.0 %	21.0 %	21.0 %
State income tax, net of U.S. Federal tax benefit	1.0	1.2	1.6
Lower taxes on foreign results	(1.6)	(0.8)	(0.9)
One-time mandatory transition tax - TCJ Act	1.9	—	(0.1)
Other, net	(0.5)	(0.5)	(0.6)
Annual tax rate	<u>21.8 %</u>	<u>20.9 %</u>	<u>21.0 %</u>

Tax Cuts and Jobs Act

In 2021, we recorded \$190 million (\$0.14 per share) of net tax expense related to the TCJ Act as a result of adjustments related to the final assessment of the 2014 through 2016 IRS audit. There were no tax amounts recognized in 2020 related to the TCJ Act. In 2019, we recognized a net tax benefit totaling \$8 million (\$0.01 per share) related to the TCJ Act.

As of December 25, 2021, our mandatory transition tax liability was \$2.9 billion, which must be paid through 2026 under the provisions of the TCJ Act. We reduced our liability through cash payments and application of tax overpayments by \$309 million in 2021, \$78 million in 2020 and \$663 million in 2019. We currently expect to pay approximately \$309 million of this liability in 2022.

The TCJ Act also created a requirement that certain income earned by foreign subsidiaries, known as global intangible low-tax income (GILTI), must be included in the gross income of their U.S. shareholder. The FASB allows an accounting policy election of either recognizing deferred taxes for temporary

differences expected to reverse as GILTI in future years or recognizing such taxes as a current-period expense when incurred. We elected to treat the tax effect of GILTI as a current-period expense when incurred.

Other Tax Matters

In 2021, we received a final assessment from the IRS audit for the tax years 2014 through 2016. The assessment included both agreed and unagreed issues. On October 29, 2021, we filed a formal written protest of the assessment and requested an appeals conference. As a result of the analysis of the 2014 through 2016 final assessment, we remeasured all applicable reserves for uncertain tax positions for all years open under the statute of limitations, including any correlating adjustments impacting the mandatory transition tax liability under the TCJ Act, resulting in a net non-cash tax expense of \$112 million in 2021.

On May 19, 2019, a public referendum held in Switzerland passed the Federal Act on Tax Reform and AHV Financing (TRAF), effective January 1, 2020. The enactment of certain provisions of the TRAF resulted in adjustments to our deferred taxes. During 2021, no income tax adjustments related to the TRAF were recorded. During 2020, we recorded a net tax benefit of \$72 million related to the adoption of the TRAF in the Swiss Canton of Bern. During 2019, we recorded a net tax expense of \$24 million related to the impact of the TRAF. While the accounting for the impacts of the TRAF are deemed to be complete, further adjustments to our financial statements and related disclosures could be made in future quarters, including in connection with final tax return filings.

Deferred tax liabilities and assets are comprised of the following:

	2021	2020
<i>Deferred tax liabilities</i>		
Debt guarantee of wholly-owned subsidiary	\$ 578	\$ 578
Property, plant and equipment	2,036	1,851
Recapture of net operating losses	504	504
Pension liabilities	216	—
Right-of-use assets	450	371
Other	254	159
Gross deferred tax liabilities	<u>4,038</u>	<u>3,463</u>
<i>Deferred tax assets</i>		
Net carryforwards	4,974	5,008
Intangible assets other than nondeductible goodwill	1,111	1,146
Share-based compensation	98	90
Retiree medical benefits	147	153
Other employee-related benefits	379	373
Pension benefits	—	80
Deductible state tax and interest benefits	149	150
Lease liabilities	450	371
Other	842	866
Gross deferred tax assets	<u>8,150</u>	<u>8,237</u>
Valuation allowances	<u>(4,628)</u>	<u>(4,686)</u>
Deferred tax assets, net	<u>3,522</u>	<u>3,551</u>
Net deferred tax liabilities/(assets)	<u>\$ 516</u>	<u>\$ (88)</u>

A summary of our valuation allowance activity is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 4,686	\$ 3,599	\$ 3,753
Provision	(9)	1,082	(124)
Other (deductions)/additions	(49)	5	(30)
Balance, end of year	<u>\$ 4,628</u>	<u>\$ 4,686</u>	<u>\$ 3,599</u>

Reserves

A number of years may elapse before a particular matter, for which we have established a reserve, is audited and finally resolved. The number of years with open tax audits varies depending on the tax jurisdiction. Our major taxing jurisdictions and the related open tax audits are as follows:

<u>Jurisdiction</u>	<u>Years Open to Audit</u>	<u>Years Currently Under Audit</u>
United States	2014-2020	2014-2019
Mexico	2014-2020	2014-2016
United Kingdom	2018-2020	None
Canada (Domestic)	2016-2020	2016-2017
Canada (International)	2010-2020	2010-2017
Russia	2018-2020	None

Our annual tax rate is based on our income, statutory tax rates and tax planning strategies and transactions, including transfer pricing arrangements, available to us in the various jurisdictions in which we operate. Significant judgment is required in determining our annual tax rate and in evaluating our tax positions. We establish reserves when, despite our belief that our tax return positions are fully supportable, we believe that certain positions are subject to challenge and that we likely will not succeed. We adjust these reserves, as well as the related interest, in light of changing facts and circumstances, such as the progress of a tax audit, new tax laws, relevant court cases or tax authority settlements. Settlement of any particular issue would usually require the use of cash. Favorable resolution would be recognized as a reduction to our annual tax rate in the year of resolution.

As of December 25, 2021, the total gross amount of reserves for income taxes, reported in other liabilities, was \$1.9 billion. We accrue interest related to reserves for income taxes in our provision for income taxes and any associated penalties are recorded in selling, general and administrative expenses. The gross amount of interest accrued, reported in other liabilities, was \$326 million as of December 25, 2021, of which \$3 million of tax benefit was recognized in 2021. The gross amount of interest accrued, reported in other liabilities, was \$338 million as of December 26, 2020, of which \$93 million of tax expense was recognized in 2020.

A reconciliation of unrecognized tax benefits is as follows:

	2021	2020
Balance, beginning of year	\$ 1,621	\$ 1,395
Additions for tax positions related to the current year	222	128
Additions for tax positions from prior years	681	153
Reductions for tax positions from prior years	(558)	(22)
Settlement payments	(25)	(13)
Statutes of limitations expiration	(39)	(23)
Translation and other	(2)	3
Balance, end of year	\$ 1,900	\$ 1,621

Carryforwards and Allowances

Operating loss carryforwards totaling \$30.0 billion as of December 25, 2021 are being carried forward in a number of foreign and state jurisdictions where we are permitted to use tax operating losses from prior periods to reduce future taxable income. These operating losses will expire as follows: \$0.3 billion in 2022, \$26.8 billion between 2023 and 2041 and \$2.9 billion may be carried forward indefinitely. We establish valuation allowances for our deferred tax assets if, based on the available evidence, it is not more likely than not that some portion or all of the deferred tax assets will be realized.

Undistributed International Earnings

As of December 25, 2021, we had approximately \$7 billion of undistributed international earnings. We intend to continue to reinvest \$7 billion of earnings outside the United States for the foreseeable future and while future distribution of these earnings would not be subject to U.S. federal tax expense, no deferred tax liabilities with respect to items such as certain foreign exchange gains or losses, foreign withholding taxes or state taxes have been recognized. It is not practicable for us to determine the amount of unrecognized tax expense on these reinvested international earnings.

Note 6 — Share-Based Compensation

Our share-based compensation program is designed to attract and retain employees while also aligning employees' interests with the interests of our shareholders. PepsiCo has granted stock options, RSUs, PSUs and long-term cash awards to employees under the shareholder-approved PepsiCo, Inc. Long-Term Incentive Plan (LTIP). Executives who are awarded long-term incentives based on their performance may generally elect to receive their grant in the form of stock options or RSUs, or a combination thereof. Executives who elect stock options receive four stock options for every one RSU that would have otherwise been granted. Certain executive officers and other senior executives do not have a choice and are granted 66% PSUs and 34% long-term cash, each of which are subject to pre-established performance targets.

The Company may use authorized and unissued shares to meet share requirements resulting from the exercise of stock options and the vesting of RSUs and PSUs.

As of December 25, 2021, 44 million shares were available for future share-based compensation grants under the LTIP.

The following table summarizes our total share-based compensation expense, which is primarily recorded in selling, general and administrative expenses, and excess tax benefits recognized:

	2021	2020	2019
Share-based compensation expense - equity awards	\$ 301	\$ 264	\$ 237
Share-based compensation expense - liability awards	20	11	8
Restructuring charges	1	(1)	(2)
Total	\$ 322	\$ 274	\$ 243
Income tax benefits recognized in earnings related to share-based compensation	\$ 57	\$ 48	\$ 39
Excess tax benefits related to share-based compensation	\$ 38	\$ 35	\$ 50

As of December 25, 2021, there was \$372 million of total unrecognized compensation cost related to nonvested share-based compensation grants. This unrecognized compensation cost is expected to be recognized over a weighted-average period of two years.

Method of Accounting and Our Assumptions

The fair value of share-based award grants is amortized to expense over the vesting period, primarily three years. Awards to employees eligible for retirement prior to the award becoming fully vested are amortized to expense over the period through the date that the employee first becomes eligible to retire and is no longer required to provide service to earn the award. In addition, we use historical data to estimate forfeiture rates and record share-based compensation expense only for those awards that are expected to vest.

We do not backdate, reprice or grant share-based compensation awards retroactively. Repricing of awards would require shareholder approval under the LTIP.

Stock Options

A stock option permits the holder to purchase shares of PepsiCo common stock at a specified price. We account for our employee stock options under the fair value method of accounting using a Black-Scholes valuation model to measure stock option expense at the date of grant. All stock option grants have an exercise price equal to the fair market value of our common stock on the date of grant and generally have a 10-year term.

Our weighted-average Black-Scholes fair value assumptions are as follows:

	2021	2020	2019
Expected life	7 years	6 years	5 years
Risk-free interest rate	1.1 %	0.9 %	2.4 %
Expected volatility	14 %	14 %	14 %
Expected dividend yield	3.1 %	3.4 %	3.1 %

The expected life is the period over which our employee groups are expected to hold their options. It is based on our historical experience with similar grants. The risk-free interest rate is based on the expected U.S. Treasury rate over the expected life. Volatility reflects movements in our stock price over the most recent historical period equivalent to the expected life. Dividend yield is estimated over the expected life based on our stated dividend policy and forecasts of net income, share repurchases and stock price.

A summary of our stock option activity for the year ended December 25, 2021 is as follows:

	Options ^(a)	Weighted-Average Exercise Price	Weighted-Average Contractual Life Remaining (years)	Aggregate Intrinsic Value ^(a)
Outstanding at December 26, 2020	10,640	\$ 99.54		
Granted	2,157	\$ 134.25		
Exercised	(2,321)	\$ 79.87		
Forfeited/expired	(334)	\$ 125.35		
Outstanding at December 25, 2021	10,142	\$ 110.54	5.79	\$ 600,755
Exercisable at December 25, 2021	5,407	\$ 93.49	3.47	\$ 412,524
Expected to vest as of December 25, 2021	4,419	\$ 129.78	8.41	\$ 176,771

(a) In thousands.

Restricted Stock Units and Performance Stock Units

Each RSU represents our obligation to deliver to the holder one share of PepsiCo common stock when the award vests at the end of the service period. PSUs are awards pursuant to which a number of shares are delivered to the holder upon vesting at the end of the service period based on PepsiCo's performance against specified financial performance metrics. The number of shares may be increased to the maximum or reduced to the minimum threshold based on the results of these performance metrics in accordance with the terms established at the time of the award. During the vesting period, RSUs and PSUs accrue dividend equivalents that pay out in cash (without interest) if and when the applicable RSU or PSU vests and becomes payable.

The fair value of RSUs and PSUs are measured at the market price of the Company's stock on the date of grant.

A summary of our RSU and PSU activity for the year ended December 25, 2021 is as follows:

	RSUs/PSUs ^(a)	Weighted-Average Grant-Date Fair Value	Weighted-Average Contractual Life Remaining (years)	Aggregate Intrinsic Value ^(a)
Outstanding at December 26, 2020	6,127	\$ 119.92		
Granted	2,636	\$ 131.81		
Converted	(2,229)	\$ 112.09		
Forfeited	(557)	\$ 126.70		
Outstanding at December 25, 2021 ^(b)	5,977	\$ 127.45	1.31	\$1,014,854
Expected to vest as of December 25, 2021 ^(c)	6,016	\$ 127.59	1.30	\$1,021,312

(a) In thousands. Outstanding awards are disclosed at target.

(b) The outstanding PSUs for which the vesting period has not ended as of December 25, 2021, at the threshold, target and maximum award levels were zero, 1 million and 2 million, respectively.

(c) Represents the number of outstanding awards expected to vest, including estimated performance adjustments on all outstanding PSUs as of December 25, 2021.

Long-Term Cash

Certain executive officers and other senior executives were granted long-term cash awards for which final payout is based on PepsiCo's Total Shareholder Return relative to a specific set of peer companies and

achievement of a specified performance target over a three-year performance period.

Long-term cash awards that qualify as liability awards under share-based compensation guidance are valued through the end of the performance period on a mark-to-market basis using the Monte Carlo simulation model.

A summary of our long-term cash activity for the year ended December 25, 2021 is as follows:

	Long-Term Cash Award ^(a)	Balance Sheet Date Fair Value ^(a)	Contractual Life Remaining (years)
Outstanding at December 26, 2020	\$ 47,513		
Granted	16,507		
Vested	(16,567)		
Forfeited	(1,661)		
Outstanding at December 25, 2021 ^(b)	\$ 45,792	\$ 50,238	1.29
Expected to vest as of December 25, 2021 ^(c)	\$ 43,480	\$ 47,771	1.27

(a) In thousands. Outstanding awards are disclosed at target.

(b) The outstanding awards for which the vesting period has not ended as of December 25, 2021, at the threshold, target and maximum award levels based on the achievement of its market conditions were zero, \$46 million and \$92 million, respectively.

(c) Represents the number of outstanding awards expected to vest, based on the most recent valuation as of December 25, 2021.

Other Share-Based Compensation Data

The following is a summary of other share-based compensation data:

	2021	2020	2019
<i>Stock Options</i>			
Total number of options granted ^(a)	2,157	1,847	1,286
Weighted-average grant-date fair value of options granted	\$ 9.88	\$ 8.31	\$ 10.89
Total intrinsic value of options exercised ^(a)	\$ 153,306	\$ 155,096	\$ 275,745
Total grant-date fair value of options vested ^(a)	\$ 10,605	\$ 8,652	\$ 9,838
<i>RSUs/PSUs</i>			
Total number of RSUs/PSUs granted ^(a)	2,636	2,496	2,754
Weighted-average grant-date fair value of RSUs/PSUs granted	\$ 131.81	\$ 131.21	\$ 116.87
Total intrinsic value of RSUs/PSUs converted ^(a)	\$ 273,878	\$ 303,165	\$ 333,951
Total grant-date fair value of RSUs/PSUs vested ^(a)	\$ 198,469	\$ 235,523	\$ 275,234

(a) In thousands.

As of December 25, 2021 and December 26, 2020, there were approximately 299,000 and 287,000 outstanding awards, respectively, consisting primarily of phantom stock units that were granted under the PepsiCo Director Deferral Program and will be settled in shares of PepsiCo common stock pursuant to the LTIP at the end of the applicable deferral period, not included in the tables above.

Note 7 — Pension, Retiree Medical and Savings Plans

In connection with our Juice Transaction subsequent to December 25, 2021, we transferred pension and retiree medical obligations of approximately \$150 million and related assets to the newly formed joint venture.

In 2021, we adopted a change to the Canadian defined benefit plans to freeze pension accruals for salaried participants, effective January 1, 2024, and to close the hourly plan to new non-union employees hired on or after January 1, 2022. After the effective date, all salaried participants will receive an employer contribution to the defined contribution plan based on age and years of service regardless of employee contribution and will have the opportunity to receive employer contributions to match employee contributions up to defined limits. We also adopted a change to the U.K. defined benefit plan to freeze pension accruals for all participants effective March 31, 2022. After the effective date, participants will have the opportunity to receive employer contributions to match employee contributions up to defined limits. Pre-tax pension benefits expense will decrease after the effective dates, partially offset by contributions to defined contribution plans.

In 2021, we adopted a change to the U.S. qualified defined benefit plans to transfer certain participants from PepsiCo Employees Retirement Plan A (Plan A) to PepsiCo Employees Retirement Plan I (Plan I), effective January 1, 2022. The benefits offered to the plans' participants were unchanged. There is no material impact to pre-tax pension benefits expense from this transaction.

In 2020, lump sum distributions exceeded the total of annual service and interest cost and triggered a pre-tax settlement charge in Plan A of \$205 million (\$158 million after-tax or \$0.11 per share).

In 2020, we adopted an amendment to the U.S. defined benefit pension plans to freeze benefit accruals for salaried participants, effective December 31, 2025. Since 2011, salaried new hires are not eligible to participate in the defined benefit plan. After the effective date, all salaried participants will receive an employer contribution to the 401(k) savings plan based on age and years of service regardless of employee contribution and will have the opportunity to receive employer contributions to match employee contributions up to defined limits. As a result of this amendment, pre-tax pension benefits expense decreased \$70 million in 2021, primarily impacting corporate unallocated expenses.

In 2020, we approved an amendment to reorganize the U.S. qualified defined benefit pension plans that resulted in the transfer of certain participants from Plan A to Plan I and to a newly created plan, PepsiCo Employees Retirement Hourly Plan (Plan H), effective January 1, 2021. The benefits offered to the plans' participants were unchanged. The reorganization facilitated a more targeted investment strategy and provided additional flexibility in evaluating opportunities to reduce risk and volatility. There was no material impact to pre-tax pension benefits expense as a result of this reorganization.

In 2020, we adopted an amendment, effective January 1, 2021, to enhance the pay credit benefits of certain participants in Plan H. As a result of this amendment, pre-tax pension benefits expense increased \$45 million in 2021, primarily impacting service cost expense.

In 2019, Plan A purchased a group annuity contract whereby a third-party insurance company assumed the obligation to pay and administer future annuity payments for certain retirees. This transaction triggered a pre-tax settlement charge in 2019 of \$220 million (\$170 million after-tax or \$0.12 per share).

Also in 2019, certain former employees who had vested benefits in our U.S. defined benefit pension plans were offered the option of receiving a one-time lump sum payment equal to the present value of the participant's pension benefit. This transaction triggered a pre-tax settlement charge in 2019 of \$53 million (\$41 million after-tax or \$0.03 per share). Collectively, the group annuity contract and one-time lump sum payments to certain former employees who had vested benefits resulted in settlement charges in 2019 of \$273 million (\$211 million after-tax or \$0.15 per share).

Gains and losses resulting from actual experience differing from our assumptions, including the difference between the actual return on plan assets and the expected return on plan assets, as well as changes in our assumptions, are determined at each measurement date. These differences are recognized as a component of net gain or loss in accumulated other comprehensive loss. If this net accumulated gain or loss exceeds 10% of the greater of the market-related value of plan assets or plan obligations, a portion of the net gain or loss is included in other pension and retiree medical benefits (expense)/income for the following year based upon the average remaining service life for participants in Plan A (approximately 9 years), Plan H (approximately 11 years) and retiree medical (approximately 9 years), and the remaining life expectancy for participants in Plan I (approximately 27 years).

The cost or benefit of plan changes that increase or decrease benefits for prior employee service (prior service cost/(credit)) is included in other pension and retiree medical benefits (expense)/income on a straight-line basis over the average remaining service life for participants in both Plan A and Plan H, except that prior service cost/(credit) for salaried participants subject to the freeze is amortized on a straight-line basis over the period up to the effective date of the freeze, or the remaining life expectancy for participants in Plan I.

Selected financial information for our pension and retiree medical plans is as follows:

	Pension				Retiree Medical	
	U.S.		International		2021	2020
	2021	2020	2021	2020		
<i>Change in projected benefit obligation</i>						
Obligation at beginning of year	\$ 16,753	\$ 15,230	\$ 4,430	\$ 3,753	\$ 1,006	\$ 988
Service cost	518	434	104	86	33	25
Interest cost	324	435	74	85	15	25
Plan amendments	23	(221)	3	(17)	—	(25)
Participant contributions	—	—	3	2	—	—
Experience (gain)/loss	(215)	2,042	(178)	467	(17)	81
Benefit payments	(976)	(378)	(106)	(92)	(83)	(89)
Settlement/curtailment	(220)	(808)	(99)	(24)	—	—
Special termination benefits	9	19	—	—	—	—
Other, including foreign currency adjustment	—	—	(56)	170	—	1
Obligation at end of year	\$ 16,216	\$ 16,753	\$ 4,175	\$ 4,430	\$ 954	\$ 1,006
<i>Change in fair value of plan assets</i>						
Fair value at beginning of year	\$ 15,465	\$ 14,302	\$ 4,303	\$ 3,732	\$ 315	\$ 302
Actual return on plan assets	1,052	1,908	387	401	20	47
Employer contributions/funding	580	387	158	120	47	55
Participant contributions	—	—	3	2	—	—
Benefit payments	(976)	(378)	(106)	(92)	(83)	(89)
Settlement	(217)	(754)	(52)	(29)	—	—
Other, including foreign currency adjustment	—	—	(69)	169	—	—
Fair value at end of year	\$ 15,904	\$ 15,465	\$ 4,624	\$ 4,303	\$ 299	\$ 315
Funded status	\$ (312)	\$ (1,288)	\$ 449	\$ (127)	\$ (655)	\$ (691)
<i>Amounts recognized</i>						
Other assets	\$ 692	\$ 797	\$ 564	\$ 110	\$ —	\$ —
Other current liabilities	(48)	(53)	(1)	(1)	(57)	(51)
Other liabilities	(956)	(2,032)	(114)	(236)	(598)	(640)
Net amount recognized	\$ (312)	\$ (1,288)	\$ 449	\$ (127)	\$ (655)	\$ (691)
<i>Amounts included in accumulated other comprehensive loss (pre-tax)</i>						
Net loss/(gain)	\$ 3,550	\$ 4,116	\$ 696	\$ 1,149	\$ (220)	\$ (212)
Prior service (credit)/cost	(63)	(119)	(11)	(19)	(34)	(45)
Total	\$ 3,487	\$ 3,997	\$ 685	\$ 1,130	\$ (254)	\$ (257)
<i>Changes recognized in net (gain)/loss included in other comprehensive loss</i>						
Net (gain)/loss arising in current year	\$ (301)	\$ 1,009	\$ (355)	\$ 268	\$ (22)	\$ 50
Amortization and settlement recognition	(265)	(409)	(95)	(75)	14	23
Foreign currency translation (gain)/loss	—	—	(3)	42	—	—
Total	\$ (566)	\$ 600	\$ (453)	\$ 235	\$ (8)	\$ 73
Accumulated benefit obligation at end of year	\$ 15,489	\$ 15,949	\$ 4,021	\$ 4,108		

The net gain arising in the current year is primarily attributable to the increase in discount rate offset by actual experience differing from demographic assumptions.

The amount we report in operating profit as pension and retiree medical cost is service cost, which is the value of benefits earned by employees for working during the year.

The amounts we report below operating profit as pension and retiree medical cost consist of the following components:

- Interest cost is the accrued interest on the projected benefit obligation due to the passage of time.
- Expected return on plan assets is the long-term return we expect to earn on plan investments for our funded plans that will be used to settle future benefit obligations.
- Amortization of prior service cost/(credit) represents the recognition in the income statement of benefit changes resulting from plan amendments.
- Amortization of net loss/(gain) represents the recognition in the income statement of changes in the amount of plan assets and the projected benefit obligation based on changes in assumptions and actual experience.
- Settlement/curtailment loss/(gain) represents the result of actions that effectively eliminate all or a portion of related projected benefit obligations. Settlements are triggered when payouts to settle the projected benefit obligation of a plan due to lump sums or other events exceed the annual service and interest cost. Settlements are recognized when actions are irrevocable and we are relieved of the primary responsibility and risk for projected benefit obligations. Lump sum payouts are generally higher when interest rates are lower. Curtailments are recognized when events such as plant closures, the sale of a business, or plan changes result in a significant reduction of future service or benefits. Curtailment losses are recognized when an event is probable and estimable, while curtailment gains are recognized when an event has occurred (when the related employees terminate or an amendment is adopted).
- Special termination benefits are the additional benefits offered to employees upon departure due to actions such as restructuring.

The components of total pension and retiree medical benefit costs are as follows:

	Pension						Retiree Medical		
	U.S.			International			2021	2020	2019
	2021	2020	2019	2021	2020	2019			
Service cost	\$ 518	\$ 434	\$ 381	\$ 104	\$ 86	\$ 73	\$ 33	\$ 25	\$ 23
<i>Other pension and retiree medical benefits (income)/expense:</i>									
Interest cost	\$ 324	\$ 435	\$ 543	\$ 74	\$ 85	\$ 97	\$ 15	\$ 25	\$ 36
Expected return on plan assets	(970)	(929)	(892)	(231)	(202)	(188)	(15)	(16)	(18)
Amortization of prior service (credits)/cost	(31)	12	10	(2)	—	—	(11)	(12)	(19)
Amortization of net losses/(gains)	224	196	161	77	61	32	(14)	(23)	(27)
Settlement/curtailment losses/(gains) ^(a)	40	213	296	(11)	19	12	—	—	—
Special termination benefits	9	19	1	—	—	—	—	—	—
Total other pension and retiree medical benefits (income)/expense	\$ (404)	\$ (54)	\$ 119	\$ (93)	\$ (37)	\$ (47)	\$ (25)	\$ (26)	\$ (28)
Total	\$ 114	\$ 380	\$ 500	\$ 11	\$ 49	\$ 26	\$ 8	\$ (1)	\$ (5)

(a) In 2020, U.S. includes a settlement charge of \$205 million (\$158 million after-tax or \$0.11 per share) related to lump sum distributions exceeding the total of annual service and interest cost. In 2019, U.S. includes settlement charges related to the purchase of a group annuity contract of \$220 million (\$170 million after-tax or \$0.12 per share) and a pension lump sum settlement charge of \$53 million (\$41 million after-tax or \$0.03 per share).

The following table provides the weighted-average assumptions used to determine net periodic benefit cost and projected benefit obligation for our pension and retiree medical plans:

	Pension						Retiree Medical		
	U.S.			International			2021	2020	2019
	2021	2020	2019	2021	2020	2019			
Net Periodic Benefit Cost									
Service cost discount rate	2.6 %	3.4 %	4.4 %	2.7 %	3.2 %	4.2 %	2.3 %	3.2 %	4.3 %
Interest cost discount rate	2.0 %	2.9 %	4.1 %	1.7 %	2.4 %	3.2 %	1.6 %	2.6 %	3.8 %
Expected return on plan assets	6.4 %	6.8 %	7.1 %	5.3 %	5.6 %	5.8 %	5.4 %	5.8 %	6.6 %
Rate of salary increases	3.0 %	3.1 %	3.1 %	3.3 %	3.3 %	3.7 %			
Projected Benefit Obligation									
Discount rate	2.9 %	2.5 %	3.3 %	2.4 %	2.0 %	2.5 %	2.7 %	2.3 %	3.1 %
Rate of salary increases	3.0 %	3.0 %	3.1 %	3.3 %	3.3 %	3.3 %			

The following table provides selected information about plans with accumulated benefit obligation and total projected benefit obligation in excess of plan assets:

	Pension				Retiree Medical	
	U.S.		International		2021	2020
	2021	2020	2021	2020		
Selected information for plans with accumulated benefit obligation in excess of plan assets ^(a)						
Obligation for service to date	\$ (1,499)	\$ (5,537)	\$ (127)	\$ (172)		
Fair value of plan assets	\$ 705	\$ 4,156	\$ 102	\$ 123		
Selected information for plans with projected benefit obligation in excess of plan assets ^(a)						
Benefit obligation	\$ (1,709)	\$ (9,172)	\$ (286)	\$ (2,933)	\$ (954)	\$ (1,006)
Fair value of plan assets	\$ 705	\$ 7,088	\$ 171	\$ 2,696	\$ 299	\$ 315

(a) The decrease in U.S. pension plans with obligations in excess of plan assets primarily reflects employer contributions to Plan H.

Of the total projected pension benefit obligation as of December 25, 2021, approximately \$810 million relates to plans that we do not fund because the funding of such plans does not receive favorable tax treatment.

Future Benefit Payments

Our estimated future benefit payments are as follows:

	2022	2023	2024	2025	2026	2027 - 2031
Pension	\$ 1,110	\$ 960	\$ 960	\$ 995	\$ 1,030	\$ 5,385
Retiree medical ^(a)	\$ 95	\$ 90	\$ 90	\$ 85	\$ 80	\$ 355

(a) Expected future benefit payments for our retiree medical plans do not reflect any estimated subsidies expected to be received under the 2003 Medicare Act. Subsidies are expected to be approximately \$1 million for each of the years from 2022 through 2026 and approximately \$4 million in total for 2027 through 2031.

These future benefit payments to beneficiaries include payments from both funded and unfunded plans.

Funding

Contributions to our pension and retiree medical plans were as follows:

	Pension			Retiree Medical		
	2021	2020	2019	2021	2020	2019
Discretionary ^(a)	\$ 525	\$ 339	\$ 417	\$ —	\$ —	\$ —
Non-discretionary	213	168	255	47	55	44
Total	\$ 738	\$ 507	\$ 672	\$ 47	\$ 55	\$ 44

(a) Includes \$500 million contribution in 2021, \$325 million contribution in 2020 and \$400 million contribution in 2019 to fund our qualified defined benefit plans in the United States.

We made a discretionary contribution of \$75 million to our U.S. qualified defined benefit plans in January 2022 and expect to make an additional \$75 million contribution in the third quarter of 2022. In addition, in 2022, we expect to make non-discretionary contributions of approximately \$135 million to our U.S. and international pension benefit plans and approximately \$55 million for retiree medical benefits.

We continue to monitor the impact of the COVID-19 pandemic and related global economic conditions and uncertainty on the net unfunded status of our pension and retiree medical plans. We also regularly evaluate opportunities to reduce risk and volatility associated with our pension and retiree medical plans.

Plan Assets

Our pension plan investment strategy includes the use of actively managed accounts and is reviewed periodically in conjunction with plan obligations, an evaluation of market conditions, tolerance for risk and cash requirements for benefit payments. This strategy is also applicable to funds held for the retiree medical plans. Our investment objective includes ensuring that funds are available to meet the plans' benefit obligations when they become due. Assets contributed to our pension plans are no longer controlled by us, but become the property of our individual pension plans. However, we are indirectly impacted by changes in these plan assets as compared to changes in our projected obligations. Our overall investment policy is to prudently invest plan assets in a well-diversified portfolio of equity and high-quality debt securities and real estate to achieve our long-term return expectations. Our investment policy also permits the use of derivative instruments, such as futures and forward contracts, to reduce interest rate and foreign currency risks. Futures contracts represent commitments to purchase or sell securities at a future date and at a specified price. Forward contracts consist of currency forwards.

For 2022 and 2021, our expected long-term rate of return on U.S. plan assets is 6.3% and 6.4%, respectively. Our target investment allocations for U.S. plan assets are as follows:

	2022	2021
Fixed income	56 %	51 %
U.S. equity	22 %	24 %
International equity	18 %	21 %
Real estate	4 %	4 %

Actual investment allocations may vary from our target investment allocations due to prevailing market conditions. We regularly review our actual investment allocations and periodically rebalance our investments.

The expected return on plan assets is based on our investment strategy and our expectations for long-term rates of return by asset class, taking into account volatility and correlation among asset classes and our historical experience. We also review current levels of interest rates and inflation to assess the reasonableness of the long-term rates. We evaluate our expected return assumptions annually to ensure that they are reasonable. To calculate the expected return on plan assets, our market-related value of assets

for fixed income is the actual fair value. For all other asset categories, such as equity securities, we use a method that recognizes investment gains or losses (the difference between the expected and actual return based on the market-related value of assets) over a five-year period. This has the effect of reducing year-to-year volatility.

Plan assets measured at fair value as of year-end 2021 and 2020 are categorized consistently by Level 1 (quoted prices in active markets for identical assets), Level 2 (significant other observable inputs) and Level 3 (significant unobservable inputs) in both years and are as follows:

	Fair Value Hierarchy Level	2021	2020
<i>U.S. plan assets</i> ^(a)			
Equity securities, including preferred stock ^(b)	1	\$ 6,387	\$ 7,179
Government securities ^(c)	2	2,523	2,177
Corporate bonds ^(c)	2	6,210	5,437
Mortgage-backed securities ^(c)	2	199	119
Contracts with insurance companies ^(d)	3	9	9
Cash and cash equivalents ^(e)	1, 2	352	278
Sub-total U.S. plan assets		15,680	15,199
Real estate commingled funds measured at net asset value ^(f)		478	517
Dividends and interest receivable, net of payables		45	64
Total U.S. plan assets		<u>\$ 16,203</u>	<u>\$ 15,780</u>
<i>International plan assets</i>			
Equity securities ^(b)	1	\$ 2,232	\$ 2,119
Government securities ^(c)	2	1,053	937
Corporate bonds ^(c)	2	400	445
Fixed income commingled funds ^(g)	1	632	509
Contracts with insurance companies ^(d)	3	43	50
Cash and cash equivalents	1	34	33
Sub-total international plan assets		4,394	4,093
Real estate commingled funds measured at net asset value ^(f)		221	202
Dividends and interest receivable		9	8
Total international plan assets		<u>\$ 4,624</u>	<u>\$ 4,303</u>

- (a) Includes \$299 million and \$315 million in 2021 and 2020, respectively, of retiree medical plan assets that are restricted for purposes of providing health benefits for U.S. retirees and their beneficiaries.
- (b) Invested in U.S. and international common stock and commingled funds, and the preferred stock portfolio was invested in domestic and international corporate preferred stock investments. The common and preferred stock investments are based on quoted prices in active markets. The commingled funds are based on the published price of the fund and include one large-cap fund that represents 11% and 13% of total U.S. plan assets for 2021 and 2020, respectively.
- (c) These investments are based on quoted bid prices for comparable securities in the marketplace and broker/dealer quotes in active markets. Corporate bonds of U.S.-based companies represent 32% and 30% of total U.S. plan assets for 2021 and 2020, respectively.
- (d) Based on the fair value of the contracts as determined by the insurance companies using inputs that are not observable. The changes in Level 3 amounts were not significant in the years ended December 25, 2021 and December 26, 2020.
- (e) Includes Level 1 assets of \$216 million and \$178 million for 2021 and 2020, respectively, and Level 2 assets of \$136 million and \$100 million for 2021 and 2020, respectively.
- (f) The real estate commingled funds include investments in limited partnerships. These funds are based on the net asset value of the appraised value of investments owned by these funds as determined by independent third parties using inputs that are not observable. The majority of the funds are redeemable quarterly subject to availability of cash and have notice periods ranging from 45 to 90 days.
- (g) Based on the published price of the fund.

Retiree Medical Cost Trend Rates

	2022	2021
Average increase assumed	6 %	6 %
Ultimate projected increase	4 %	5 %
Year of ultimate projected increase	2046	2040

These assumed health care cost trend rates have an impact on the retiree medical plan expense and obligation, however the cap on our share of retiree medical costs limits the impact.

Savings Plan

Certain U.S. employees are eligible to participate in a 401(k) savings plan, which is a voluntary defined contribution plan. The plan is designed to help employees accumulate savings for retirement and we make Company matching contributions for certain employees on a portion of employee contributions based on years of service.

Certain U.S. salaried employees, who are not eligible to participate in a defined benefit pension plan, are also eligible to receive an employer contribution based on age and years of service regardless of employee contribution.

In 2021, 2020 and 2019, our total Company contributions were \$246 million, \$225 million and \$197 million, respectively.

Note 8 — Debt Obligations

The following table summarizes our debt obligations:

	2021 ^(a)	2020 ^(a)
Short-term debt obligations^(b)		
Current maturities of long-term debt	\$ 3,872	\$ 3,358
Commercial paper (0.1% and 0.2%)	400	396
Other borrowings (2.2% and 1.7%)	36	26
	<u>\$ 4,308</u>	<u>\$ 3,780</u>
Long-term debt obligations^(b)		
Notes due 2021 (2.2%)	\$ —	\$ 3,356
Notes due 2022 (2.4% and 2.5%)	3,868	3,867
Notes due 2023 (1.5% and 1.5%)	3,019	3,017
Notes due 2024 (2.1% and 2.1%)	2,986	3,067
Notes due 2025 (2.7% and 2.7%)	3,230	3,227
Notes due 2026 (3.2% and 3.2%)	2,450	2,492
Notes due 2027-2060 (2.6% and 2.8%)	24,313	24,673
Other, due 2021-2027 (1.3% and 1.3%)	32	29
	<u>39,898</u>	<u>43,728</u>
Less: current maturities of long-term debt obligations	3,872	3,358
Total	<u>\$ 36,026</u>	<u>\$ 40,370</u>

(a) Amounts are shown net of unamortized net discounts of \$233 million and \$260 million for 2021 and 2020, respectively.

(b) The interest rates presented reflect weighted-average effective interest rates at year-end. Certain of our fixed rate indebtedness have been swapped to floating rates through the use of interest rate derivative instruments. See Note 9 for further information regarding our interest rate derivative instruments.

As of December 25, 2021 and December 26, 2020, our international debt of \$38 million and \$29 million, respectively, was related to borrowings from external parties, including various lines of credit. These lines

of credit are subject to normal banking terms and conditions and are fully committed at least to the extent of our borrowings.

In 2021, we issued the following senior notes:

Interest Rate	Maturity Date	Amount^(a)
0.750 %	October 2033	€ 1,000
1.950 %	October 2031	\$ 1,250
2.625 %	October 2041	\$ 750
2.750 %	October 2051	\$ 1,000

(a) Represents gross proceeds from issuances of long-term debt excluding debt issuance costs, discounts and premiums.

The net proceeds from the issuances of the above notes will be used for general corporate purposes, including the repurchase of outstanding indebtedness and the repayment of commercial paper.

In 2021, we paid \$4.8 billion in cash in connection with the tender of certain notes redeemed in the following amounts:

Interest Rate	Maturity Date	Principal Amount Tendered
5.500 %	May 2035	\$ 8
5.500 %	May 2035	\$ 1 ^(a)
5.500 %	January 2040	\$ 26
3.500 %	March 2040	\$ 443
4.875 %	November 2040	\$ 30
4.000 %	March 2042	\$ 261
3.600 %	August 2042	\$ 210
4.250 %	October 2044	\$ 190
4.600 %	July 2045	\$ 203
4.450 %	April 2046	\$ 532
3.450 %	October 2046	\$ 622
4.000 %	May 2047	\$ 212
3.375 %	July 2049	\$ 508
3.625 %	March 2050	\$ 611
3.875 %	March 2060	\$ 240

(a) Series A.

As a result of the cash tender offers, we recorded a pre-tax charge of \$842 million (\$677 million after-tax or \$0.49 per share) to net interest expense and other, primarily representing the tender price paid over the carrying value of the tendered notes and loss on treasury rate locks used to mitigate the interest rate risk on the cash tender offers. See Note 9 to our consolidated financial statements for the mark-to-market impact of treasury rate locks associated with the cash tender offers.

In 2021, we entered into a new five-year unsecured revolving credit agreement (Five-Year Credit Agreement), which expires on May 28, 2026. The Five-Year Credit Agreement enables us and our borrowing subsidiaries to borrow up to \$3.75 billion in U.S. dollars and/or euros, including a \$0.75 billion swing line subfacility for euro-denominated borrowings permitted to be borrowed on a same-day basis, subject to customary terms and conditions. We may request that commitments under this agreement be increased up to \$4.5 billion (or the equivalent amount in euros). Additionally, we may, once a year,

request renewal of the agreement for an additional one-year period. The Five-Year Credit Agreement replaced our \$3.75 billion five year credit agreement, dated as of June 3, 2019.

Also in 2021, we entered into a new 364-day unsecured revolving credit agreement (364-Day Credit Agreement), which expires on May 27, 2022. The 364-Day Credit Agreement enables us and our borrowing subsidiaries to borrow up to \$3.75 billion in U.S. dollars and/or euros, subject to customary terms and conditions. We may request that commitments under this agreement be increased up to \$4.5 billion (or the equivalent amount in euros). We may request renewal of this facility for an additional 364-day period or convert any amounts outstanding into a term loan for a period of up to one year, which term loan would mature no later than the anniversary of the then effective termination date. The 364-Day Credit Agreement replaced our \$3.75 billion 364-day credit agreement, dated as of June 1, 2020.

Funds borrowed under the Five-Year Credit Agreement and the 364-Day Credit Agreement may be used for general corporate purposes. Subject to certain conditions, we may borrow, prepay and reborrow amounts under these agreements. As of December 25, 2021, there were no outstanding borrowings under the Five-Year Credit Agreement or the 364-Day Credit Agreement.

In 2020, one of our international consolidated subsidiaries borrowed 21.7 billion South African rand, or approximately \$1.3 billion, from our two unsecured bridge loan facilities (Bridge Loan Facilities) to fund our acquisition of Pioneer Foods. These borrowings were fully repaid in April 2020 and no further borrowings under these Bridge Loan Facilities are permitted.

In 2021, we paid \$750 million to redeem all \$750 million outstanding principal amount of our 1.70% senior notes due 2021 and terminated the associated interest rate swap with a notional amount of \$250 million.

In 2020, we paid \$1.1 billion to redeem all \$1.1 billion outstanding principal amount of our 2.15% senior notes due 2020 and terminated associated interest rate swaps with a notional amount of \$0.8 billion.

In 2019, we paid \$1.0 billion to redeem all \$1.0 billion outstanding principal amount of our 4.50% senior notes due 2020.

Note 9 — Financial Instruments

Derivatives and Hedging

We are exposed to market risks arising from adverse changes in:

- commodity prices, affecting the cost of our raw materials and energy;
- foreign exchange rates and currency restrictions; and
- interest rates.

In the normal course of business, we manage commodity price, foreign exchange and interest rate risks through a variety of strategies, including productivity initiatives, global purchasing programs and hedging. Ongoing productivity initiatives involve the identification and effective implementation of meaningful cost-saving opportunities or efficiencies, including the use of derivatives. We do not use derivative instruments for trading or speculative purposes. Our global purchasing programs include fixed-price contracts and purchase orders and pricing agreements.

Our hedging strategies include the use of derivatives and, in the case of our net investment hedges, debt instruments. Certain derivatives are designated as either cash flow or fair value hedges and qualify for hedge accounting treatment, while others do not qualify and are marked to market through earnings. The accounting for qualifying hedges allows changes in a hedging instrument's fair value to offset corresponding changes in the hedged item in the same reporting period that the hedged item impacts earnings. Gains or losses on derivatives designated as cash flow hedges are recorded in accumulated other

comprehensive loss and reclassified to our income statement when the hedged transaction affects earnings. If it becomes probable that the hedged transaction will not occur, we immediately recognize the related hedging gains or losses in earnings; such gains or losses reclassified during the year ended December 25, 2021 were not material.

Cash flows from derivatives used to manage commodity price, foreign exchange or interest rate risks are classified as operating activities in the cash flow statement. We classify both the earnings and cash flow impact from these derivatives consistent with the underlying hedged item.

Credit Risk

We perform assessments of our counterparty credit risk regularly, including reviewing netting agreements, if any, and a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent assessment of our counterparty credit risk, we consider this risk to be low. In addition, we enter into derivative contracts with a variety of financial institutions that we believe are creditworthy in order to reduce our concentration of credit risk.

Certain of our agreements with our counterparties require us to post full collateral on derivative instruments in a net liability position if our credit rating is at A2 (Moody's Investors Service, Inc.) or A (S&P Global Ratings) and we have been placed on credit watch for possible downgrade or if our credit rating falls below either of these levels. The fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position as of December 25, 2021 was \$247 million. We have posted no collateral under these contracts and no credit-risk-related contingent features were triggered as of December 25, 2021.

Commodity Prices

We are subject to commodity price risk because our ability to recover increased costs through higher pricing may be limited in the competitive environment in which we operate. This risk is managed through the use of fixed-price contracts and purchase orders, pricing agreements and derivative instruments, which primarily include swaps and futures. In addition, risk to our supply of certain raw materials is mitigated through purchases from multiple geographies and suppliers. We use derivatives, with terms of no more than three years, to hedge price fluctuations related to a portion of our anticipated commodity purchases, primarily for agricultural products, energy and metals. Derivatives used to hedge commodity price risk that do not qualify for hedge accounting treatment are marked to market each period with the resulting gains and losses recorded in corporate unallocated expenses as either cost of sales or selling, general and administrative expenses, depending on the underlying commodity. These gains and losses are subsequently reflected in division results when the divisions recognize the cost of the underlying commodity in operating profit.

Our commodity derivatives had a total notional value of \$1.6 billion as of December 25, 2021 and \$1.1 billion as of December 26, 2020.

Foreign Exchange

We are exposed to foreign exchange risks in the international markets in which our products are made, manufactured, distributed or sold. Additionally, we are exposed to foreign exchange risk from net investments in foreign subsidiaries, foreign currency purchases and foreign currency assets and liabilities created in the normal course of business. We manage this risk through sourcing purchases from local suppliers, negotiating contracts in local currencies with foreign suppliers and through the use of derivatives, primarily forward contracts with terms of no more than two years. Exchange rate gains or losses related to foreign currency transactions are recognized as transaction gains or losses on our income statement as incurred. We also use net investment hedges to partially offset the effects of foreign currency on our investments in certain of our foreign subsidiaries.

Our foreign currency derivatives had a total notional value of \$2.8 billion as of December 25, 2021 and \$1.9 billion as of December 26, 2020. The total notional amount of our debt instruments designated as net investment hedges was \$2.1 billion as of December 25, 2021 and \$2.7 billion as of December 26, 2020. For foreign currency derivatives that do not qualify for hedge accounting treatment, gains and losses were offset by changes in the underlying hedged items, resulting in no material net impact on earnings.

Interest Rates

We centrally manage our debt and investment portfolios considering investment opportunities and risks, tax consequences and overall financing strategies. We use various interest rate derivative instruments including, but not limited to, interest rate swaps, cross-currency interest rate swaps, Treasury locks and swap locks to manage our overall interest expense and foreign exchange risk. These instruments effectively change the interest rate and currency of specific debt issuances. Certain of our fixed rate indebtedness have been swapped to floating rates. The notional amount, interest payment and maturity date of the interest rate and cross-currency interest rate swaps match the principal, interest payment and maturity date of the related debt. Our cross-currency interest rate swaps have terms of no more than twelve years. Our Treasury locks and swap locks are entered into to protect against unfavorable interest rate changes relating to forecasted debt transactions.

Our interest rate derivatives had a total notional value of \$2.1 billion as of December 25, 2021 and \$3.0 billion as of December 26, 2020.

As of December 25, 2021, approximately 2% of total debt was subject to variable rates, compared to approximately 3%, after the impact of the related interest rate derivative instruments, as of December 26, 2020.

Held-to-Maturity Debt Securities

Investments in debt securities that we have the positive intent and ability to hold until maturity are classified as held-to-maturity. Highly liquid debt securities with original maturities of three months or less are recorded as cash equivalents. Our held-to-maturity debt securities consist of U.S. Treasury securities and commercial paper. As of December 25, 2021, we had no investments in U.S. Treasury securities. As of December 26, 2020, we had \$2.1 billion of investments in U.S. Treasury securities with \$2.0 billion recorded in cash and cash equivalents and \$0.1 billion in short-term investments. As of December 25, 2021, we had \$130 million of investments in commercial paper recorded in cash and cash equivalents. As of December 26, 2020, we had \$260 million of investments in commercial paper with \$75 million recorded in cash and cash equivalents and \$185 million in short-term investments. Held-to-maturity debt securities are recorded at amortized cost, which approximates fair value, and realized gains or losses are reported in earnings. Our investments mature in less than one year. As of December 25, 2021 and December 26, 2020, gross unrecognized gains and losses and the allowance for expected credit losses were not material.

Fair Value Measurements

The fair values of our financial assets and liabilities as of December 25, 2021 and December 26, 2020 are categorized as follows:

	Fair Value Hierarchy Levels ^(a)	2021		2020	
		Assets ^(a)	Liabilities ^(a)	Assets ^(a)	Liabilities ^(a)
Index funds ^(b)	1	\$ 337	\$ —	\$ 231	\$ —
Prepaid forward contracts ^(c)	2	\$ 21	\$ —	\$ 18	\$ —
Deferred compensation ^(d)	2	\$ —	\$ 505	\$ —	\$ 477
Contingent consideration ^(e)	3	\$ —	\$ —	\$ —	\$ 861
Derivatives designated as fair value hedging instruments:					
Interest rate ^(f)	2	\$ —	\$ —	\$ 2	\$ —
Derivatives designated as cash flow hedging instruments:					
Foreign exchange ^(g)	2	\$ 29	\$ 14	\$ 9	\$ 71
Interest rate ^(g)	2	14	264	13	307
Commodity ^(h)	2	70	5	32	—
		<u>\$ 113</u>	<u>\$ 283</u>	<u>\$ 54</u>	<u>\$ 378</u>
Derivatives not designated as hedging instruments:					
Foreign exchange ^(g)	2	\$ 19	\$ 7	\$ 4	\$ 8
Commodity ^(h)	2	35	22	19	7
		<u>\$ 54</u>	<u>\$ 29</u>	<u>\$ 23</u>	<u>\$ 15</u>
Total derivatives at fair value ⁽ⁱ⁾		<u>\$ 167</u>	<u>\$ 312</u>	<u>\$ 79</u>	<u>\$ 393</u>
Total		<u>\$ 525</u>	<u>\$ 817</u>	<u>\$ 328</u>	<u>\$ 1,731</u>

- (a) Fair value hierarchy levels are defined in Note 7. Unless otherwise noted, financial assets are classified on our balance sheet within prepaid expenses and other current assets and other assets. Financial liabilities are classified on our balance sheet within accounts payable and other current liabilities and other liabilities.
- (b) Based on the price of index funds. These investments are classified as short-term investments and are used to manage a portion of market risk arising from our deferred compensation liability.
- (c) Based primarily on the price of our common stock.
- (d) Based on the fair value of investments corresponding to employees' investment elections.
- (e) In connection with our acquisition of Rockstar, we recorded a liability for tax-related contingent consideration payable over up to 15 years, with an option to accelerate all remaining payments, with estimated maximum payments of approximately \$1.1 billion, using current tax rates. The fair value of the liability is estimated using probability-weighted, discounted future cash flows at current tax rates. In the fourth quarter of 2021, we exercised our option to accelerate all remaining payments. The change in the contingent consideration in 2021 is comprised of the fourth quarter payment of \$773 million, a recognized pre-tax gain of \$86 million (\$66 million after-tax or \$0.05 per share), recorded in selling, general and administrative expenses, and a fair value decrease of \$2 million, recorded in goodwill as a result of the finalization of purchase price allocation.
- (f) Based on London Interbank Offered Rate forward rates. As of December 25, 2021, we had no hedged fixed-rate debt. As of December 26, 2020, the carrying amount of hedged fixed-rate debt was \$0.2 billion and classified on our balance sheet within short-term debt obligations. As of December 25, 2021, there were no fair value hedging adjustments to hedged fixed-rate debt. As of December 26, 2020, the cumulative amount of fair value hedging adjustments to hedged fixed-rate debt was a \$2 million gain. As of December 25, 2021, the cumulative amount of fair value hedging adjustments on discontinued hedges was a \$2 million net loss, which is being amortized over the remaining life of the related debt obligations.
- (g) Based on recently reported market transactions of spot and forward rates.
- (h) Primarily based on recently reported market transactions of swap arrangements.
- (i) Derivative assets and liabilities are presented on a gross basis on our balance sheet. Amounts subject to enforceable master netting arrangements or similar agreements which are not offset on the balance sheet as of December 25, 2021 and December 26, 2020 were not material. Collateral received or posted against our asset or liability positions was not material. Exchange-traded commodity futures are cash-settled on a daily basis and, therefore, not included in the table as of December 25, 2021.

The carrying amounts of our cash and cash equivalents and short-term investments recorded at amortized cost approximate fair value (classified as Level 2 in the fair value hierarchy) due to their short-term maturity. The fair value of our debt obligations as of December 25, 2021 and December 26, 2020 was \$43 billion and \$50 billion, respectively, based upon prices of similar instruments in the marketplace, which are considered Level 2 inputs.

Losses/(gains) on our hedging instruments are categorized as follows:

	Fair Value/Non-designated Hedges		Cash Flow and Net Investment Hedges			
	Losses/(Gains) Recognized in Income Statement ^(a)		Losses/(Gains) Recognized in Accumulated Other Comprehensive Loss		Losses/(Gains) Reclassified from Accumulated Other Comprehensive Loss into Income Statement ^(b)	
	2021	2020	2021	2020	2021	2020
Foreign exchange	\$ (4)	\$ —	\$ (7)	\$ (9)	\$ 82	\$ (43)
Interest	56	(6)	44	(96)	64	(129)
Commodity	(218)	53	(285)	(21)	(194)	56
Net investment	—	—	(192)	235	—	—
Total	\$ (166)	\$ 47	\$ (440)	\$ 109	\$ (48)	\$ (116)

(a) Foreign exchange derivative losses/gains are primarily included in selling, general and administrative expenses. Interest rate derivative losses/gains are primarily from treasury rate locks, with a total notional value of \$3.2 billion, to mitigate the interest rate risk on the cash tender offers and are included in net interest expense and other. See Note 8 to our consolidated financial statements for further information. Commodity derivative losses/gains are included in either cost of sales or selling, general and administrative expenses, depending on the underlying commodity.

(b) Foreign exchange derivative losses/gains are primarily included in cost of sales. Interest rate derivative losses/gains on cross-currency interest rate swaps are included in selling, general and administrative expenses. Commodity derivative losses/gains are included in either cost of sales or selling, general and administrative expenses, depending on the underlying commodity.

Based on current market conditions, we expect to reclassify net gains of \$176 million related to our cash flow hedges from accumulated other comprehensive loss into net income during the next 12 months.

Note 10 — Net Income Attributable to PepsiCo per Common Share

The computations of basic and diluted net income attributable to PepsiCo per common share are as follows:

	2021		2020		2019	
	Income	Shares ^(a)	Income	Shares ^(a)	Income	Shares ^(a)
Basic net income attributable to PepsiCo per common share	<u>\$ 5.51</u>		<u>\$ 5.14</u>		<u>\$ 5.23</u>	
Net income available for PepsiCo common shareholders	\$ 7,618	1,382	\$ 7,120	1,385	\$ 7,314	1,399
Dilutive securities:						
Stock options, RSUs, PSUs and other ^(b)	—	7	—	7	—	8
Diluted	<u>\$ 7,618</u>	<u>1,389</u>	<u>\$ 7,120</u>	<u>1,392</u>	<u>\$ 7,314</u>	<u>1,407</u>
Diluted net income attributable to PepsiCo per common share	<u>\$ 5.49</u>		<u>\$ 5.12</u>		<u>\$ 5.20</u>	

(a) Weighted-average common shares outstanding (in millions).

(b) The dilutive effect of these securities is calculated using the treasury stock method.

The weighted-average amount of antidilutive securities excluded from the calculation of diluted earnings per common share was immaterial for the years ended December 25, 2021, December 26, 2020 and December 28, 2019.

Note 11 — Accumulated Other Comprehensive Loss Attributable to PepsiCo

The changes in the balances of each component of accumulated other comprehensive loss attributable to PepsiCo are as follows:

	Currency Translation Adjustment	Cash Flow Hedges	Pension and Retiree Medical	Other ^(a)	Accumulated Other Comprehensive Loss Attributable to PepsiCo
Balance as of December 29, 2018 ^(b)	\$ (11,918)	\$ 87	\$ (3,271)	\$ (17)	\$ (15,119)
Other comprehensive income/(loss) before reclassifications ^(c)	636	(131)	(89)	(2)	414
Amounts reclassified from accumulated other comprehensive loss	—	14	468	—	482
Net other comprehensive income/(loss)	636	(117)	379	(2)	896
Tax amounts	(8)	27	(96)	—	(77)
Balance as of December 28, 2019 ^(b)	(11,290)	(3)	(2,988)	(19)	(14,300)
Other comprehensive (loss)/income before reclassifications ^(d)	(710)	126	(1,141)	(1)	(1,726)
Amounts reclassified from accumulated other comprehensive loss	—	(116)	465	—	349
Net other comprehensive (loss)/income	(710)	10	(676)	(1)	(1,377)
Tax amounts	60	(3)	144	—	201
Balance as of December 26, 2020 ^(b)	(11,940)	4	(3,520)	(20)	(15,476)
Other comprehensive (loss)/income before reclassifications ^(e)	(340)	248	702	22	632
Amounts reclassified from accumulated other comprehensive loss	18	(48)	299	—	269
Net other comprehensive (loss)/income	(322)	200	1,001	22	901
Tax amounts	(47)	(45)	(231)	—	(323)
Balance as of December 25, 2021 ^(b)	<u>\$ (12,309)</u>	<u>\$ 159</u>	<u>\$ (2,750)</u>	<u>\$ 2</u>	<u>\$ (14,898)</u>

- (a) The change in 2021 primarily comprises fair value increases in available-for-sale securities.
- (b) Pension and retiree medical amounts are net of taxes of \$1,466 million as of December 29, 2018, \$1,370 million as of December 28, 2019, \$1,514 million as of December 26, 2020 and \$1,283 million as of December 25, 2021.
- (c) Currency translation adjustment primarily reflects the appreciation of the Russian ruble, Canadian dollar, Mexican peso and Pound sterling.
- (d) Currency translation adjustment primarily reflects the depreciation of the Russian ruble and Mexican peso.
- (e) Currency translation adjustment primarily reflects the depreciation of the Turkish lira, Swiss franc and Mexican peso.

The following table summarizes the reclassifications from accumulated other comprehensive loss to the income statement:

	Amount Reclassified from Accumulated Other Comprehensive Loss			Affected Line Item in the Income Statement
	2021	2020	2019	
Currency translation:				
Divestitures	\$ 18	\$ —	\$ —	Selling, general and administrative expenses
Cash flow hedges:				
Foreign exchange contracts	\$ 6	\$ —	\$ 1	Net revenue
Foreign exchange contracts	76	(43)	2	Cost of sales
Interest rate derivatives	64	(129)	7	Selling, general and administrative expenses
Commodity contracts	(190)	50	3	Cost of sales
Commodity contracts	(4)	6	1	Selling, general and administrative expenses
Net (gains)/losses before tax	(48)	(116)	14	
Tax amounts	11	29	(2)	
Net (gains)/losses after tax	\$ (37)	\$ (87)	\$ 12	
Pension and retiree medical items:				
Amortization of net prior service credit	\$ (44)	\$ —	\$ (9)	Other pension and retiree medical benefits income/(expense)
Amortization of net losses	289	238	169	Other pension and retiree medical benefits income/(expense)
Settlement/curtailment losses	54	227	308	Other pension and retiree medical benefits income/(expense)
Net losses before tax	299	465	468	
Tax amounts	(65)	(101)	(102)	
Net losses after tax	\$ 234	\$ 364	\$ 366	
Total net losses reclassified for the year, net of tax	\$ 215	\$ 277	\$ 378	

Note 12 — Leases

Lessee

We determine whether an arrangement is a lease at inception. We have operating leases for plants, warehouses, distribution centers, storage facilities, offices and other facilities, as well as machinery and equipment, including fleet. Our leases generally have remaining lease terms of up to 20 years, some of which include options to extend the lease term for up to five years and some of which include options to terminate the lease within one year. We consider these options in determining the lease term used to establish our right-of-use assets and lease liabilities. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

We have lease agreements that contain both lease and non-lease components. For real estate leases, we account for lease components together with non-lease components (e.g., common-area maintenance).

Components of lease cost are as follows:

	2021	2020	2019
Operating lease cost ^(a)	\$ 563	\$ 539	\$ 474
Variable lease cost ^(b)	\$ 112	\$ 111	\$ 101
Short-term lease cost ^(c)	\$ 469	\$ 436	\$ 379

(a) Includes right-of-use asset amortization of \$505 million, \$478 million, and \$412 million in 2021, 2020, and 2019, respectively.

(b) Primarily related to adjustments for inflation, common-area maintenance and property tax.

(c) Not recorded on our balance sheet.

In 2021, 2020 and 2019, we recognized gains of \$42 million, \$7 million and \$77 million, respectively, on sale-leaseback transactions with terms under five years.

Supplemental cash flow information and non-cash activity related to our operating leases are as follows:

	2021	2020	2019
Operating cash flow information:			
Cash paid for amounts included in the measurement of lease liabilities	\$ 567	\$ 555	\$ 478
Non-cash activity:			
Right-of-use assets obtained in exchange for lease obligations	\$ 934	\$ 621	\$ 479

Supplemental balance sheet information related to our operating leases is as follows:

Balance Sheet Classification		2021	2020
Right-of-use assets	Other assets	\$ 2,020	\$ 1,670
Current lease liabilities	Accounts payable and other current liabilities	\$ 446	\$ 460
Non-current lease liabilities	Other liabilities	\$ 1,598	\$ 1,233

Weighted-average remaining lease term and discount rate for our operating leases are as follows:

	2021	2020	2019
Weighted-average remaining lease term	7 years	6 years	6 years
Weighted-average discount rate	3 %	4 %	4 %

Maturities of lease liabilities by year for our operating leases are as follows:

2022	\$ 511
2023	402
2024	314
2025	245
2026	202
2027 and beyond	677
Total lease payments	2,351
Less: Imputed interest	307
Present value of lease liabilities	\$ 2,044

Lessor

We have various arrangements for certain foodservice and vending equipment under which we are the lessor. These leases meet the criteria for operating lease classification. Lease income associated with these leases is not material.

Note 13 — Acquisitions and Divestitures

2020 Acquisitions

On March 23, 2020, we acquired all of the outstanding shares of Pioneer Foods, a food and beverage company in South Africa with exports to countries across the globe, for 110.00 South African rand per share in cash. The total consideration transferred was approximately \$1.2 billion and was funded by two unsecured bridge loan facilities entered into by one of our international consolidated subsidiaries, which were fully repaid in April 2020.

In connection with our acquisition of Pioneer Foods, we have made certain commitments to the South Africa Competition Commission, including a commitment to provide the equivalent of 8.8 billion South African rand, or approximately \$0.5 billion as of the acquisition date, in value for the benefit of our employees, agricultural development, education, developing Pioneer Foods' operations and enterprise development programs in South Africa. Included in this commitment is 2.3 billion South African rand, or approximately \$0.1 billion, relating to the implementation of an employee ownership plan and an agricultural, entrepreneurship and educational development fund, which is an irrevocable condition of the acquisition. This commitment was recorded in selling, general and administrative expenses primarily in the year ended December 26, 2020 and was primarily settled in the fourth quarter of 2021. The remaining commitment of 6.5 billion South African rand, or approximately \$0.4 billion as of the acquisition date, relates to capital expenditures and/or business-related costs which will be incurred and recorded over a five-year period from the acquisition date.

On April 24, 2020, we acquired Rockstar, an energy drink maker with whom we had a distribution agreement prior to the acquisition, for an upfront cash payment of approximately \$3.85 billion and contingent consideration related to estimated future tax benefits associated with the acquisition of approximately \$0.88 billion. In the fourth quarter of 2021, we exercised our option to accelerate all remaining payments due under the contingent consideration arrangement. See Note 9 for further information about the contingent consideration.

On June 1, 2020, we acquired all of the outstanding shares of Be & Cheery, one of the largest online convenient food companies in China, from Haoxiangni Health Food Co., Ltd. for cash. The total consideration transferred was approximately \$0.7 billion.

We accounted for the 2020 transactions as business combinations. We recognized and measured the identifiable assets acquired and liabilities assumed at their estimated fair values on the respective dates of acquisition. The purchase price allocations for each of the 2020 acquisitions were finalized in the second quarter of 2021. The fair value of identifiable assets acquired and liabilities assumed in the acquisitions of Pioneer Foods, Rockstar and Be & Cheery and the resulting goodwill as of the respective acquisition dates is summarized as follows:

	Pioneer Foods	Rockstar	Be & Cheery
Acquisition date	March 23, 2020	April 24, 2020	June 1, 2020
Inventories	\$ 229	\$ 52	\$ 45
Property, plant and equipment	379	8	60
Amortizable intangible assets	52	—	98
Nonamortizable intangible assets	183	2,400	309
Other assets and liabilities	(53)	(9)	(24)
Net deferred income taxes	(117)	—	(99)
Noncontrolling interest	(5)	—	—
Total identifiable net assets	668	2,451	389
Goodwill	558	2,278	309
Total purchase price	\$ 1,226	\$ 4,729	\$ 698

Goodwill is calculated as the excess of the aggregate of the fair value of the consideration transferred over the fair value of the net assets recognized.

The goodwill recorded as part of the acquisition of Pioneer Foods primarily reflects synergies expected to arise from our combined brand portfolios and distribution networks, and is not deductible for tax purposes. All of the goodwill is recorded in the AMESA segment.

The goodwill recorded as part of the acquisition of Rockstar primarily represents the value of PepsiCo's expected new innovation in the energy category and is deductible for tax purposes. All of the goodwill is recorded in the PBNA segment.

The goodwill recorded as part of the acquisition of Be & Cheery primarily reflects growth opportunities for PepsiCo as we leverage Be & Cheery's direct-to-consumer and supply chain capabilities and is not deductible for tax purposes. All of the goodwill is recorded in the APAC segment.

Juice Transaction

In the first quarter of 2022, we sold our Tropicana, Naked and other select juice brands to PAI Partners for approximately \$3.5 billion in cash and a 39% noncontrolling interest in a newly formed joint venture that will operate across North America and Europe. The North America portion of the transaction was completed on January 24, 2022 and the Europe portion of the transaction was completed on February 1, 2022. In the U.S., PepsiCo acts as the exclusive distributor for the new joint venture's portfolio of brands for small-format and foodservice customers with chilled direct-store-delivery. In connection with the sale, we entered into a transition services agreement with PAI Partners, under which we will provide certain services to the joint venture to help facilitate an orderly transition of the business following the sale. In return for these services, the new joint venture is required to pay certain agreed upon fees to reimburse us for our actual costs without markup. Subsequent to the transaction close date, the purchase price will be adjusted for net working capital and net debt amounts as of the transaction close date compared to targeted amounts set forth in the purchase agreement. We expect to record a pre-tax gain of approximately \$3 billion in our PBNA and Europe segments in the first quarter of 2022 as a result of this transaction.

We have reclassified \$1.8 billion of assets, primarily accounts receivable, net, and inventories of \$0.5 billion, goodwill and other intangible assets of \$0.6 billion and property, plant and equipment of

\$0.5 billion, and liabilities of \$0.8 billion, primarily accounts payable and other liabilities of \$0.6 billion and deferred income taxes of \$0.2 billion, related to the Juice Transaction as held for sale in our consolidated balance sheet as of December 25, 2021.

The Juice Transaction does not meet the criteria to be classified as discontinued operations.

Acquisition and Divestiture-Related Charges

A summary of our acquisition and divestiture-related charges is as follows:

	2021	2020	2019
Cost of sales	\$ 1	\$ 32	\$ 34
Selling, general and administrative expenses ^(a)	(5)	223	21
Total	\$ (4)	\$ 255	\$ 55
After-tax amount ^(b)	\$ (27)	\$ 237	\$ 47
Impact on net income attributable to PepsiCo per common share	\$ 0.02	\$ (0.17)	\$ (0.03)

(a) The income amount primarily relates to the acceleration payment made in the fourth quarter of 2021 under the contingent consideration arrangement associated with our acquisition of Rockstar, which is partially offset by other acquisition and divestiture-related charges.

(b) In 2021, includes a tax benefit related to contributions to socioeconomic programs in South Africa.

Acquisition and divestiture-related charges primarily include fair value adjustments to the acquired inventory included in the acquisition-date balance sheets (recorded in cost of sales), merger and integration charges and costs associated with divestitures (recorded in selling, general and administrative expenses). Merger and integration charges include liabilities to support socioeconomic programs in South Africa, closing costs, employee-related costs, gains associated with contingent consideration, contract termination costs and other integration costs.

Acquisition and divestiture-related charges by division are as follows:

	2021	2020	2019	Transaction
FLNA	\$ 2	\$ 29	\$ —	BFY Brands
PBNA	11	66	—	Juice Transaction, Rockstar
Europe	8	—	46	Juice Transaction, SodaStream International Ltd.
AMESA	10	173	7	Pioneer Foods
APAC	4	7	—	Be & Cheery
Corporate ^(a)	(39)	(20)	2	Rockstar, Juice Transaction
Total	\$ (4)	\$ 255	\$ 55	

(a) In 2021, the income amount primarily relates to the acceleration payment made in the fourth quarter of 2021 under the contingent consideration arrangement associated with our acquisition of Rockstar, which is partially offset by divestiture-related charges associated with the Juice Transaction. In 2020, the income amount primarily relates to the change in the fair value of the Rockstar contingent consideration.

Note 14 — Supplemental Financial Information

Balance Sheet

	2021	2020	2019
Accounts and notes receivable			
Trade receivables	\$ 7,172	\$ 6,892	
Other receivables	1,655	1,713	
Total	<u>8,827</u>	<u>8,605</u>	
Allowance, beginning of year	201	105	\$ 101
Cumulative effect of accounting change	—	44	—
Net amounts charged to expense ^(a)	(19)	79	22
Deductions ^(b)	(25)	(32)	(30)
Other ^(c)	(10)	5	12
Allowance, end of year	<u>147</u>	<u>201</u>	<u>\$ 105</u>
Net receivables	<u>\$ 8,680</u>	<u>\$ 8,404</u>	
Inventories ^(d)			
Raw materials and packaging	\$ 1,898	\$ 1,720	
Work-in-process	151	205	
Finished goods	2,298	2,247	
Total	<u>\$ 4,347</u>	<u>\$ 4,172</u>	
Property, plant and equipment, net ^(e)			
	Average Useful Life (Years)		
Land		\$ 1,123	\$ 1,171
Buildings and improvements	15 - 44	10,279	10,214
Machinery and equipment, including fleet and software	5 - 15	31,486	31,276
Construction in progress		3,940	3,679
		<u>46,828</u>	<u>46,340</u>
Accumulated depreciation		(24,421)	(24,971)
Total		<u>\$ 22,407</u>	<u>\$ 21,369</u>
Depreciation expense		<u>\$ 2,484</u>	<u>\$ 2,335</u>
			<u>\$ 2,257</u>
Other assets			
Noncurrent notes and accounts receivable		\$ 111	\$ 109
Deferred marketplace spending		119	130
Pension plans ^(f)		1,260	910
Right-of-use assets ^(g)		2,020	1,670
Other		694	493
Total		<u>\$ 4,204</u>	<u>\$ 3,312</u>
Accounts payable and other current liabilities			
Accounts payable ^(h)		\$ 9,834	\$ 8,853
Accrued marketplace spending		3,087	2,935
Accrued compensation and benefits		2,324	2,059
Dividends payable		1,508	1,430
Current lease liabilities ^(g)		446	460
Other current liabilities		3,960	3,855
Total		<u>\$ 21,159</u>	<u>\$ 19,592</u>

- (a) 2021 includes reductions in the previously recorded reserves of \$32 million, while 2020 includes an allowance for expected credit losses of \$56 million, related to the COVID-19 pandemic. See Note 1 for further information.
- (b) Includes accounts written off.
- (c) Includes adjustments related primarily to currency translation and other adjustments.

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- (d) Approximately 7% and 6% of the inventory cost in 2021 and 2020, respectively, were computed using the LIFO method. The differences between LIFO and FIFO methods of valuing these inventories were not material. See Note 2 for further information.
- (e) See Note 2 for further information.
- (f) See Note 7 for further information.
- (g) See Note 12 for further information.
- (h) Increase reflects higher production payables due to strong business performance across a number of our divisions as well as higher commodity prices, partially offset by liabilities reclassified as held for sale in connection with our Juice Transaction.

Statement of Cash Flows

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interest paid ^(a)	\$ 1,184	\$ 1,156	\$ 1,076
Income taxes paid, net of refunds ^(b)	\$ 1,933	\$ 1,770	\$ 2,226

(a) In 2021, excludes the charge related to cash tender offers. See Note 8 for further information.

(b) In 2021, 2020 and 2019, includes tax payments of \$309 million, \$78 million and \$423 million, respectively, related to the TCJ Act.

The following table provides a reconciliation of cash and cash equivalents and restricted cash as reported within the balance sheet to the same items as reported in the cash flow statement.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,596	\$ 8,185
Restricted cash included in other assets ^(a)	111	69
Total cash and cash equivalents and restricted cash	<u>\$ 5,707</u>	<u>\$ 8,254</u>

(a) Primarily relates to collateral posted against certain of our derivative positions.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
PepsiCo, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying Consolidated Balance Sheet of PepsiCo, Inc. and Subsidiaries (the Company) as of December 25, 2021 and December 26, 2020, the related Consolidated Statements of Income, Comprehensive Income, Cash Flows, and Equity for each of the fiscal years in the three-year period ended December 25, 2021, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 25, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 25, 2021 and December 26, 2020, and the results of its operations and its cash flows for each of the fiscal years in the three-year period ended December 25, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 25, 2021 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Sales incentive accruals

As discussed in Note 2 to the consolidated financial statements, the Company offers sales incentives and discounts through various programs to customers and consumers. A number of the sales incentives are based on annual targets, resulting in the need to accrue for the expected liability. These incentives are accrued for in the "Accounts payable and other current liabilities" line on the balance sheet. These accruals are based on sales incentive agreements, expectations regarding customer and consumer participation and performance levels, and historical experience and trends.

We identified the evaluation of certain of the Company's sales incentive accruals as a critical audit matter. Subjective and complex auditor judgment is required in evaluating these sales incentive accruals as a result of the timing difference between when the product is delivered and when the incentive is settled. This specifically related to (1) forecasted customer and consumer participation and performance level assumptions underlying the accrual, and (2) the impact of historical experience and trends.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the sales incentive process, including controls related to (1) the accrual methodology, (2) assumptions around forecasted customer and consumer participation, (3) performance levels, and (4) monitoring of actual sales incentives incurred compared to estimated sales incentives in respect of historical periods. To evaluate the timing and amount of certain accrued sales incentives we (1) analyzed the accrual by sales incentive type as compared to historical trends to identify specific sales incentives that may require additional testing, (2) recalculated expenses and closing accruals on a sample basis,

based on volumes sold and terms of the sales incentives, (3) assessed the Company's ability to accurately estimate its sales incentive accrual by comparing previously established accruals to actual settlements, and (4) tested a sample of settlements or claims that occurred after period end, and compared them to the recorded sales incentive accrual.

Carrying value of certain reacquired and acquired franchise rights and certain juice and dairy brands

As discussed in Notes 2 and 4 to the consolidated financial statements, the Company performs impairment testing of its indefinite-lived intangible assets on an annual basis during the third quarter of each fiscal year and whenever events and changes in circumstances indicate that there is a greater than 50% likelihood that the asset is impaired. The carrying value of indefinite-lived intangible assets as of December 25, 2021 was \$35.5 billion which represents 38% of total assets, and includes PepsiCo Beverages North America's (PBNA) reacquired and acquired franchise rights which had a carrying value of \$8.6 billion as of December 25, 2021.

We identified the assessment of the carrying value of PBNA's reacquired and acquired franchise rights and certain of Europe's juice and dairy brands in Russia as a critical audit matter. Significant auditor judgment is necessary to assess the impact of competitive operating and macroeconomic factors on future levels of sales, operating profit and cash flows. The impairment analysis of these indefinite-lived intangible assets requires significant auditor judgment to evaluate the Company's forecasted revenue and profitability levels, including the expected long-term growth rates and the selection of the discount rates to be applied to the projected cash flows.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the indefinite-lived assets impairment process, including controls related to the development of forecasted revenue, profitability levels, and expected long-term growth rates and select the discount rates to be applied to the projected cash flows. We also evaluated the sensitivity of the Company's conclusion to changes in assumptions, including the assessment of changes in assumptions from prior periods. To assess the Company's ability to accurately forecast, we compared the Company's historical forecasted results to actual results. We compared the cash flow projections used in the impairment tests with available external industry data and other internal information. We involved valuation professionals with specialized skills and knowledge who assisted in evaluating (1) the long-term growth rates used in the impairment tests by comparing against economic data and information specific to the respective assets, including projected long-term nominal Gross Domestic Product growth in the respective local countries, and (2) the discount rates used in the impairment tests by comparing them against discount rates that were independently developed using publicly available market data, including that of comparable companies.

Unrecognized tax benefits

As discussed in Note 5 to the consolidated financial statements, the Company's global operating model gives rise to income tax obligations in the United States and in certain foreign jurisdictions in which it operates. As of December 25, 2021, the Company recorded reserves for unrecognized tax benefits of \$1.9 billion. The Company establishes reserves if it believes that certain positions taken in its tax returns are subject to challenge and the Company likely will not succeed, even though the Company believes the tax return position is supportable under the tax law. The Company adjusts these reserves, as well as the related interest, in light of new information, such as the progress of a tax examination, new tax law, relevant court rulings or tax authority settlements.

We identified the evaluation of certain of the Company's unrecognized tax benefits as a critical audit matter because the application of tax law and interpretation of a tax authority's settlement history is

complex and involves subjective judgment. Such judgments impact both the timing and amount of the reserves that are recognized, including judgments about re-measuring liabilities for positions taken in prior years' tax returns in light of new information.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the unrecognized tax benefits process, including controls to (1) identify uncertain income tax positions, (2) evaluate the tax law and tax authority's settlement history used to estimate the unrecognized tax benefits, and (3) monitor for new information that may give rise to changes to the existing unrecognized tax benefits, such as progress of a tax examination, new tax law or tax authority settlements. We involved tax and valuation professionals with specialized skills and knowledge, who assisted in assessing the unrecognized tax benefits by (1) evaluating the Company's tax structure and transactions, including transfer pricing arrangements, and (2) assessing the Company's interpretation of existing tax law as well as new and amended tax laws, tax positions taken, associated external counsel opinions, information from tax examinations, relevant court rulings and tax authority settlements.

/s/ KPMG LLP

We have served as the Company's auditor since 1990.

New York, New York
February 9, 2022

GLOSSARY

Acquisitions and divestitures: mergers and acquisitions activity, as well as divestitures and other structural changes, including changes in ownership or control in consolidated subsidiaries and nonconsolidated equity investees.

Bottler Case Sales (BCS): measure of physical beverage volume shipped to retailers and independent distributors from both PepsiCo and our independent bottlers.

Bottler funding: financial incentives we give to our independent bottlers to assist in the distribution and promotion of our beverage products.

Concentrate Shipments and Equivalents (CSE): measure of our physical beverage volume shipments to independent bottlers.

Constant currency: financial results assuming constant foreign currency exchange rates used for translation based on the rates in effect for the comparable prior-year period. In order to compute our constant currency results, we multiply or divide, as appropriate, our current year U.S. dollar results by the current year average foreign exchange rates and then multiply or divide, as appropriate, those amounts by the prior year average foreign exchange rates.

Consumers: people who eat and drink our products.

CSD: carbonated soft drinks.

Customers: authorized independent bottlers, distributors and retailers.

Direct-Store-Delivery (DSD): delivery system used by us and our independent bottlers to deliver beverages and convenient foods directly to retail stores where our products are merchandised.

Effective net pricing: reflects the year-over-year impact of discrete pricing actions, sales incentive activities and mix resulting from selling varying products in different package sizes and in different countries.

Free cash flow: net cash provided by/used for operating activities less capital spending, plus sales of property, plant and equipment.

Independent bottlers: customers to whom we have granted exclusive contracts to sell and manufacture certain beverage products bearing our trademarks within a specific geographical area.

Mark-to-market net impact: change in market value for commodity derivative contracts that we purchase to mitigate the volatility in costs of energy and raw materials that we consume. The market value is determined based on prices on national exchanges and recently reported transactions in the marketplace.

Organic: a measure that adjusts for the impacts of foreign exchange translation, acquisitions and divestitures, and where applicable, the impact of the 53rd reporting week. In excluding the impact of foreign exchange translation, we assume constant foreign exchange rates used for translation based on the rates in effect for the comparable prior-year period. See the definition of “Constant currency” for further information.

Total marketplace spending: includes sales incentives and discounts offered through various programs to our customers, consumers or independent bottlers, as well as advertising and other marketing activities.

Transaction gains and losses: the impact on our consolidated financial statements of exchange rate changes arising from specific transactions.

Translation adjustment: the impact of converting our foreign affiliates' financial statements into U.S. dollars for the purpose of consolidating our financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Included in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks.”

Item 8. Financial Statements and Supplementary Data.

See “Item 15. Exhibits and Financial Statement Schedules.”

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

(a) Disclosure Controls and Procedures. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management’s Annual Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based upon criteria established in *Internal Control – Integrated Framework* (2013) by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 25, 2021.

Attestation Report of the Registered Public Accounting Firm. KPMG LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting.

(c) Changes in Internal Control over Financial Reporting. During our fourth quarter of 2021, we continued migrating certain of our financial processing systems to an ERP solution. These systems implementations are part of our ongoing global business transformation initiative, and we plan to continue implementing such systems throughout other parts of our businesses in phases over the next several years. In connection with these ERP implementations, we are updating and will continue to update our internal control over financial reporting, as necessary, to accommodate modifications to our business processes and accounting procedures. Beginning in the fourth quarter of 2021 and continuing into the first quarter of 2022, we began implementing these systems, resulting in changes that materially affected our internal control over financial reporting. These system implementations did not have an adverse effect, nor do we expect will have an adverse effect, on our internal control over financial reporting. In addition, in connection with our 2019 multi-year productivity plan, we continue to migrate to shared business models across our operations to further simplify, harmonize and automate processes. In connection with this

multi-year productivity plan and resulting business process changes, we continue to enhance the design and documentation of our internal control over financial reporting processes, to maintain effective controls over our financial reporting. These business process changes have not materially affected, and we do not expect them to materially affect, our internal control over financial reporting.

Except with respect to the continued implementation of ERP systems, there have been no changes in our internal control over financial reporting during our fourth quarter of 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We will continue to assess the impact on our internal control over financial reporting as we continue to implement our ERP solution and our 2019 multi-year productivity plan.

Item 9B. Other Information.

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information about our directors and persons nominated to become directors is contained under the caption “Election of Directors” in our Proxy Statement for our 2022 Annual Meeting of Shareholders to be filed with the SEC within 120 days of the year ended December 25, 2021 (the 2022 Proxy Statement) and is incorporated herein by reference. Information about our executive officers is reported under the caption “Information About Executive Officers” in Part I of this report.

Information on beneficial ownership reporting compliance will be contained under the caption “Ownership of PepsiCo Common Stock - Delinquent Section 16(a) Reports,” if applicable, in our 2022 Proxy Statement and is incorporated herein by reference.

We have a written code of conduct that applies to all of our employees, including our Chairman of the Board of Directors and Chief Executive Officer, Chief Financial Officer and Controller, and to our Board of Directors. Our Global Code of Conduct is distributed to all employees and is available on our website at <http://www.pepsico.com>. A copy of our Global Code of Conduct may be obtained free of charge by writing to Investor Relations, PepsiCo, Inc., 700 Anderson Hill Road, Purchase, New York 10577. Any amendment to our Global Code of Conduct and any waiver applicable to our executive officers or senior financial officers will be posted on our website within the time period required by the SEC and applicable rules of The Nasdaq Stock Market LLC.

Information about the procedures by which security holders may recommend nominees to our Board of Directors can be found in our 2022 Proxy Statement under the caption “Board Composition and Refreshment – Shareholder Recommendations and Nominations of Director Candidates” and is incorporated herein by reference.

Information concerning the composition of the Audit Committee and our Audit Committee financial experts is contained in our 2022 Proxy Statement under the caption “Corporate Governance at PepsiCo – Committees of the Board of Directors – Audit Committee” and is incorporated herein by reference.

Item 11. Executive Compensation.

Information about director and executive officer compensation, Compensation Committee interlocks and the Compensation Committee Report is contained in our 2022 Proxy Statement under the captions “2021

Director Compensation,” “Executive Compensation,” “Corporate Governance at PepsiCo – Committees of the Board of Directors – Compensation Committee – Compensation Committee Interlocks and Insider Participation” and “Executive Compensation – Compensation Committee Report” and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information with respect to securities authorized for issuance under equity compensation plans can be found under the caption “Executive Compensation – Securities Authorized for Issuance Under Equity Compensation Plans” in our 2022 Proxy Statement and is incorporated herein by reference.

Information on the number of shares of PepsiCo Common Stock beneficially owned by each director and named executive officer, by all directors and executive officers as a group and on each beneficial owner of more than 5% of PepsiCo Common Stock is contained under the caption “Ownership of PepsiCo Common Stock” in our 2022 Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information with respect to certain relationships and related transactions and director independence is contained under the captions “Corporate Governance at PepsiCo – Related Person Transactions” and “Corporate Governance at PepsiCo – Director Independence” in our 2022 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

Information on our Audit Committee’s pre-approval policy and procedures for audit and other services and information on our principal accountant fees and services is contained in our 2022 Proxy Statement under the caption “Ratification of Appointment of Independent Registered Public Accounting Firm – Audit and Other Fees” and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)1. Financial Statements

The following consolidated financial statements of PepsiCo, Inc. and its affiliates are included herein by reference to the pages indicated on the index appearing in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations”:

Consolidated Statement of Income – Fiscal years ended December 25, 2021, December 26, 2020 and December 28, 2019

Consolidated Statement of Comprehensive Income – Fiscal years ended December 25, 2021, December 26, 2020 and December 28, 2019

Consolidated Statement of Cash Flows – Fiscal years ended December 25, 2021, December 26, 2020 and December 28, 2019

Consolidated Balance Sheet – December 25, 2021 and December 26, 2020

Consolidated Statement of Equity – Fiscal years ended December 25, 2021, December 26, 2020 and December 28, 2019

Notes to Consolidated Financial Statements, and

Report of Independent Registered Public Accounting Firm (PCAOB ID: 185).

(a)2. Financial Statement Schedules

These schedules are omitted because they are not required or because the information is set forth in the financial statements or the notes thereto.

(a)3. Exhibits

See Index to Exhibits.

Item 16. Form 10-K Summary.

None.

INDEX TO EXHIBITS
ITEM 15(a)(3)

The following is a list of the exhibits filed as part of this Form 10-K. The documents incorporated by reference can be viewed on the SEC's website at <http://www.sec.gov>.

EXHIBIT

- 3.1 [Amended and Restated Articles of Incorporation of PepsiCo, Inc., effective as of May 1, 2019, which are incorporated herein by reference to Exhibit 3.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2019.](#)
- 3.2 [By-laws of PepsiCo, Inc., as amended and restated, effective as of April 15, 2020, which are incorporated herein by reference to Exhibit 3.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 16, 2020.](#)
- 4.1 PepsiCo, Inc. agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any instrument, not otherwise filed herewith, defining the rights of holders of long-term debt of PepsiCo, Inc. and its consolidated subsidiaries and for any of its unconsolidated subsidiaries for which financial statements are required to be filed with the Securities and Exchange Commission.
- 4.2 [Indenture dated May 21, 2007 between PepsiCo, Inc. and The Bank of New York Mellon \(formerly known as The Bank of New York\), as trustee, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Registration Statement on Form S-3ASR \(Registration No. 333-154314\) filed with the Securities and Exchange Commission on October 15, 2008.](#)
- 4.3 [Form of 5.50% Senior Note due 2040, which is incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on January 13, 2010.](#)
- 4.4 [Form of 4.875% Senior Note due 2040, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 25, 2010.](#)
- 4.5 [Form of 3.600% Senior Note due 2024, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on February 28, 2014.](#)
- 4.6 [Form of 2.625% Senior Note due 2026, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 28, 2014.](#)
- 4.7 [Form of 4.250% Senior Note due 2044, which is incorporated herein by reference to Exhibit 4.1 of PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 22, 2014.](#)
- 4.8 [Form of 2.750% Senior Note due 2025, which is incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 30, 2015.](#)
- 4.9 [Form of 3.100% Senior Note due 2022, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 17, 2015.](#)
- 4.10 [Form of 3.500% Senior Note due 2025, which is incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 17, 2015.](#)
- 4.11 [Form of 4.600% Senior Note due 2045, which is incorporated herein by reference to Exhibit 4.5 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 17, 2015.](#)
- 4.12 [Form of 4.450% Senior Note due 2046, which is incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 14, 2015.](#)

- 4.13 [Form of 2.850% Senior Note due 2026, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on February 24, 2016.](#)
- 4.14 [Form of 4.450% Senior Note due 2046, which is incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on February 24, 2016.](#)
- 4.15 [Form of 0.875% Senior Note due 2028, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 18, 2016.](#)
- 4.16 [Form of 2.375% Senior Note due 2026, which is incorporated herein by reference to Exhibit 4.5 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 6, 2016.](#)
- 4.17 [Form of 3.450% Senior Note due 2046, which is incorporated herein by reference to Exhibit 4.6 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 6, 2016.](#)
- 4.18 [Form of Floating Rate Note due 2022, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 2, 2017.](#)
- 4.19 [Form of 2.250% Senior Note due 2022, which is incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 2, 2017.](#)
- 4.20 [Form of 4.000% Senior Note due 2047, which is incorporated herein by reference to Exhibit 4.5 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 2, 2017.](#)
- 4.21 [Form of 2.150% Senior Note due 2024, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2017.](#)
- 4.22 [Form of 3.000% Senior Note due 2027, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 10, 2017.](#)
- 4.23 [Board of Directors Resolutions Authorizing PepsiCo, Inc.'s Officers to Establish the Terms of the 5.50% Senior Notes due 2040 and 4.875% Senior Notes due 2040, which are incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the 24 weeks ended June 12, 2010.](#)
- 4.24 [Board of Directors Resolutions Authorizing PepsiCo, Inc.'s Officers to Establish the Terms of the 2.750% Senior Notes due 2022, the 4.000% Senior Notes due 2042, the 3.600% Senior Notes due 2042 and the 2.500% Senior Notes due 2022, which are incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2011.](#)
- 4.25 [Form of 2.750% Senior Note due 2022, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 2, 2012.](#)
- 4.26 [Form of 4.000% Senior Note due 2042, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 2, 2012.](#)
- 4.27 [Form of 3.600% Senior Note due 2042, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 13, 2012.](#)
- 4.28 [Form of 2.500% Senior Note due 2022, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 30, 2012.](#)

- 4.29 [Form of 2.750% Senior Note due 2023, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on February 28, 2013.](#)
- 4.30 [Form of 7.00% Senior Note due 2029, Series A, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 8, 2018.](#)
- 4.31 [Form of 5.50% Senior Note due 2035, Series A, which is incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 8, 2018.](#)
- 4.32 [Form of 7.29% Senior Note due 2026, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Registration Statement on Form S-4 \(Registration No. 333-228466\) filed with the Securities and Exchange Commission on November 19, 2018.](#)
- 4.33 [Form of 7.44% Senior Note due 2026, which is incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Registration Statement on Form S-4 \(Registration No. 333-228466\) filed with the Securities and Exchange Commission on November 19, 2018.](#)
- 4.34 [Form of 7.00% Senior Note due 2029, which is incorporated herein by reference to Exhibit 4.5 to PepsiCo, Inc.'s Registration Statement on Form S-4 \(Registration No. 333-228466\) filed with the Securities and Exchange Commission on November 19, 2018.](#)
- 4.35 [Form of 5.50% Senior Note due 2035, which is incorporated herein by reference to Exhibit 4.6 to PepsiCo, Inc.'s Registration Statement on Form S-4 \(Registration No. 333-228466\) filed with the Securities and Exchange Commission on November 19, 2018.](#)
- 4.36 [Form of 0.750% Senior Note due 2027, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 18, 2019.](#)
- 4.37 [Form of 1.125% Senior Note due 2031, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 18, 2019.](#)
- 4.38 [Form of 2.625% Senior Note due 2029, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 29, 2019.](#)
- 4.39 [Form of 3.375% Senior Note due 2049, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 29, 2019.](#)
- 4.40 [Form of 2.875% Senior Note due 2049, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 9, 2019.](#)
- 4.41 [Form of 0.875% Senior Note due 2039, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 16, 2019.](#)
- 4.42 [Form of 2.250% Senior Note due 2025, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 19, 2020.](#)
- 4.43 [Form of 2.625% Senior Note due 2027, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 19, 2020.](#)
- 4.44 [Form of 2.750% Senior Note due 2030, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 19, 2020.](#)
- 4.45 [Form of 3.500% Senior Note due 2040, which is incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 19, 2020.](#)

- 4.46 [Form of 3.625% Senior Note due 2050, which is incorporated herein by reference to Exhibit 4.5 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 19, 2020.](#)
- 4.47 [Form of 3.875% Senior Note due 2060, which is incorporated herein by reference to Exhibit 4.6 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 19, 2020.](#)
- 4.48 [Form of 0.750% Senior Note due 2023, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 1, 2020.](#)
- 4.49 [Form of 1.625% Senior Note due 2030, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 1, 2020.](#)
- 4.50 [Form of 0.250% Senior Note due 2024, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2020.](#)
- 4.51 [Form of 0.500% Senior Note due 2028, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2020.](#)
- 4.52 [Form of 0.400% Senior Note due 2023, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 7, 2020.](#)
- 4.53 [Form of 1.400% Senior Note due 2031, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 7, 2020.](#)
- 4.54 [Form of 0.400% Senior Note due 2032, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 9, 2020.](#)
- 4.55 [Form of 1.050% Senior Note due 2050, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 9, 2020.](#)
- 4.56 [Form of 0.750% Senior Note due 2033, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 14, 2021.](#)
- 4.57 [Form of 1.950% Senior Note due 2031, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 21, 2021.](#)
- 4.58 [Form of 2.625% Senior Note due 2041, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 21, 2021.](#)
- 4.59 [Form of 2.750% Senior Note due 2051, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 21, 2021.](#)

- 4.60 [Board of Directors Resolutions Authorizing PepsiCo, Inc.'s Officers to Establish the Terms of the 2.750% Senior Note due 2023, the 3.600% Senior Notes due 2024, the 2.625% Senior Notes due 2026, the 4.250% Senior Notes due 2044, the 2.750% Senior Notes due 2025, the 3.100% Senior Notes due 2022, the 3.500% Senior Notes due 2025, the 4.600% Senior Notes due 2045, the 4.450% Senior Notes due 2046, the 2.850% Senior Notes due 2026, the 0.875% Senior Note due 2028, the 2.375% Senior Notes due 2026, the 3.450% Senior Notes due 2046 the Floating Rate Notes due 2022, the 2.250% Senior Notes due 2022, the 4.000% Senior Notes due 2047, the 2.150% Senior Notes due 2024, the 3.000% Senior Notes due 2027, the 7.00% Senior Notes due 2029, Series A, the 5.50% Senior Notes due 2035, Series A, the 7.29% Senior Notes due 2026, the 7.44% Senior Notes due 2026, the 7.00% Senior Notes due 2029, the 5.50% Senior Notes due 2035, the 0.750% Senior Notes due 2027, the 1.125% Senior Notes due 2031, the 2.625% Senior Notes due 2029, the 3.375% Senior Notes due 2049, the 2.875% Senior Notes due 2049, the 0.875% Senior Notes due 2039, the 2.250% Senior Notes due 2025, the 2.625% Senior Notes due 2027, the 2.750% Senior Notes due 2030, the 3.500% Senior Notes due 2040, the 3.625% Senior Notes due 2050, the 3.875% Senior Notes due 2060, the 0.750% Senior Notes due 2023, the 1.625% Senior Notes due 2030, the 0.250% Senior Notes due 2024, the 0.500% Senior Notes due 2028, the 0.400% Senior Notes due 2023, the 1.400% Senior Notes due 2031, the 0.400% Senior Notes due 2032, and the 1.050% Senior Notes due 2050, the 0.750% Senior Note due 2033, the 1.950% Senior Note due 2031, the 2.625% Senior Note due 2041, and the 2.750% Senior Note due 2051, which are incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on February 28, 2013.](#)
- 4.61 [Second Supplemental Indenture, dated as of October 24, 2018, among Pepsi-Cola Metropolitan Bottling Company, Inc., Bottling Group, LLC, and The Bank of New York Mellon, as trustee, to the Indenture dated March 8, 1999 among The Pepsi Bottling Group, Inc., Bottling Group, LLC and The Chase Manhattan Bank, as trustee, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 25, 2018.](#)
- 4.62 [First Supplemental Indenture, dated as of February 26, 2010, among Pepsi-Cola Metropolitan Bottling Company, Inc., The Pepsi Bottling Group, Inc., Bottling Group, LLC and The Bank of New York Mellon, as trustee, to the Indenture dated March 8, 1999 between The Pepsi Bottling Group, Inc., Bottling Group, LLC and The Chase Manhattan Bank, as trustee, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2010.](#)
- 4.63 [Indenture, dated as of March 8, 1999, by and among The Pepsi Bottling Group, Inc., as obligor, Bottling Group, LLC, as guarantor, and The Chase Manhattan Bank, as trustee, relating to \\$1,000,000,000 7% Series B Senior Note due 2029, which is incorporated herein by reference to Exhibit 10.14 to The Pepsi Bottling Group, Inc.'s Registration Statement on Form S-1 \(Registration No. 333-70291\) filed with the Securities and Exchange Commission on March 24, 1999.](#)
- 4.64 [Third Supplemental Indenture, dated as of October 24, 2018, between Pepsi-Cola Metropolitan Bottling Company, Inc. and The Bank New York Mellon Trust Company, N.A., as trustee, to the Indenture dated as of January 15, 1993 between Whitman Corporation and The First National Bank of Chicago, as trustee, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 25, 2018.](#)

- 4.65 [Second Supplemental Indenture, dated as of February 26, 2010, among Pepsi-Cola Metropolitan Bottling Company, Inc., PepsiAmericas, Inc. and The Bank New York Mellon Trust Company, N.A., as trustee, to the Indenture dated as of January 15, 1993 between Whitman Corporation and The First National Bank of Chicago, as trustee, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2010.](#)
- 4.66 [First Supplemental Indenture, dated as of May 20, 1999, between Whitman Corporation and The First National Bank of Chicago, as trustee, to the Indenture dated as of January 15, 1993, between Whitman Corporation and The First National Bank of Chicago, as trustee, each of which is incorporated herein by reference to Exhibit 4.3 to Post-Effective Amendment No. 1 to PepsiAmericas, Inc.'s Registration Statement on Form S-8 \(Registration No. 333-64292\) filed with the Securities and Exchange Commission on December 29, 2005.](#)
- 4.67 [Form of PepsiAmericas, Inc. 7.29% Note due 2026, which is incorporated herein by reference to Exhibit 4.7 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 20, 2010.](#)
- 4.68 [Second Supplemental Indenture, dated as of October 24, 2018, between Pepsi-Cola Metropolitan Bottling Company, Inc. and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of August 15, 2003 between PepsiAmericas, Inc. and Wells Fargo Bank Minnesota, National Association, as trustee, which is incorporated herein by reference to Exhibit 4.4 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 25, 2018.](#)
- 4.69 [First Supplemental Indenture, dated as of February 26, 2010, among Pepsi-Cola Metropolitan Bottling Company, Inc., PepsiAmericas, Inc. and Wells Fargo Bank, National Association, as trustee, to the Indenture dated as of August 15, 2003 between PepsiAmericas, Inc. and Wells Fargo Bank Minnesota, National Association, as trustee, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2010.](#)
- 4.70 [Indenture dated as of August 15, 2003 between PepsiAmericas, Inc. and Wells Fargo Bank Minnesota, National Association, as trustee, which is incorporated herein by reference to Exhibit 4 to PepsiAmericas, Inc.'s Registration Statement on Form S-3 \(Registration No. 333-108164\) filed with the Securities and Exchange Commission on August 22, 2003.](#)
- 4.71 [Form of PepsiAmericas, Inc. 5.50% Note due 2035, which is incorporated herein by reference to Exhibit 4.17 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 20, 2010.](#)
- 4.72 [Description of Securities.](#)
- 10.1 [Form of PepsiCo, Inc. Director Indemnification Agreement, which is incorporated herein by reference to Exhibit 10.20 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 25, 2004.*](#)
- 10.2 [Severance Plan for Executive Employees of PepsiCo, Inc. and Affiliates, which is incorporated herein by reference to Exhibit 10.5 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 6, 2008.*](#)
- 10.3 [Form of Aircraft Time Sharing Agreement, which is incorporated herein by reference to Exhibit 10 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 21, 2009.*](#)
- 10.4 [Specified Employee Amendments to Arrangements Subject to Section 409A of the Internal Revenue Code, adopted February 18, 2010 and March 29, 2010, which is incorporated herein by reference to Exhibit 10.13 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 20, 2010.*](#)
- 10.5 [PepsiCo, Inc. 2007 Long-Term Incentive Plan, as amended and restated March 13, 2014, which is incorporated herein by reference to Exhibit 10.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 14, 2014.*](#)

- 10.6 [The PepsiCo International Retirement Plan Defined Benefit Program, as amended and restated effective as of January 1, 2021, which is incorporated by reference to Exhibit 10.6 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 26, 2020.*](#)
- 10.7 [The PepsiCo International Retirement Plan Defined Contribution Program, as amended and restated effective as of January 1, 2021 \(with updates through December 2021\).*](#)
- 10.8 [PepsiCo, Inc. Long-Term Incentive Plan \(as amended and restated May 4, 2016\), which is incorporated herein by reference to Exhibit B to PepsiCo's Proxy Statement for its 2016 Annual Meeting of Shareholders, filed with the Securities and Exchange Commission on March 18, 2016.*](#)
- 10.9 [PepsiCo Pension Equalization Plan \(Plan Document for the Pre-409A Program\), as amended and restated effective as of January 1, 2022.*](#)
- 10.10 [PepsiCo Pension Equalization Plan \(Plan Document for the 409A Program\), as amended and restated effective as of January 1, 2022.*](#)
- 10.11 [PepsiCo Automatic Retirement Contribution Equalization Plan, as amended and restated effective as of January 1, 2019, which is incorporated by reference to Exhibit 10.26 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 29, 2018.*](#)
- 10.12 [PepsiCo Director Deferral Program \(Plan Document for the 409A Program\), amended and restated effective as of January 1, 2020, which is incorporated by reference to Exhibit 10.25 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 28, 2019.*](#)
- 10.13 [Form of Annual Long-Term Incentive Award Agreement, which is incorporated herein by reference to Exhibit 10.49 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2016.*](#)
- 10.14 [PepsiCo Executive Income Deferral Program \(Plan Document for the 409A Program\), amended and restated effective as of January 1, 2019, which is incorporated by reference to Exhibit 10.27 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 28, 2019.*](#)
- 10.15 [Amendment to Certain PepsiCo Award Agreements, which is incorporated herein by reference to Exhibit 10.45 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 30, 2017.*](#)
- 10.16 [PepsiCo, Inc. Long Term Incentive Plan \(as amended and restated December 20, 2017\), which is incorporated herein by reference to Exhibit 10.47 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 30, 2017.*](#)
- 10.17 [Form of Annual Long-Term Incentive Award Agreement, which is incorporated herein by reference to Exhibit 10.1 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 24, 2018.*](#)
- 10.18 [Form of Performance-Based Long-Term Incentive Award Agreement, which is incorporated herein by reference to Exhibit 10.2 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 24, 2018.*](#)
- 10.19 [PepsiCo, Inc. Executive Incentive Compensation Plan \(as amended and restated effective February 4, 2021\), which is incorporated by reference to Exhibit 10.20 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 26, 2020.*](#)
- 10.20 [Form of Annual Long-Term Incentive Award Agreement, which is incorporated herein by reference to Exhibit 10.1 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 23, 2019.*](#)
- 10.21 [PepsiCo Executive Income Deferral Program \(Plan Document for the Pre-409A Program\), amended and restated effective as of January 1, 2019, which is incorporated by reference to Exhibit 10.35 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 28, 2019.*](#)

- 10.22 [Form of Annual Long-Term Incentive Award Agreement, which is incorporated herein by reference to Exhibit 10.1 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 21, 2020.*](#)
- 10.23 [Form of Annual Long-Term Incentive Award Agreement, which is incorporated herein by reference to Exhibit 10.1 to PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 20, 2021.*](#)
- 21 [Subsidiaries of PepsiCo, Inc.](#)
- 23 [Consent of KPMG LLP.](#)
- 24 [Power of Attorney.](#)
- 31 [Certification of our Chief Executive Officer and our Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32 [Certification of our Chief Executive Officer and our Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 99.1 [364-Day Credit Agreement, dated as of May 28, 2021, among PepsiCo, as borrower, the lenders named therein, and Citibank, N.A., as administrative agent, which is incorporated by reference to Exhibit 99.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 28, 2021.](#)
- 99.2 [Five-Year Credit Agreement, dated as of May 28, 2021, among PepsiCo, as borrower, the lenders named therein, and Citibank, N.A., as administrative agent, which is incorporated by reference to Exhibit 99.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 28, 2021.](#)
- 101 The following materials from PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 25, 2021 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Balance Sheets, (v) the Consolidated Statements of Equity and (vi) Notes to Consolidated Financial Statements.
- 104 The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2021, formatted in Inline XBRL and contained in Exhibit 101.

* Management contracts and compensatory plans or arrangements required to be filed as exhibits pursuant to Item 15(a)(3) of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, PepsiCo has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 9, 2022

PepsiCo, Inc.

By: /s/ Ramon L. Laguarta

Ramon L. Laguarta

Chairman of the Board of Directors and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of PepsiCo and in the capacities and on the date indicated.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Ramon L. Laguarta</u> Ramon L. Laguarta	Chairman of the Board of Directors and Chief Executive Officer	February 9, 2022
<u>/s/ Hugh F. Johnston</u> Hugh F. Johnston	Vice Chairman, Executive Vice President and Chief Financial Officer	February 9, 2022
<u>/s/ Marie T. Gallagher</u> Marie T. Gallagher	Senior Vice President and Controller (Principal Accounting Officer)	February 9, 2022
<u>/s/ Segun Agbaje</u> Segun Agbaje	Director	February 9, 2022
<u>/s/ Shona L. Brown</u> Shona L. Brown	Director	February 9, 2022
<u>/s/ Cesar Conde</u> Cesar Conde	Director	February 9, 2022
<u>/s/ Ian M. Cook</u> Ian M. Cook	Director	February 9, 2022
<u>/s/ Edith W. Cooper</u> Edith W. Cooper	Director	February 9, 2022
<u>/s/ Dina Dublon</u> Dina Dublon	Director	February 9, 2022
<u>/s/ Michelle Gass</u> Michelle Gass	Director	February 9, 2022
<u>/s/ Dave J. Lewis</u> Dave J. Lewis	Director	February 9, 2022
<u>/s/ David C. Page</u> David C. Page	Director	February 9, 2022
<u>/s/ Robert C. Pohlrad</u> Robert C. Pohlrad	Director	February 9, 2022
<u>/s/ Daniel Vasella</u> Daniel Vasella	Director	February 9, 2022
<u>/s/ Darren Walker</u> Darren Walker	Director	February 9, 2022
<u>/s/ Alberto Weisser</u> Alberto Weisser	Director	February 9, 2022

Description of Securities

**Registered Pursuant to Section 12 of the
Securities Exchange Act of 1934**

As used below, the terms “PepsiCo,” the “Company,” “we,” “us,” and “our” refer to PepsiCo, Inc., as issuer of the following securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended: (i) common stock, par value one and two-thirds cents (1-2/3 cents) per share (the “common stock”), (ii) 2.500% Senior Notes due 2022 (the “sterling notes”), (iii) 0.250% Senior Notes due 2024 (the “2024 notes”), (iv) 2.625% Senior Notes due 2026 (the “2026 notes”), (v) 0.750% Senior Notes due 2027 (the “2027 notes”), (vi) 0.500% Senior Notes due 2028 (the “May 2028 notes”), (vii) 0.875% Senior Notes due 2028 (the “July 2028 notes”), (viii) 1.125% Senior Notes due 2031 (the “2031 notes”), (ix) 0.400% Senior Notes due 2032 (the “2032 notes”), (x) 0.750% Senior Notes due 2033 (the “2033 notes”), (xi) 0.875% Senior Notes due 2039 (the “2039 notes”) and (xii) 1.050% Senior Notes due 2050 (the “2050 notes,” and together with the 2024 notes, 2026 notes, 2027 notes, May 2028 notes, July 2028 notes, 2031 notes, 2032 notes, 2033 notes and 2039 notes, the “euro notes,” and the euro notes together with the sterling notes, the “notes”).

DESCRIPTION OF COMMON STOCK

The following description of our common stock is based upon our Amended and Restated Articles of Incorporation, effective as of May 1, 2019 (“Articles of Incorporation”), our By-Laws, as amended and restated, effective as of April 15, 2020 (“By-Laws”) and applicable provisions of law. We have summarized certain portions of the Articles of Incorporation and By-Laws below. The summary is not complete. The Articles of Incorporation and By-Laws are incorporated by reference as exhibits to the Annual Report on Form 10-K to which this exhibit is a part. You should read the Articles of Incorporation and By-Laws for the provisions that are important to you.

General

Our Articles of Incorporation authorize us to issue 3,600,000,000 shares of common stock, par value one and two-thirds cents (1-2/3 cents) per share. As of February 3, 2022, there

were 1,383,451,400 shares of common stock outstanding which were held of record by 101,778 shareholders.

Voting Rights. Each holder of a share of our common stock is entitled to one vote for each share held of record on the applicable record date on each matter submitted to a vote of shareholders. Action on a matter generally requires that the votes cast in favor of the action exceed the votes cast in opposition. A plurality vote is required in an election of the Board of Directors where the number of director nominees exceeds the number of directors to be elected.

Dividend Rights. Holders of our common stock are entitled to receive dividends as may be declared from time to time by PepsiCo's Board of Directors out of funds legally available therefor.

Rights Upon Liquidation. Holders of our common stock are entitled to share pro rata, upon any liquidation, dissolution or winding up of PepsiCo, in all remaining assets available for distribution to shareholders after payment or providing for PepsiCo's liabilities.

Preemptive Rights. Holders of our common stock do not have the right to subscribe for, purchase or receive new or additional common stock or other securities.

Transfer Agent and Registrar

Computershare Trust Company, N.A. is the transfer agent and registrar for our common stock.

Stock Exchange Listing

The Nasdaq Global Select Market is the principal market for our common stock, where it is listed under the symbol "PEP," and our common stock is also listed on the SIX Swiss Exchange.

Certain Provisions of PepsiCo's Articles of Incorporation and By-Laws; Director Indemnification Agreements

Advance Notice of Proposals and Nominations. Our By-Laws provide that shareholders must provide timely written notice to bring business before an annual meeting of shareholders or to nominate candidates for election as directors at an annual meeting of shareholders. Notice for

an annual meeting is generally timely if it is received at our principal office not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. However, if the date of the annual meeting is advanced by more than 30 days or delayed more than 60 days from this anniversary date, or if no annual meeting was held in the preceding year, such notice by the shareholder must be delivered not earlier than the 120th day prior to the annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such annual meeting was first made. Shareholders utilizing "proxy access" must meet separate deadlines. The By-Laws also specify the form and content of a shareholder's notice. These provisions may prevent shareholders from bringing matters before an annual meeting of shareholders or from nominating candidates for election as directors at an annual meeting of shareholders.

Proxy Access. Our By-Laws contain "proxy access" provisions which give an eligible shareholder (or a group of up to 20 shareholders aggregating their shares) that has owned 3% or more of the outstanding common stock continuously for at least three years the right to nominate the greater of two nominees and 20% of the number of directors to be elected at the applicable annual general meeting, and to have those nominees included in our proxy materials, subject to the other terms and conditions of our By-Laws.

Special Meetings. A special meeting of the shareholders may be called by the Chairman of the Board, by resolution of the Board or by our corporate secretary upon written request of one or more shareholders holding shares of record representing at least 20% in the aggregate of our outstanding common stock entitled to vote at such meeting. Any such special meeting called at the request of our shareholders will be held at such date, time and place (if any) as may be fixed by our Board, provided that the date of such special meeting may not be more than 90 days from the receipt of such request by the corporate secretary. The By-Laws specify the form and content of a shareholder's request for a special meeting.

Indemnification of Directors, Officers and Employees. Our By-Laws provide that unless the Board determines otherwise, we shall indemnify, to the full extent permitted by law, any person who was or is, or who is threatened to be made, a party to an action, suit or proceeding (including appeals), whether civil, criminal, administrative, investigative or arbitrative, by reason of the fact that such person, such person's testator or intestate, is or was one of our directors, officers or employees, or is or was serving at our request as a director, officer or employee of

another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding. Pursuant to our By-Laws this indemnification may, at the Board's discretion, also include advancement of expenses prior to the final disposition of such action, suit or proceeding.

In addition, we have entered into indemnification agreements with each of our independent directors, pursuant to which we have agreed to indemnify and hold harmless, to the full extent permitted by law, each director against any and all liabilities and assessments (including attorneys' fees and other costs, expenses and obligations) arising out of or related to any threatened, pending or completed action, suit, proceeding, inquiry or investigation, whether civil, criminal, administrative, or other, including, but not limited to, judgments, fines, penalties and amounts paid in settlement (whether with or without court approval), and any interest, assessments, excise taxes or other charges paid or payable in connection with or in respect of any of the foregoing, incurred by the independent director and arising out of his status as a director or member of a committee of our Board, or by reason of anything done or not done by the director in such capacities. After receipt of an appropriate request by an independent director, we will also advance all expenses, costs and other obligations (including attorneys' fees) arising out of or related to such matters. We will not be liable for payment of any liability or expense incurred by an independent director on account of acts which, at the time taken, were known or believed by such director to be clearly in conflict with our best interests.

Certain Anti-Takeover Effects of North Carolina Law

The North Carolina Shareholder Protection Act generally requires the affirmative vote of 95% of a public corporation's voting shares to approve a "business combination" with any entity that a majority of continuing directors determines beneficially owns, directly or indirectly, more than 20% of the voting shares of the corporation (or ever owned, directly or indirectly, more than 20% and is still an "affiliate" of the corporation) unless the fair price provisions and the procedural provisions of the North Carolina Shareholder Protection Act are satisfied.

"Business combination" is defined by the North Carolina Shareholder Protection Act as (i) any merger, consolidation or conversion of a corporation with or into any other entity, or (ii) any sale or lease of all or any substantial part of the corporation's assets to any other entity, or (iii) any payment, sale or lease to the corporation or any subsidiary thereof in exchange for

securities of the corporation of any assets having an aggregate fair market value equal to or greater than \$5,000,000 of any other entity.

The North Carolina Shareholder Protection Act contains provisions that allowed a corporation to “opt out” of the applicability of the North Carolina Shareholder Protection Act’s voting provisions within specified time periods that generally have expired. The Act applies to PepsiCo since we did not opt out within these time periods.

This statute could discourage a third party from making a partial tender offer or otherwise attempting to obtain a substantial position in our equity securities or seeking to obtain control of us. It also might limit the price that certain investors might be willing to pay in the future for our shares of common stock and may have the effect of delaying or preventing a change of control of us.

DESCRIPTION OF NOTES

We have previously filed a registration statement on Form S-3 (File No. 333-177307), which was filed with the Securities and Exchange Commission (the “SEC”) on October 13, 2011 and covers the issuance of the sterling notes and 2026 notes, a registration statement on Form S-3 (File No. 333-197640), which was filed with the SEC on July 25, 2014 and covers the issuance of the July 2028 notes, a registration statement on Form S-3 (File No. 333-216082), which was filed with the SEC on February 15, 2017 and covers the issuance of the 2027 notes, 2031 notes and 2039 notes and a registration statement on Form S-3 (File No. 333-234767), which was filed with the SEC on November 18, 2019 and covers the issuance of the 2024 notes, May 2028 notes, 2032 notes, 2033 notes and 2050 notes.

The notes were issued under an indenture dated as of May 21, 2007 between us and The Bank of New York Mellon, as trustee (the “indenture”). Below we have summarized certain terms and provisions of the indenture. The summary is not complete. The indenture has been incorporated by reference as an exhibit to the Annual Report on Form 10-K to which this exhibit is a part. You should read the indenture for the provisions which may be important to you. The indenture is subject to and governed by the Trust Indenture Act of 1939, as amended.

General

Principal Amounts; Interest Payments and Record Dates; Listing. The sterling notes were initially limited to an aggregate principal amount of £500,000,000. The sterling notes bear interest, payable semi-annually on each May 1 and November 1, to the persons in whose names such notes are registered at the close of business on each April 15 and October 15, as the case may be (whether or not a business day), immediately preceding such May 1 and November 1. The sterling notes will mature on November 1, 2022. The sterling notes are listed on the Nasdaq Stock Market under the symbol “PEP22a”.

The 2024 notes were initially limited to an aggregate principal amount of €1,000,000,000. The 2024 notes bear interest, payable annually on each May 6, to the persons in whose names such notes are registered at the close of business on April 22 (whether or not a business day), immediately preceding such May 6. The 2024 notes will mature on May 6, 2024. The 2024 notes are listed on the Nasdaq Stock Market under the symbol “PEP24”.

The 2026 notes were initially limited to an aggregate principal amount of €500,000,000. The 2026 notes bear interest, payable annually on each April 28, to the persons in whose names such notes are registered at the close of business on April 13 (whether or not a business day), immediately preceding such April 28. The 2026 notes will mature on April 28, 2026. The 2026 notes are listed on the Nasdaq Stock Market under the symbol “PEP26”.

The 2027 notes were initially limited to an aggregate principal amount of €500,000,000. The 2027 notes bear interest, payable annually on each March 18, to the persons in whose names such notes are registered at the close of business on March 3 (whether or not a business day), immediately preceding such March 18. The 2027 notes will mature on March 18, 2027. The 2027 notes are listed on the Nasdaq Stock Market under the symbol “PEP27”.

The May 2028 notes were initially limited to an aggregate principal amount of €1,000,000,000. The May 2028 notes bear interest, payable annually on each May 6, to the persons in whose names such notes are registered at the close of business on April 22 (whether or not a business day), immediately preceding such May 6. The May 2028 notes will mature on May 6, 2028. The May 2028 notes are listed on the Nasdaq Stock Market under the symbol “PEP28a”.

The July 2028 notes were initially limited to an aggregate principal amount of €750,000,000. The July 2028 notes bear interest, payable annually on each July 18, to the persons in whose names such notes are registered at the close of business on July 3 (whether or not a business day), immediately preceding such July 18. The July 2028 notes will mature on July 18, 2028. The July 2028 notes are listed on the Nasdaq Stock Market under the symbol “PEP28”.

The 2031 notes were initially limited to an aggregate principal amount of €500,000,000. The 2031 notes bear interest, payable annually on each March 18, to the persons in whose names such notes are registered at the close of business on March 3 (whether or not a business day), immediately preceding such March 18. The 2031 notes will mature on March 18, 2031. The 2031 notes are listed on the Nasdaq Stock Market under the symbol “PEP31”.

The 2032 notes were initially limited to an aggregate principal amount of €750,000,000. The 2032 notes bear interest, payable annually on each October 9 to the persons in whose names such notes are registered at the close of business on September 25 (whether or not a business day), immediately preceding such October 9. The 2032 notes will mature on October 9, 2032. The 2032 notes are listed on the Nasdaq Stock Market under the symbol “PEP32”.

The 2033 notes were initially limited to an aggregate principal amount of €1,000,000,000. The 2033 notes bear interest, payable annually on each October 14 to the persons in whose names such notes are registered at the close of business on September 30 (whether or not a business day), immediately preceding such October 14. The 2033 notes will mature on October 14, 2033. The 2033 notes are listed on the Nasdaq Stock Market under the symbol “PEP33”.

The 2039 notes were initially limited to an aggregate principal amount of €500,000,000. The 2039 notes bear interest, payable annually on each October 16, to the persons in whose names such notes are registered at the close of business on October 1 (whether or not a business day), immediately preceding such October 16. The 2039 notes will mature on October 16, 2039. The 2039 notes are listed on the Nasdaq Stock Market under the symbol “PEP39”.

The 2050 notes were initially limited to an aggregate principal amount of €750,000,000. The 2050 notes bear interest, payable annually on each October 9 to the persons in whose names such notes are registered at the close of business on September 25 (whether or not a business

day), immediately preceding such October 9. The 2050 notes will mature on October 9, 2050. The 2050 notes are listed on the Nasdaq Stock Market under the symbol “PEP50”.

Ranking. The notes rank equally and pari passu with all other unsecured and unsubordinated debt of PepsiCo.

No Sinking Fund. No series of notes is subject to any sinking fund.

Additional Notes. We may, without the consent of the existing holders of the notes of a series, issue additional notes of such series having the same terms (except issue date, date from which interest accrues and, in some cases, the first interest payment date) so that the existing notes of such series and the new notes of such series form a single series under the indenture. As of February 3, 2022, no such additional notes have been issued.

Minimum Denominations. The sterling notes were issued in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. The euro notes were issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

Global Notes. The notes of each series are in the form of one or more global notes that we deposited with or on behalf of a common depository for the accounts of Euroclear Bank S.A./N.V., or its successor, as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream”) and are registered in the name of the nominee of the common depository.

Paying Agent. We have initially appointed The Bank of New York Mellon, London Branch to act as paying agent and transfer agent in connection with the notes as well as to serve as the common depository for the notes. The Bank of New York Mellon, London Branch is an affiliate of the trustee. The term “paying agent” shall include The Bank of New York Mellon, London Branch and any successors appointed from time to time in accordance with the provisions of the indenture.

Currency of Payment of Sterling Notes. The principal and interest payments in respect of the sterling notes are payable in sterling. If the United Kingdom adopts euro, in lieu of sterling, as its lawful currency, the sterling notes will be redenominated in euro on a date determined by us, in our sole discretion, with a principal amount for each sterling note equal to the principal amount of that note in sterling, converted into euro at the rate established by the applicable law;

provided that, if we determine after consultation with the paying agent that the then current market practice in respect of redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions will be deemed to be amended so as to comply with such market practice and we will promptly notify the trustee and the paying agent of such deemed amendment. We will give 30 days' notice of the redenomination date to the paying agent, the trustee, Euroclear and Clearstream.

If sterling or, in the event the sterling notes are redenominated in euro, euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control (other than, with respect to sterling, due to the circumstances described in the preceding paragraph but including the dissolution of the euro, if applicable), then all payments in respect of the sterling notes will be made in U.S. dollars until sterling or euro, as the case may be, is again available to us. The amount payable on any date in sterling or, in the event the sterling notes are redenominated in euro, euro will be converted to U.S. dollars on the basis of the then most recently available market exchange rate for sterling or euro, as the case may be, as determined by us in our sole discretion. Any payment in respect of the sterling notes so made in euro or U.S. dollars will not constitute an event of default under the sterling notes or the indenture governing the sterling notes. Neither the trustee nor the paying agent shall be responsible for obtaining exchange rates, effecting conversions or otherwise handling redenominations.

Currency of Payment of Euro Notes. The principal and interest payments in respect of the euro notes, including payments made upon any redemption of any series of the euro notes, are payable in euro. If the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the euro notes will be made in U.S. dollars until the euro is again available to us and so used. In such circumstances, the amount payable on any date in euro will be converted into U.S. dollars on the basis of the then most recently available market exchange rate for euro, as determined by us in our sole discretion. Any payment in respect of the euro notes so made in U.S. dollars will not constitute an event of default under the euro notes or the indenture governing the euro notes. Neither the trustee nor the paying agent shall have any responsibility for any calculation or conversion in connection with the foregoing.

Definition of Business Day. The term “business day” with respect to the sterling notes means any day other than a Saturday or Sunday or a day on which banking institutions in the City of New York or the City of London are authorized or required by law or executive order to close.

The term “business day” with respect to the euro notes means any day, other than a Saturday or Sunday, (1) which is not a day on which banking institutions in the City of New York or the City of London are authorized or required by law or executive order to close and (2) on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, operates. If any interest payment date, maturity date or redemption date is not a business day, then the related payment for such interest payment date, maturity date or redemption date shall be paid on the next succeeding business day with the same force and effect as if made on such interest payment date, maturity date or redemption date, as the case may be, and no further interest shall accrue as a result of such delay.

Interest Payments. Each series of notes will bear interest at the per annum rate stated in its title. Interest on the notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the date from which interest begins to accrue for the period to, but excluding, the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Markets Association.

Optional Redemption

Sterling Notes

We have the right at our option to redeem any of the sterling notes in whole or in part, at any time or from time to time prior to their maturity, on at least 30 days, but not more than 60 days, prior notice mailed (or otherwise transmitted in accordance with the procedures of the depository) to the registered address of each holder of the sterling notes, at a redemption price (calculated by us) equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the redemption date on a semi-annual basis (ACTUAL/ACTUAL (ICMA)) at the Comparable Government

Bond Rate plus 13 basis points plus, in each case, accrued and unpaid interest thereon to, but not including, the date of redemption.

Definitions

“Comparable Government Bond Rate” means the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the gross redemption yield on the sterling notes, if they were to be purchased at such price on the third business day prior to the date fixed for redemption, would be equal to the gross redemption yield on such business day of the Comparable Government Bond (as defined below) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by us.

“Comparable Government Bond” means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by us, a United Kingdom government bond whose maturity is closest to the maturity of the sterling notes, or if such independent investment bank in its discretion considers that such similar bond is not in issue, such other United Kingdom government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, United Kingdom government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

“Remaining Scheduled Payments” means, with respect to each sterling note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if such redemption date is not an interest payment date with respect to such sterling note, the amount of the next succeeding scheduled interest payment thereon will be deemed to be reduced by the amount of interest accrued thereon to such redemption date.

Euro Notes

2024 Notes. The 2024 notes are redeemable as a whole or in part, at our option at any time and from time to time prior to April 6, 2024 (one month prior to the maturity date of the 2024 notes), at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption),

discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus 15 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The 2024 notes are redeemable as a whole or in part, at our option at any time and from time to time on or after April 6, 2024 (one month prior to the maturity date of the 2024 notes), at a redemption price equal to 100% of the principal amount of the 2024 notes being redeemed, plus accrued and unpaid interest to the date of redemption.

2026 Notes. The 2026 notes are redeemable as a whole or in part, at our option at any time and from time to time prior to January 28, 2026 (three months prior to the maturity date of the 2026 notes), on at least 30 days, but not more than 60 days, prior notice mailed (or otherwise transmitted in accordance with the procedures of the depository) to the registered address of each holder of the 2026 notes, at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus 17 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The 2026 notes are redeemable as a whole or in part, at our option at any time and from time to time on or after January 28, 2026 (three months prior to the maturity date of the 2026 notes), at a redemption price equal to 100% of the principal amount of the 2026 notes being redeemed, plus accrued and unpaid interest to the date of redemption.

2027 Notes. The 2027 notes are redeemable as a whole or in part, at our option at any time and from time to time prior to December 18, 2026 (three months prior to the maturity date of the 2027 notes), at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus 15 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The 2027 notes are redeemable as a whole or in part, at our option at any time and from time to time on or after December 18, 2026 (three months prior to the maturity date of the 2027 notes), at a redemption price equal to 100% of the principal amount of the 2027 notes being redeemed, plus accrued and unpaid interest to the date of redemption.

May 2028 Notes. The May 2028 notes are redeemable as a whole or in part, at our option at any time and from time to time prior to February 6, 2028 (three months prior to the maturity date of the May 2028 notes), at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus 20 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The May 2028 notes are redeemable as a whole or in part, at our option at any time and from time to time on or after February 6, 2028 (three months prior to the maturity date of the May 2028 notes), at a redemption price equal to 100% of the principal amount of the May 2028 notes being redeemed, plus accrued and unpaid interest to the date of redemption.

July 2028 Notes. The July 2028 notes are redeemable as a whole or in part, at our option at any time and from time to time prior to April 18, 2028 (three months prior to the maturity date of the July 2028 notes), on at least 30 days, but not more than 60 days, prior notice mailed (or otherwise transmitted in accordance with the procedures of the depository) to the registered address of each holder of notes, at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus 20 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The July 2028 notes are redeemable as a whole or in part, at our option at any time and from time to time on or after April 18, 2028 (three months prior to the maturity date of the July 2028 notes), at a redemption price equal to 100% of the principal amount of the July 2028 notes being redeemed, plus accrued and unpaid interest to the date of redemption.

2031 Notes. The 2031 notes are redeemable as a whole or in part, at our option at any time and from time to time prior to December 18, 2030 (three months prior to the maturity date of the 2031 notes), at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the

applicable Comparable Government Bond Rate plus 20 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The 2031 notes are redeemable as a whole or in part, at our option at any time and from time to time on or after December 18, 2030 (three months prior to the maturity date of the 2031 notes), at a redemption price equal to 100% of the principal amount of the 2031 notes being redeemed, plus accrued and unpaid interest to the date of redemption.

2032 Notes. The 2032 notes are redeemable as a whole or in part, at our option at any time and from time to time prior to July 9, 2032 (three months prior to the maturity date of the 2032 notes), at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus 15 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The 2032 notes are redeemable as a whole or in part, at our option at any time and from time to time on or after July 9, 2032 (three months prior to the maturity date of the 2032 notes), at a redemption price equal to 100% of the principal amount of the 2032 notes being redeemed, plus accrued and unpaid interest to the date of redemption.

2033 Notes. The 2033 notes are redeemable as a whole or in part, at our option at any time and from time to time prior to July 14, 2033 (three months prior to the maturity date of the 2033 notes), at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus 15 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The 2033 notes are redeemable as a whole or in part, at our option at any time and from time to time on or after July 14, 2033 (three months prior to the maturity date of the 2033 notes), at a redemption price equal to 100% of the principal amount of the 2033 notes being redeemed, plus accrued and unpaid interest to the date of redemption.

2039 Notes. The 2039 notes are redeemable as a whole or in part, at our option at any time and from time to time prior to April 16, 2039 (six months prior to the maturity date of the

2039 notes), at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus 20 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The 2039 notes are redeemable as a whole or in part, at our option at any time and from time to time on or after April 16, 2039 (six months prior to the maturity date of the 2039 notes), at a redemption price equal to 100% of the principal amount of the 2039 notes being redeemed, plus accrued and unpaid interest to the date of redemption.

2050 Notes. The 2050 notes are redeemable as a whole or in part, at our option at any time and from time to time prior to April 9, 2050 (six months prior to the maturity date of the 2050 notes), at a redemption price equal to the greater of (i) 100% of the principal amount of such notes and (ii) the sum of the present values of the Remaining Scheduled Payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus 20 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The 2050 notes are redeemable as a whole or in part, at our option at any time and from time to time on or after April 9, 2050 (six months prior to the maturity date of the 2050 notes), at a redemption price equal to 100% of the principal amount of the 2050 notes being redeemed, plus accrued and unpaid interest to the date of redemption.

Definitions

“Comparable Government Bond Rate” means, with respect to any redemption date for each series of euro notes, the price, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), at which the gross redemption yield on such euro notes to be redeemed, if they were to be purchased at such price on the third business day prior to the date fixed for redemption, would be equal to the gross redemption yield on such business day of the Comparable Government Bond (as defined below) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by us.

“Comparable Government Bond” means, with respect to each series of euro notes, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by us, a German government bond whose maturity is closest to the maturity of the euro notes to be redeemed, or if such independent investment bank in its discretion considers that such similar bond is not in issue, such other German government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

“Remaining Scheduled Payments” means, with respect to each euro note of each series to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if such redemption date is not an interest payment date with respect to such euro note, the amount of the next succeeding scheduled interest payment thereon will be deemed to be reduced by the amount of interest accrued thereon to such redemption date.

General

On and after the applicable redemption date with respect to a series of notes, interest will cease to accrue on such notes or any portion of such notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the redemption date, we will deposit with the trustee or its agent money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued and unpaid interest to the redemption date on the notes to be redeemed on such date. If less than all of the notes of a series are to be redeemed, the notes of such series to be redeemed shall be selected in accordance with applicable depository procedures. Additionally, we may at any time repurchase notes in the open market and may hold or surrender such notes to the trustee for cancellation.

Notice of redemption will be transmitted at least 30 days (or 15 days with respect to the 2039 notes, or 10 days with respect to the 2024 notes, May 2028 notes, 2032 notes, 2033 notes and 2050 notes) but not more than 60 days before the applicable redemption date to each holder of notes to be redeemed. We will be responsible for calculating the redemption price of the notes or portions thereof called for redemption.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the notes such additional amounts as are necessary in order that the net payment by us of the principal of and interest on the notes to a holder who is not a United States person (as defined below), after withholding or deduction for any present or future tax, assessment or other governmental charge imposed by the United States or a taxing authority in the United States, will not be less than the amount provided in the notes to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts shall not apply:

Sterling Notes

- (1) to any tax, assessment or other governmental charge that would not have been imposed but for the holder, or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:
 - (a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;
 - (b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the notes, the receipt of any payment or the enforcement of any rights hereunder), including being or having been a citizen or resident of the United States;
 - (c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or a corporation that has accumulated earnings to avoid United States federal income tax;
 - (d) being or having been a “10-percent shareholder” of the Company as defined in section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”) or any successor provision; or
 - (e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

- (2) to any holder that is not the sole beneficial owner of the notes, or a portion of the notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
- (3) to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;
- (4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by us or a paying agent from the payment;
- (5) to any tax, assessment or other governmental charge that would not have been imposed but for a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;
- (6) to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;
- (7) to any withholding or deduction that is imposed on a payment to an individual and that is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings;
- (8) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any note, if such payment can be made without such withholding by at least one other paying agent;

- (9) to any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of any note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- (10) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the beneficial owner being a bank (i) purchasing the notes in the ordinary course of its lending business or (ii) that is neither (A) buying the notes for investment purposes only nor (B) buying the notes for resale to a third-party that either is not a bank or holding the notes for investment purposes only;
- (11) to any tax, assessment or other governmental charge imposed under Sections 1471 through 1474 of the Code (or any amended or successor provisions that are substantively comparable) and any current or future regulations or official interpretations thereof; or
- (12) in the case of any combination of items (1), (2), (3), (4), (5), (6), (7), (8), (9), (10) and (11).

2026 Notes and July 2028 Notes

- (1) to any tax, assessment or other governmental charge that is imposed by reason of the holder (or the beneficial owner for whose benefit such holder holds such note), or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:
 - (a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;
 - (b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the notes, the receipt of any payment or the enforcement of any rights hereunder), including being or having been a citizen or resident of the United States;

- (c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States federal income tax purposes or a corporation that has accumulated earnings to avoid United States federal income tax;
 - (d) being or having been a “10-percent shareholder” of the Company as defined in Section 871(h)(3) of the Code or any successor provision; or
 - (e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;
- (2) to any holder that is not the sole beneficial owner of the notes, or a portion of the notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficial owner with respect to the holder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
 - (3) to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;
 - (4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by us or a paying agent from the payment;
 - (5) to any tax, assessment or other governmental charge that would not have been imposed but for a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

- (6) to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;
- (7) to any withholding or deduction that is imposed on a payment to an individual and that is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings;
- (8) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any note, if such payment can be made without such withholding by at least one other paying agent;
- (9) to any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of any note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- (10) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the beneficial owner being a bank (i) purchasing the notes in the ordinary course of its lending business or (ii) that is neither (A) buying the notes for investment purposes only nor (B) buying the notes for resale to a third-party that either is not a bank or holding the notes for investment purposes only;
- (11) to any tax, assessment or other governmental charge imposed under Sections 1471 through 1474 of the Code (or any amended or successor provisions), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code; or
- (12) in the case of any combination of items (1), (2), (3), (4), (5), (6), (7), (8), (9), (10) and (11).

2024 Notes, 2027 Notes, May 2028 Notes, 2031 Notes, 2032 Notes, 2033 Notes, 2039 Notes and 2050 Notes

- (1) to any tax, assessment or other governmental charge that is imposed by reason of the holder (or the beneficial owner for whose benefit such holder holds such note), or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:
 - (a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;
 - (b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the notes, the receipt of any payment or the enforcement of any rights hereunder), including being or having been a citizen or resident of the United States;
 - (c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States federal income tax purposes or a corporation that has accumulated earnings to avoid United States federal income tax;
 - (d) being or having been a “10-percent shareholder” of the Company as defined in Section 871(h)(3) of the Code or any successor provision; or
 - (e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;
- (2) to any holder that is not the sole beneficial owner of the notes, or a portion of the notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficial owner with respect to the holder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

- (3) to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;
- (4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by us or a paying agent from the payment;
- (5) to any tax, assessment or other governmental charge that would not have been imposed but for a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;
- (6) to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;
- (7) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any note, if such payment can be made without such withholding by at least one other paying agent;
- (8) to any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of any note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- (9) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the beneficial owner being a bank (i) purchasing the notes in the ordinary course of its lending business or (ii) that is neither (A) buying the notes for investment purposes only nor (B) buying the notes for resale to a third-party that either is not a bank or holding the notes for investment purposes only;

- (10) to any tax, assessment or other governmental charge imposed under Sections 1471 through 1474 of the Code (or any amended or successor provisions), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code; or
- (11) in the case of any combination of items (1), (2), (3), (4), (5), (6), (7), (8), (9) and (10).

The notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the notes. Except as specifically provided under this heading “—Payment of Additional Amounts,” we will not be required to make any payment for any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

As used under this heading “—Payment of Additional Amounts” and under the heading “—Redemption for Tax Reasons,” the term “United States” means the United States of America (including the states of the United States and the District of Columbia and any political subdivision thereof) and the term “United States person” means any individual who is a citizen or resident of the United States for U.S. federal income tax purposes, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state of the United States or the District of Columbia (other than a partnership that is not treated as a United States person under any applicable Treasury regulations), or any estate or trust the income of which is subject to United States federal income taxation regardless of its source.

Redemption for Tax Reasons

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States (or any taxing authority in the United States), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of the prospectus supplement filed with the SEC for the applicable series of notes, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts as described herein under the

heading “—Payment of Additional Amounts” with respect to the notes of any series, then we may at any time at our option redeem, in whole, but not in part, the outstanding notes of such series on not less than 30 nor more than 60 days prior notice, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest on those notes to, but not including, the date fixed for redemption.

Certain Covenants

Limitation of Liens

We will not, and will not permit any of our restricted subsidiaries to, incur, suffer to exist or guarantee any debt secured by a lien on any principal property or on any shares of stock of (or other interests in) any of our restricted subsidiaries unless we or that first-mentioned restricted subsidiary secures or causes such restricted subsidiary to secure the notes (and any of its or such restricted subsidiary’s other debt, at its option or such restricted subsidiary’s option, as the case may be, not subordinate to the notes), equally and ratably with (or prior to) such secured debt, for as long as such secured debt will be so secured.

These restrictions will not, however, apply to debt secured by:

- (1) any liens existing prior to the issuance of such notes;
- (2) any lien on property of or shares of stock of (or other interests in) or debt of any entity existing at the time such entity becomes a restricted subsidiary;
- (3) any liens on property, shares of stock of (or other interests in) or debt of any entity (a) existing at the time of acquisition of such property or shares (or other interests) (including acquisition through merger or consolidation), (b) to secure the payment of all or any part of the purchase price of such property or shares (or other interests) or construction or improvement of such property or (c) to secure any debt incurred prior to, at the time of, or within 365 days after the later of the acquisition, the completion of construction or the commencement of full operation of such property or within 365 days after the acquisition of such shares (or other interests) for the purpose of financing all or any part of the purchase price of such shares (or other interests) or construction thereon;
- (4) any liens in favor of us or any of our restricted subsidiaries;

- (5) any liens in favor of, or required by contracts with, governmental entities; or
- (6) any extension, renewal, or refunding of liens referred to in any of the preceding clauses (1) through (5).

Notwithstanding the foregoing, we or any of our restricted subsidiaries may incur, suffer to exist or guarantee any debt secured by a lien on any principal property or on any shares of stock of (or other interests in) any of our restricted subsidiaries if, after giving effect thereto, the aggregate amount of such debt does not exceed 15% of our consolidated net tangible assets.

The indenture does not restrict the transfer by us of a principal property to any of our unrestricted subsidiaries or our ability to change the designation of a subsidiary owning principal property from a restricted subsidiary to an unrestricted subsidiary and, if we were to do so, any such unrestricted subsidiary would not be restricted from incurring secured debt nor would we be required, upon such incurrence, to secure the notes equally and ratably with such secured debt.

Consolidation, Merger or Sale of Assets

We may consolidate or merge with or into, or convey or transfer all or substantially all of our assets to, any entity (including, without limitation, a limited partnership or a limited liability company); *provided* that:

- we will be the surviving corporation or, if not, that the successor will be a corporation that is organized and validly existing under the laws of any state of the United States of America or the District of Columbia and will expressly assume by a supplemental indenture our obligations under the indenture and the notes;
- immediately after giving effect to such transaction, no event of default, and no default or other event which, after notice or lapse of time, or both, would become an event of default, will have happened and be continuing; and
- we will have delivered to the trustee an opinion of counsel, stating that such consolidation, merger, conveyance or transfer complies with the indenture.

In the event of any such consolidation, merger, conveyance, transfer or lease, any such successor will succeed to and be substituted for us as obligor on the notes with the same effect as if it had been named in the indenture as obligor, and we will be released from all obligations under the indenture and under the notes.

Definitions

“Consolidated net tangible assets” means the total amount of our assets and our restricted subsidiaries’ assets minus:

- all applicable depreciation, amortization and other valuation reserves;
- all current liabilities of ours and our restricted subsidiaries (excluding any intercompany liabilities); and
- all goodwill, trade names, trademarks, patents, unamortized debt discount and expenses and other like intangibles, all as set forth on our and our restricted subsidiaries’ latest consolidated balance sheets prepared in accordance with U.S. generally accepted accounting principles.

“Debt” means any indebtedness for borrowed money.

“Principal property” means any single manufacturing or processing plant, office building or warehouse owned or leased by us or any of our restricted subsidiaries other than a plant, warehouse, office building or portion thereof which, in the opinion of our Board of Directors, is not of material importance to the business conducted by us and our restricted subsidiaries taken as an entirety.

“Restricted subsidiary” means, at any time, any subsidiary which at the time is not an unrestricted subsidiary of ours.

“Subsidiary” means any entity, at least a majority of the outstanding voting stock of which shall at the time be owned, directly or indirectly, by us or by one or more of our subsidiaries, or both.

“Unrestricted subsidiary” means any subsidiary of ours (not at the time designated as our restricted subsidiary) (1) the major part of whose business consists of finance, banking, credit, leasing, insurance, financial services or other similar operations, or any combination thereof, (2) substantially all the assets of which consist of the capital stock of one or more subsidiaries engaged in the operations referred to in the preceding clause (1), or (3) designated as an unrestricted subsidiary by our Board of Directors.

Events of Default

An “Event of Default” under the notes of a given series means:

- (1) default in paying interest on the notes when it becomes due and the default continues for a period of 30 days or more;
- (2) default in paying principal, or premium, if any, on the notes when due;
- (3) default is made in the payment of any sinking or purchase fund or analogous obligation when the same becomes due, and such default continues for 30 days or more;
- (4) default in the performance, or breach, of any covenant or warranty of PepsiCo in the indenture (other than defaults specified in clause (1), (2) or (3) above) and the default or breach continues for a period of 90 days or more after we receive written notice from the trustee or we and the trustee receive notice from the holders of at least 51% in aggregate principal amount of the outstanding notes of the series;
- (5) certain events of bankruptcy, insolvency, reorganization, administration or similar proceedings with respect to PepsiCo have occurred; or
- (6) any other Events of Default set forth in the applicable prospectus supplement.

If an Event of Default (other than an Event of Default specified in clause (5) with respect to PepsiCo) under the indenture occurs with respect to the notes of any series and is continuing, then the trustee or the holders of at least 51% in principal amount of the outstanding notes of that series may by written notice require us to repay immediately the entire principal amount of the outstanding notes of that series (or such lesser amount as may be provided in the terms of the notes), together with all accrued and unpaid interest and premium, if any.

If an Event of Default under the indenture specified in clause (5) with respect to PepsiCo occurs and is continuing, then the entire principal amount of the outstanding notes (or such lesser amount as may be provided in the terms of the notes) will automatically become due and payable immediately without any declaration or other act on the part of the trustee or any holder.

After a declaration of acceleration, the holders of not less than 51% in aggregate principal amount of outstanding notes of any series may rescind this accelerated payment requirement if all existing Events of Default, except for nonpayment of the principal and interest on the notes of that series that has become due solely as a result of the accelerated payment requirement, have been cured or waived and if the rescission of acceleration would not conflict with any judgment or decree. The holders of a majority in principal amount of the outstanding notes of any series also have the right to waive past defaults, except a default in paying principal, premium or interest on any outstanding note, or in respect of a covenant or a provision that cannot be modified or amended without the consent of all holders of the notes of that series.

Holders of at least 51% in principal amount of the outstanding notes of a series may seek to institute a proceeding only after they have notified the trustee of a continuing Event of Default in writing and made a written request, and offered reasonable indemnity, to the trustee to institute a proceeding and the trustee has failed to do so within 60 days after it received this notice. In addition, within this 60 day period the trustee must not have received directions inconsistent with this written request by holders of a majority in principal amount of the outstanding notes of that series. These limitations do not apply, however, to a suit instituted by a holder of a note for the enforcement of the payment of principal, interest or any premium on or after the due dates for such payment.

During the existence of an Event of Default, the trustee is required to exercise the rights and powers vested in it under the indenture and use the same degree of care and skill in its exercise as a prudent man would under the circumstances in the conduct of that person's own affairs. If an Event of Default has occurred and is continuing, the trustee is not under any obligation to exercise any of its rights or powers at the request or direction of any of the holders unless the holders have offered to the trustee reasonable security or indemnity. Subject to certain provisions, the holders of a majority in principal amount of the outstanding notes of any series have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust, or power conferred on the trustee.

The trustee will, within 90 days after any default occurs, give notice of the default to the holders of the notes of that series, unless the default was already cured or waived. Unless there is a default in paying principal, interest or any premium when due, the trustee can withhold giving notice to the holders if it determines in good faith that the withholding of notice is in the interest of the holders.

Modification and Waiver

The indenture may be amended or modified without the consent of any holder of notes in order to:

- evidence a succession to the trustee;
- cure ambiguities, defects or inconsistencies;
- provide for the assumption of our obligations in the case of a merger or consolidation or transfer of all or substantially all of our assets;
- make any change that would provide any additional rights or benefits to the holders of the notes of a series;
- add guarantors with respect to the notes of any series;
- secure the notes of a series;
- establish the form or forms of notes of any series;
- maintain the qualification of the indenture under the Trust Indenture Act; or
- make any change that does not adversely affect in any material respect the interests of any holder.

Other amendments and modifications of the indenture or the notes issued may be made with the consent of the holders of not less than a majority of the aggregate principal amount of the outstanding notes of each series affected by the amendment or modification. However, no modification or amendment may, without the consent of the holder of each outstanding note affected:

- reduce the principal amount, interest or premium payable, or extend the fixed maturity, of the notes;
- alter or waive the redemption provisions of the notes;
- change the currency in which principal, any premium or interest is paid;

- reduce the percentage in principal amount outstanding of notes of any series which must consent to an amendment, supplement or waiver or consent to take any action;
- impair the right to institute suit for the enforcement of any payment on the notes;
- waive a payment default with respect to the notes or any guarantor;
- reduce the interest rate or extend the time for payment of interest on the notes;
- adversely affect the ranking of the notes of any series; or
- release any guarantor from any of its obligations under its guarantee or the indenture, except in compliance with the terms of the indenture.

Satisfaction, Discharge and Covenant Defeasance

We may terminate our obligations under the indenture, when:

- either:
 - all the notes of any series issued that have been authenticated and delivered have been delivered to the trustee for cancellation; or
 - all the notes of any series issued that have not been delivered to the trustee for cancellation have become due and payable, will become due and payable within one year, or are to be called for redemption within one year and we have made arrangements satisfactory to the trustee for the giving of notice of redemption by such trustee in our name and at our expense, and in each case, we have irrevocably deposited or caused to be deposited with the trustee sufficient funds to pay and discharge the entire indebtedness on the series of notes to pay principal, interest and any premium; and
- we have paid or caused to be paid all other sums then due and payable under the indenture; and
- we have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with.

We may elect to have our obligations under the indenture discharged with respect to the outstanding notes of any series (“legal defeasance”). Legal defeasance means that we will be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes of such series under the indenture, except for:

- the rights of holders of the notes to receive principal, interest and any premium when due;
- our obligations with respect to the notes concerning issuing temporary notes, registration of transfer of the notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment for security payments held in trust;
- the rights, powers, trusts, duties and immunities of the trustee; and
- the defeasance provisions of the indenture.

In addition, we may elect to have our obligations released with respect to certain covenants in the indenture (“covenant defeasance”). Any omission to comply with these obligations will not constitute a default or an event of default with respect to the notes of any series. In the event covenant defeasance occurs, certain events, not including non-payment, bankruptcy and insolvency events, described under “Events of Default” above will no longer constitute an event of default for that series.

In order to exercise either legal defeasance or covenant defeasance with respect to outstanding notes of any series:

- we must irrevocably have deposited or caused to be deposited with the trustee as trust funds for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to the benefit of the holders of the notes of a series:
 - money in an amount;
 - U.S. government obligations (or equivalent government obligations in the case of notes denominated in other than U.S. dollars or a specified currency) that will provide, not later than one day before the due date of any payment, money in an amount; or

- a combination of money and U.S. government obligations (or equivalent government obligations, as applicable),

in each case sufficient, in the written opinion (with respect to U.S. or equivalent government obligations or a combination of money and U.S. or equivalent government obligations, as applicable) of a nationally recognized firm of independent registered public accountants, to pay and discharge, and which shall be applied by the trustee to pay and discharge, all of the principal (including mandatory sinking fund payments), interest and any premium at the due date or maturity;

- in the case of legal defeasance, we must have delivered to the trustee an opinion of counsel stating that, under then applicable federal income tax law, the holders of the notes of that series will not recognize income, gain or loss for federal income tax purposes as a result of the deposit, defeasance and discharge to be effected and will be subject to the same federal income tax as would be the case if the deposit, defeasance and discharge did not occur;
- in the case of covenant defeasance, we must have delivered to the trustee an opinion of counsel to the effect that the holders of the notes of that series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the deposit and covenant defeasance to be effected and will be subject to the same federal income tax as would be the case if the deposit and covenant defeasance did not occur;
- no event of default or default with respect to the outstanding notes of that series has occurred and is continuing at the time of such deposit after giving effect to the deposit or, in the case of legal defeasance, no default relating to bankruptcy or insolvency has occurred and is continuing at any time on or before the 91st day after the date of such deposit, it being understood that this condition is not deemed satisfied until after the 91st day;
- the legal defeasance or covenant defeasance will not cause the trustee to have a conflicting interest within the meaning of the Trust Indenture Act, assuming all notes of a series were in default within the meaning of such Act;

- the legal defeasance or covenant defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which we are a party;
- the legal defeasance or covenant defeasance will not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act of 1940, as amended, unless the trust is registered under such Act or exempt from registration; and
- we must have delivered to the trustee an officers' certificate and an opinion of counsel stating that all conditions precedent with respect to the legal defeasance or covenant defeasance have been complied with.

Book-Entry, Delivery and Settlement

We have obtained the information in this section concerning Clearstream and Euroclear and their book-entry systems and procedures from sources that we believe to be reliable. We take no responsibility for an accurate portrayal of this information. In addition, the description of the clearing systems in this section reflects our understanding of the rules and procedures of Clearstream and Euroclear as they are currently in effect. Those clearing systems could change their rules and procedures at any time.

The notes of each series were initially represented by one or more fully registered global notes. Each such global note was deposited with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Clearstream and Euroclear. Except as set forth below, the global notes may be transferred, in whole and not in part, only to Euroclear or Clearstream or their respective nominees. You may hold your interests in the global notes in Europe through Clearstream or Euroclear, either as a participant in such systems or indirectly through organizations which are participants in such systems. Clearstream and Euroclear will hold interests in the global notes on behalf of their respective participating organizations or customers through customers' securities accounts in Clearstream's or Euroclear's names on the books of their respective depositaries. Book-entry interests in the notes and all transfers relating to the notes will be reflected in the book-entry records of Clearstream and Euroclear. The address of Clearstream is 42 Avenue JF Kennedy, L-1855 Luxembourg,

Luxembourg and the address of Euroclear is 1 Boulevard Roi Albert II, B-1210 Brussels, Belgium.

The distribution of the notes was cleared through Clearstream and Euroclear. Any secondary market trading of book-entry interests in the notes will take place through Clearstream and Euroclear participants and will settle in same-day funds. Owners of book-entry interests in the notes will receive payments relating to their notes in sterling with respect to the sterling notes and euro with respect to the euro notes, except as described in the applicable prospectus supplement.

Clearstream and Euroclear have established electronic securities and payment transfer, processing, depository and custodial links among themselves and others, either directly or through custodians and depositories. These links allow the notes to be issued, held and transferred among the clearing systems without the physical transfer of certificates. Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market.

The policies of Clearstream and Euroclear govern payments, transfers, exchanges and other matters relating to the investor's interest in the notes held by them. We have no responsibility for any aspect of the records kept by Clearstream or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way.

Clearstream and Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

Except as provided otherwise, owners of beneficial interests in the notes will not be entitled to have the notes registered in their names, will not receive or be entitled to receive physical delivery of the notes in definitive form and will not be considered the owners or holders of the notes under the indenture, including for purposes of receiving any reports delivered by us or the trustee pursuant to the indenture. Accordingly, each person owning a beneficial interest in a note must rely on the procedures of the depository and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, in order to exercise any rights of a holder of notes.

Certificated Notes. Subject to certain conditions, the notes represented by the global notes are exchangeable for certificated notes in definitive form of like tenor in minimum denominations of £100,000 principal amount and integral multiples of £1,000 in excess thereof with respect to the sterling notes and €100,000 principal amount and integral multiples of €1,000 in excess thereof with respect to the euro notes if:

- (1) the common depositary provides notification that it is unwilling, unable or no longer qualified to continue as depositary for the global notes and a successor is not appointed within 90 days;
- (2) we in our discretion at any time determine not to have all the notes of any series represented by the global note; or
- (3) default entitling the holders of the applicable notes of any series to accelerate the maturity thereof has occurred and is continuing.

Any note of any series that is exchangeable as above is exchangeable for certificated notes of such series issuable in authorized denominations and registered in such names as the common depositary shall direct. Subject to the foregoing, a global note is not exchangeable, except for a global note of the same aggregate denomination to be registered in the name of the common depositary (or its nominee).

Same-day Payment. Payments (including principal, interest and any additional amounts) and transfers with respect to notes of any series in certificated form may be executed at the office or agency maintained for such purpose within the City of London (initially the office of the paying agent maintained for such purpose) or, at our option, by check mailed to the holders thereof at the respective addresses set forth in the register of holders of the applicable notes of such series, provided that all payments (including principal, interest and any additional amounts) on notes in certificated form, for which the holders thereof have given wire transfer instructions, will be required to be made by wire transfer of immediately available funds to the accounts specified by the holders thereof. No service charge will be made for any registration of transfer, but payment of a sum sufficient to cover any tax or governmental charge payable in connection with that registration may be required.

THE PEPSICO INTERNATIONAL RETIREMENT PLAN
DEFINED CONTRIBUTION PROGRAM
(PIRP-DC)

As Amended and Restated
Effective as of January 1, 2021
(With Updates Through December 2021)

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ARTICLE I – HISTORY AND GENERAL INFORMATION

PepsiCo, Inc. (the “Corporation”) first established the PepsiCo International Retirement Plan effective as of September 1, 1980. The Plan at that time was comprised of the “PepsiCo International Retirement Plan Trust Indenture” and the “Plan Rules.” The Plan was amended and restated in its entirety, effective September 2, 1982.

The Plan was again amended and restated effective October 1, 2003, whereupon the Plan Rules became the “Plan A Rules” (applicable to benefits funded by the Corporation’s contributions to the trust established by the PepsiCo International Retirement Plan Trust Indenture) and the “Plan B Rules” (applicable to benefits funded by the Corporation as they arise) took effect.

The Plan was further amended effective January 1, 2005, to provide that no person subject to taxation in the United States of America may in any way have their right to a benefit from the Plan come into existence, increase or in any way be enhanced, but instead will be determined as if they had left the Corporation and any Associated Company permanently before becoming subject to U.S. taxation.

Effective January 1, 2010, the Plan A Rules and Plan B Rules were amended and restated in their entirety to form one Plan document. The amendment and restatement referred to in the prior sentence remains in effect, and it sets forth the terms of the “DB Program.”

Effective January 1, 2011, the Corporation established a new defined contribution structure (the “DC Program”) to benefit selected international employees for whom it has been determined to be appropriate (*i.e.*, employees on assignments outside of their home countries for whom it is judged to be impractical to have them participate in their home country retirement plans, and employees who are among a selected group of senior globalists on United States tax equalized packages). The terms of the DC Program are set forth in this document, which is the governing legal document for the DC Program. Together, the DC Program and the DB Program set forth the terms of a single Plan. The DC Program is also sometimes referred to in employee communications as the PepsiCo International Pension Plan or “PIPP.”

The DC Program was previously amended and restated, effective as of January 1, 2016. As part of that amendment and restatement, the Corporation modified the DC Program to also benefit selected employees: (i) who are localized to a country outside of their home country, (ii) were participating in a defined benefit or defined contribution retirement program sponsored immediately prior to their localization and (iii) for whom no company-provided retirement program is available.

The DC Program was again amended and restated effective as of January 1, 2019. As part of that amendment and restatement, the Corporation modified the DC Program to recognize same-sex and opposite-sex domestic partners for certain purposes for Members actively employed or on authorized leave of absence on and after January 1, 2019.

The DC Program is hereby amended and restated effective as of January 1, 2021.

At all times, the Plan is unfunded and unsecured for purposes of the United States Internal Revenue Code and Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The benefits of an executive are an obligation of that executive’s individual employer. With respect to his employer, the executive has the rights of an unsecured general creditor. The Plan is also intended to be exempt from ERISA as a plan maintained outside of the

United States primarily for the benefit of persons substantially all of whom are nonresident aliens of the United States.

ARTICLE II – DEFINITIONS AND CONSTRUCTION

2.01 Definitions.

Where the following words and phrases appear in this governing document for the DC Program, they shall have the meaning set forth below, unless a different meaning is plainly required by the context:

(a) “Approved Transfer” means any of the following that are initiated or approved by the Corporation or (with the approval of the Corporation) by a Member’s Employer –

(1) The Member’s transfer to employment based in the United States or its territories;

(2) The Member’s secondment to a work location in the United States or its territories;

(3) Any other change in the Member’s employment circumstances that will cause the Member to become a U.S. Person.

(b) “Associated Company” means any company or undertaking which (i) is directly or indirectly controlled by or associated in business with the Corporation, and (ii) which has agreed, subject to the ongoing consent of the Vice President, to perform and observe the conditions, stipulations and provisions of the DC Program and to be included among the Employers under the DC Program. “Associated Companies” means all such companies or undertakings.

(c) “Corporation” means PepsiCo, Inc., a corporation organized and existing under the laws of the State of North Carolina, or its successor or successors.

(d) “Dependant” means the person who shall receive the balance of a Member’s PIRP-DC Account upon the Member’s death.

(e) “DB Program” means the portion of the Plan that provides a program of defined benefits and that is described in the governing legal document entitled “The PepsiCo International Retirement Plan Defined Benefit Program (PIRP DB), as it may be amended from time to time. The DB Program is also sometimes referred to as “PIRP-DB”.

(f) “DC Program” means the portion of the Plan that provides a program of defined contributions and that is described in the governing legal document entitled “The PepsiCo International Retirement Plan Defined Contribution Program (PIRP-DC), as it may be amended from time to time. The DC Program is also sometimes referred to as “PIRP-DC.”

(g) “Distribution Valuation Date” means the date as specified by the Vice President from time to time as of which PIRP-DC Accounts are valued for purposes of distributions under Article VI. Currently, the Distribution Valuation Date for a Member is the month end that occurs just after the event specified in Article VI that triggers the Member’s distribution. Accordingly, if the trigger event occurs on December 30 of a year, the current Distribution Valuation Date is December 31 of that year, and if the trigger event occurs on December 31 of a year, the current Distribution Valuation Date is

January 31 of the following year. The Vice President may change any current Distribution Valuation Date. Values are determined as of the close of a Distribution Valuation Date or, if such date is not a business day, as of the close of the preceding business day.

(h) “Effective Date” means the date as of which the DC Program is effective, January 1, 2011.

(i) “Eligible Domestic Partner” means, solely with respect to a Member who is actively employed by, or on an Authorized Leave of Absence from, a member of the PepsiCo Organization on or after January 1, 2019, an individual who is of the same sex or opposite sex as the Member and who satisfies paragraph (1), (2) or (3), subject to the additional rules set forth in paragraph (4), as determined by the Vice President.

(1) Civil Union. If the Member has entered into a civil union or similar government-recognized status that is valid at the Member’s death under the law of the location that is determined by the Vice President to be the Member’s principal residence, the Member’s Domestic Partner (if any) is the individual with whom the Member has entered into such status, provided that such individual submits a claim for benefits within 60 days of Member’s date of death (and if no such claim is submitted, the individual shall not be a Domestic Partner under this Section 2.01(i)(1)).

(2) Benefits Enrollment. If the Member does not have a Domestic Partner pursuant to subsection (1) above, the Member’s Eligible Domestic Partner (if any) is the individual who, on the applicable date, was enrolled, as the Member’s domestic partner, in the Cigna International Health Program (or its successor) sponsored by the Corporation.

(3) Other Acceptable Evidence of Partnership. If the Member does not have a Domestic Partner under paragraph (1) or (2) above, such Member’s Domestic Partner, if any, is the individual who satisfies such criteria of domestic partnership as the Vice President has specified in writing, provided that such individual submits a claim for benefits within 60 days of the Member’s date of death (and if no such claim is submitted, the individual shall not be a Domestic Partner under this Section 2.01(i)(3)).

(4) Additional Rules. The term “Eligible Domestic Partner” does not apply to a Member’s Eligible Spouse. A Member is not permitted to have more than one Eligible Domestic Partner at any point in time, and a Member who has an Eligible Spouse is not permitted to have an Eligible Domestic Partner.

(j) “Eligible Employee” means an individual who the Vice President has determined (i) is employed exclusively outside of the United States on the regular staff of an Approved Employer on a full-time salaried basis, (ii) is neither actively accruing benefits that are derived from service under the DB Program nor is designated as being eligible to accrue such benefits, and (iii) is described in at least one of the following paragraphs

(1) The individual is on an assignment outside of his home country and it is judged to be impractical to have him participate in the retirement plan(s) sponsored by the Corporation (or an Affiliated Company) in his home country;

(2) The individual is on his second (or more) consecutive assignment outside of his home country (effective as of January 1, 2021, the first assignment outside of his home country), and the retirement plan(s) available to the individual in his home country do not include a retirement plan that is sponsored by the Corporation or an Affiliated Company (*e.g.*, a case where only a statutory plan is available to the individual);

(3) The individual is among a selected group of senior globalists on United States tax equalized packages whose positions and employment terms are among those that the Vice President has determined make them eligible to be considered for membership in the DC Program; or

(4) The individual is localized to a country outside of his home country, was actively participating in a retirement program sponsored by a member of the PepsiCo Organization immediately prior to his localization that will not provide for his continued active participation after his localization, and the local country employer does not sponsor a retirement plan.

The Vice President shall have the discretion to designate as an Eligible Employee any individual employed by an Approved Employer on a part-time basis who, but for his part-time status, otherwise satisfies the requirements of this subsection.

(k) “Eligible Spouse” means the individual to whom the Member is married, or to whom the Member was married on the date of his death. The determination of whether a Member is married shall be made by the Vice President based on the law of the location that is determined by the Vice President to be the Member’s principal residence; provided, however, that for purposes of the DC Program, a Member shall have only one Eligible Spouse.

(l) “Employers” means the Corporation and any and every Associated Company or such one or more of any of them as the context shall determine or the circumstances require. “Employer” in relation to any person means whichever it is of the Employers in whose employment that person is or was at the relevant time or those Employers (if more than one) in whose employment he had been during the relevant period. An “Approved Employer” means an Employer that, as of the time in question, has been approved by the Vice President (and remains approved) to have its Eligible Employees become and continue as Active Members hereunder.

(m) “Entry Date” means the date as of which an Eligible Employee becomes a Member, which shall be the date that the Vice President specifies for the Eligible Employee’s admission to Membership.

(n) “Interest Credit” means the credit made annually to a Member’s PIRP-DC Account pursuant to Section 4.01(b).

(o) “Interest Rate” means the annualized rate of interest used to determine a Member’s Interest Credit. As of the Effective Date, the Interest Rate is the rate of interest on 30-year Treasury securities as prescribed by the Commissioner of the United States Internal Revenue Service for the month of September immediately preceding the first day of the Plan Year to which an Interest Credit relates. The Vice President shall

have the discretion to change from time to time the basis for determining the Interest Rate as necessary to ensure that the Interest Rate is readily determinable and administrable, and that it can be reasonably expected to provide substantially a market rate of interest over time. At all times the Interest Rate shall not exceed a level that may be considered to constitute earnings under Treasury Regulation § 1.409A-1(o).

(p) “Member” means an Eligible Employee who has been admitted to Membership in the DC Program pursuant to Article III and who remains entitled to a benefit under the DC Program. In relation to each of the Employers, any reference to a Member means a Member in or formerly in its employment. References to “Membership” are references to the status of being a Member. The terms “Active Member” and “Inactive Member” shall have the respective meanings stated for these terms in Section 3.03.

(q) “Pay Credit” means the credit made to an Active Member’s PIRP-DC Account pursuant to Section 4.01(a).

(r) “Plan” means the PepsiCo International Retirement Plan, which consists of the DC Program and DB Program.

(s) “Plan Year” means the 12-consecutive month period beginning on January 1 and ending on the following December 31 of the same calendar year.

(t) “PepsiCo Organization” means the controlled group of organizations of which the Corporation is a part, as defined by United States Internal Revenue Code section 414 and regulations issued thereunder. An entity shall only be considered a member of the PepsiCo Organization during the period it is one of the group of organizations described in the preceding sentence.

(u) “PIRP-DC Account” means the unfunded, notional account maintained for a Member on the books of the Member’s Employer that indicates the dollar amount that, as of any time, is credited under the DC Program for the benefit of the Member. The balance in such account shall be determined in accordance with interpretive principles and decisions applied by the Vice President.

(v) “Salary” means (i) home notional base salary in the case of an Eligible Employee who is not paid on a United States payroll, and (ii) base salary plus annual bonus in the case of an Eligible Employee who is paid on a United States payroll. Notwithstanding the foregoing, Salary shall include home notional base salary plus annual bonus for Eligible Employees not paid on a United States payroll who become an Active Member on or after January 1, 2021. In the case of an Eligible Employee who is employed in a country other than the United States, the Vice President may authorize the Eligible Employee’s Salary to be increased to reflect an amount of notional bonus that is paid to such Eligible Employee. The determination of an Eligible Employee’s Salary in accordance with the preceding three sentences shall be made by the Vice President and shall be conclusive and binding on all Eligible Employees.

(w) “Service” means the period during which an Eligible Employee was continuously in employment (including all permissible periods of authorized leave of absence) with any Approved Employer. A permissible period of authorized leave of absence is a period of absence of not more than 12 months, unless a longer period is individually authorized in writing by the Vice President. A break in service of less than 12 months shall not be considered to have broken the continuity of a Member’s Service. Other breaks in service (including a break in service of at least 12 months and a break in

service before an individual has become a Member) shall break the continuity of an individual's Service, and employment before the break in service will only be counted as Service if it would otherwise qualify under this subsection and the Vice President approves its being counted. For an individual who transfers from employment with an Employer while not an Eligible Employee to the status of an Eligible Employee of an Approved Employer, his pre-transfer period of employment with an Employer may be counted as Service only with the approval of the Vice President. Similarly, for an individual who transfers from employment with an Approved Employer as an Eligible Employee to other employment with an Employer, his post-transfer period of employment with an Employer may be counted as Service only with the approval of the Vice President. Except as otherwise expressly provided by the Vice President, Service shall not include an individual's periods of employment with any company or undertaking prior to it becoming an Employer or a member of the PepsiCo Organization.

(x) "Status Change" means any change in a Member's circumstances (other than a change in circumstances that constitutes an Approved Transfer) that will cause the Member to become a U.S. Person.

(y) "U.S. Person" means: (1) a citizen of the United States of America; (2) a person lawfully admitted for permanent residence in the United States of America at any time during the calendar year, or who has applied for such permanent residence (within the meaning of United States Internal Revenue Code section 7701(b)(1)(A)); or (3) any other person who is a resident alien of the United States of America under United States Internal Revenue Code section 7701(b)(1)(A) because, for example, the person satisfies the substantial presence test under United States Internal Revenue Code section 7701(b)(3) or makes an election to be treated as a United States resident under United States Internal Revenue Code section 7701(b)(4). In addition, a person shall be considered a U.S. Person for purposes of Section 9.14 in any year for which the person is required by the United States Internal Revenue Code to file an individual income tax return, unless the Vice President determines that it is clear that the person has no U.S. source earned income from a member of the PepsiCo Organization for such year.

(z) "Valuation date" means each business day, as determined by the Vice President, as of which Members' PIRP-DC Accounts are valued (for purposes other than distributions under Article VI) in accordance with DC Program procedures that are then currently in effect. As of the Effective Date, the DC Program shall have a Valuation Date for all Members as of the last day of each Plan Year. In addition, to the extent provided in Section 4.02, the DC Program shall have a special Valuation Date prior to the end of a Plan Year for Active Members who have an Approved Transfer (and for certain Active Members who have a Status Change) as described in Section 4.02. In accordance with procedures that may be adopted by the Vice President, any current Valuation Date may be changed (but in such case adjustments shall apply in the operation of the DC Program as necessary to prevent duplicate or disproportionate benefits, as determined by the Vice President). Values are determined as of the close of a Valuation Date or, if such date is not a business day, as of the close of the preceding business day.

(aa) "Vice President" means the Vice President, Global Benefits & Wellness of PepsiCo, Inc., but if such position is vacant or eliminated it shall be the person who is acting to fulfill the majority of the duties of the position (or plurality of the duties, if no one is fulfilling a majority), as such duties existed immediately prior to the vacancy or the position elimination.

2.02 Construction.

(a) Gender and Number: Unless the context clearly indicates to the contrary, (i) a reference to one or more genders shall include a reference to all the other genders, and (ii) the singular may include the plural, and the plural may include the singular..

(b) Determining Periods of Years: For the purposes of the DC Program, any period of 365 consecutive days (or of 366 consecutive days, if the period includes 29th February) shall be deemed to constitute a year, but not so that in the calculation of a number of years any day is counted more than once. Where the amount of a benefit depends upon the calculation of a number of years or months without expressly requiring that these should be complete years or months, a proportionate amount (*i.e.*, a number of days) may be given for any part of a year or month which would not otherwise be included in the calculation. Where this document makes reference to months or parts of a year, or to any other period of time except a day, week or year the Vice President may authorize the period to be counted in days or complete calendar months with each calendar month counted as 1/12th of a year.

(c) Compounds of the Word “Here”: The words “hereof” and “hereunder” and other similar compounds of the word “here” shall mean and refer to the entire DC Program, not to any particular provision or section.

(d) Examples: Whenever an example is provided or the text uses the term “including” followed by a specific item or items, or there is a passage having a similar effect, such passages of the document shall be construed as if the phrase “without limitation” followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

(e) Subdivisions of this Document: This document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs and clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numerals in parentheses. Subparagraphs are designated by lower-case roman numerals in parentheses. Clauses are designated by upper-case letters in parentheses. Any reference in a section to a subsection (with no accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar rule shall apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

ARTICLE III – MEMBERSHIP

3.01 Eligibility for Membership.

Every person who the Vice President determines is an Eligible Employee shall be eligible for Membership.

3.02 Admission to Membership.

Every person who the Vice President determines is an Eligible Employee, and who is not during the relevant time a U.S. Person, shall, following the approval of his Membership by the Vice President, be admitted to Membership effective as of his Entry Date. For this purpose, the relevant time includes a sufficient period before the Eligible Employee's Proposed Entry Date as is necessary to avoid PIRP-DC Accounts being considered deferred compensation that is subject to Section 409A of the United States Internal Revenue Code. No Eligible Employee or any other person shall be admitted to Membership without the approval of the Vice President.

3.03 Active and Inactive Membership.

A Member shall be an Active Member during the period that he is – (a) employed as an Eligible Employee, (b) not a U.S. Person, and (c) currently approved for status as an Active Member by the Vice President. A Member shall be an Inactive Member during any period that he does not currently meet all of the requirements to be an Active Member.

ARTICLE IV – CONTRIBUTIONS

4.01 Contributions.

To the extent provided in subsections (a) and (b) below, the Employer shall allocate Pay Credits and Interest Credits to a Member’s PIRP-DC Account, each determined by the Vice President as follows –

(a) Pay Credit. To receive a Pay Credit for a Plan Year, an individual must be an Active Member during such year. The amount of an Active Member’s Pay Credit for a Plan Year shall be determined by multiplying the Active Member’s annualized Salary in effect as of that year’s Valuation Date by the Active Member’s applicable percentage, which shall be one of the following: 5%, 8%, 10%, 12% or 18%.

Effective for any Eligible Employee who becomes an Active Member on or after January 1, 2021 and who does not have any Service completed while a U.S. Person, the amount of the Active Member’s Pay Credits shall be determined by the number of “points” attributed to the Active Member in accordance with the following:

<u>Points</u>	<u>Amount of Pay Credit</u>
Less than 35	5% of Eligible Pay
35-39	6% of Eligible Pay
40-44	7% of Eligible Pay
45-49	8% of Eligible Pay
50-54	9% of Eligible Pay
55-59	10% of Eligible Pay
60-64	11% of Eligible Pay
65 or more	12% of Eligible Pay

Such an Active Member’s points shall be determined by the sum of the Active Member’s age and years of Service, with each expressed in whole years and days.

Otherwise, the Vice President shall specify the Active Member’s applicable percentage as of the Active Member’s Entry Date (or, if the Member ceases to be an Active Member, and then becomes an Active Member again, as of the date the Member again becomes an Active Member). For each subsequent Plan Year that the individual is an Active Member, the Vice President may specify a new applicable percentage that shall apply to the Active Member for such Plan Year. An Active Member shall cease receiving Pay Credits during any Plan Year as necessary to ensure (i) that the Active Member’s Pay Credits do not exceed the Internal Revenue Code Section 401(a)(17) limit in effect for such Plan Year, and (ii) that there is ongoing compliance with limitations set forth in Section 9.14. Specifications of an applicable percentage by the Vice President are made in the Vice President’s sole discretion, and at no time does an Eligible Employee have a legally binding right to be assigned any initial or increased applicable percentage.

(b) Interest Credit. To receive an Interest Credit for a Plan Year, an individual must be either an Active Member or Inactive Member during such year, and the individual must have had a balance in his PIRP-DC Account as of the prior Plan Year’s Valuation Date. The amount of a Member’s Interest Credit shall be determined by the Vice President by multiplying the Interest Rate for the period since the last Valuation Date by the balance of the Member’s PIRP-DC Account as of such last Valuation Date.

A Member's Pay Credit and Interest Credit shall be determined by the Vice President as soon as administratively practicable after each Valuation Date. If a Member has less than one full year of Active Membership since such last Valuation Date (*e.g.*, as may apply in the Member's first and last year of Membership), the Member's Pay Credit as otherwise determined under subsection (a) above shall be prorated for such period based upon the Member's fractional year of Active Membership. If a Member has less than one full year of Membership since such last Valuation Date, any Interest Credit as otherwise available and determined under subsection (b) above shall be prorated for such period based upon the Member's fractional year of Membership (*e.g.*, as may apply in the Member's last year of Membership). A fractional year shall be computed by dividing the Member's days of Membership or Active Membership (as applicable) during the Plan Year by the total number of days in such Plan Year. A period of paid leave of absence during a Plan Year shall be considered a period of Active Membership for purposes of determining a Member's Pay Credit for the Plan Year in accordance with the prior sentence. However, a period of unpaid leave of absence during a Plan Year shall not be considered a period of Active Membership for purposes of determining a Member's Pay Credit for the Plan Year in accordance with the prior sentence (and as a result, the Pay Credit for the Plan Year containing the unpaid leave shall be prorated, or there shall be no Pay Credit, all as necessary to limit Pay Credits to the Member's period of Active Membership during the Plan Year). In the event a prorated Pay Credit and Interest Credit relate to the Member's final year of Membership, the Pay Credit and Interest Credit shall be determined as of the Member's Distribution Valuation Date (with proration based upon the Member's fractional final year of Membership). The calculation of the Pay Credit and Interest Credit by the Vice President shall be conclusive and binding on all Members (and their Dependents).

4.02 Offsets.

Notwithstanding Section 4.01, the Corporation may reduce the amount of any payment or benefit that is or would become payable to or on behalf of a Member by the amount of any obligation of the Member to the Corporation or by the amount of –

(a) Any material benefits accrued by the Member under a retirement plan sponsored by the Corporation or by any country, state, province or other political subdivision or locality, to the extent the Vice President determines that the benefit amount under such retirement plan is for Service or Salary that is taken into account in providing Pay Credits under the DC Program, and

(b) Any termination indemnity or other payment to the Member by the Employer or PepsiCo Organization related to the Member's termination of employment, to the extent the Vice President determines that the payment is reasonably related to Service that is taken into account in providing Pay Credits under the DC Program.

Consistent with the foregoing, appropriate reductions may be made in the Pay Credits and Interest Credits that otherwise would be provided to the Member under Sections 4.01 and 4.02, the balance in the Member's PIRP-DC Account under Article V, or the Member's distributions under Article VI. The determination of whether a benefit is material and all other aspects of the application of this Section 4.02 is solely in the independent discretion of the Vice President.

ARTICLE V – MEMBER ACCOUNTS

5.01 Accounting for Members' Interests.

Pay Credits and Interest Credits shall be credited to a Member's PIRP-DC Account as of the Valuation Date to which such credits relate (or, in the case of Pay Credits and Interest Credits that relate to the Member's final year of Membership, as of the Member's Distribution Valuation Date) or as soon as administratively practicable thereafter. A Member's PIRP-DC Account is a bookkeeping device to track the notional value of the Member's Pay Credits and Interest Credits (and his Employer's liability for such credits). No assets shall be reserved or segregated in connection with any PIRP-DC Account, and no PIRP-DC Account shall be funded, insured or otherwise secured.

5.02 Vesting.

Subject to Sections 4.02 and 9.14, a Member shall be fully vested in, and have a nonforfeitable right to, his PIRP-DC Account upon completing 3 years of Service, or if earlier, upon the death or disability of the Member while employed by the Employer or PepsiCo Organization. The determination of whether a Member has become disabled for this purpose shall be made by the Vice President in accordance with such standards as the Vice President deems to be appropriate as of the time in question.

5.03 Special Vesting for Approved Transfers and Status Changes.

(a) Automatic Special Vesting for Approved Transfers. Notwithstanding Section 5.02 above, in the case of an Active Member who will have an Approved Transfer during a Plan Year, the Active Member shall automatically have special vesting apply as of the last business day before the earlier of – (a) the Active Member's Approved Transfer, or (b) the day the Active Member would become a U.S. Person in connection with the Approved Transfer.

(b) Special Vesting for Status Changes. Also notwithstanding Section 5.02 above, in the case of an Active Member who will have a Status Change, the Active Member may request that the Vice President apply special vesting to him as of the last business day before the Active Member's Status Change. In order for special vesting related to a Status Change to be valid and effective under the DC Program, the Active Member's request and the Vice President's approval of the request must both be completely final and in place prior to the date that the special vesting applies.

Subject to the next sentence, the effect of special vesting applying to a Member in accordance with either subsection (a) or (b) above is that the Member will become vested, to the same extent as could apply under Section 5.02 if the Member vested under that Section, as of the date that the special vesting applies. Notwithstanding the preceding provisions of this Section 5.03, rights under this Section 5.03 are subject to the overriding requirement that allocations, benefits and other rights under the Plan must remain entirely exempt from Section 409A of the United States Internal Revenue Code, and this Section 5.03 shall not apply to the extent inconsistent with this requirement.

ARTICLE VI – DISTRIBUTION OF BENEFITS

6.01 Distribution Rules Generally.

A Member's PIRP-DC Account shall be distributed based upon first to occur of the Member's termination of employment with the PepsiCo Organization or death, as provided in Sections 6.02 and 6.03 respectively, subject to Section 4.06 (vesting). All distributions shall be made in cash.

6.02 Distributions Upon Termination of Employment.

If a Member's PIRP-DC Account becomes distributable based upon his termination of employment with the PepsiCo Organization, such distribution shall be made in a single lump sum payment on the first of the month that immediately follows the Member's Distribution Valuation Date. In the case of a Member whose termination of employment with the PepsiCo Organization occurs as a result of the Member becoming disabled, for purposes of this Section, the determination of whether such Member is disabled and the date on which such Member's termination of employment is considered to occur shall be made by the Vice President.

6.03 Distributions Upon Death.

If a Member's PIRP-DC Account becomes distributable based upon his death, such distribution shall be made in a single lump sum payment on the first day of the month that immediately follows the Member's Distribution Valuation Date. Amounts paid following a Member's death shall be paid to the Member's Dependant; provided, however, that if no Dependant designation is in effect at the time of the Member's death (as determined by the Vice President), or if all persons designated as Dependents have predeceased the Member, then the payments to be made pursuant to this Section shall be distributed to the Member's Eligible Spouse or Eligible Domestic Partner, as applicable, or, if the Member does not have an Eligible Spouse or an Eligible Domestic Partner at the time of his death, to his estate.

6.04 Valuation.

In determining the amount of any individual distribution pursuant to this Article, the Member's PIRP-DC Account shall continue to be credited with Interest Credits (and debited for expenses) as specified in Article V until the Member's Distribution Valuation Date.

6.05 Designation of Dependant.

A Member shall designate one or more Dependents who will be entitled to any amounts payable on his death. A Member shall have the right to change or revoke his Dependant designation at any time prior to the effective date of such election. If the Member is married at the time he or she designates a Dependant(s), any designation under this section of a Dependant(s) who is not the Member's Eligible Spouse shall require the written consent of the Member's Eligible Spouse. A revocation of a Dependant(s) does not require consent by the Member's Eligible Spouse. The designation of any Dependant(s), and any change or revocation thereof, and any written consent of a Member's Eligible Spouse required by this Section shall be made in accordance with rules adopted by the Vice President, shall be made in writing on forms provided by the Vice President, and shall not be effective unless and until filed with the Vice President.

ARTICLE VII – ADMINISTRATION

7.01 Authority to Administer Plan.

(a) Administration by the Vice President: The Plan shall be administered by the Vice President, who shall have the authority to interpret the Plan and issue such regulations as he deems appropriate. All actions by the Vice President hereunder may be taken in his sole discretion, and all interpretations, determinations and regulations made or issued by the Vice President shall be final and binding on all persons and parties concerned.

(b) Authority to Delegate: The Vice President may delegate any of his responsibilities under the Plan to other persons or entities, or designate or employ other persons to carry out any of his duties, responsibilities or other functions under the Plan. Any reference in the Plan to an action by the Vice President shall, to the extent applicable, refer to such action by the Vice President's delegate or other designated person.

7.02 Facility of Payment.

Whenever, in the opinion of the Vice President, a person entitled to receive any payment of a benefit hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Vice President may direct that payments from the Plan be made to such person's legal representative for his benefit, or that the payment be applied for the benefit of such person in such manner as the Vice President considers advisable. Any payment of a benefit in accordance with the provisions of this section shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.03 Claims Procedure.

The Vice President, or a party designated by the Vice President, shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits with respect to a purported former or current Eligible Employee, Member, Dependant, or any other individual, person or entity asserting a right to a benefit under the Plan (a "Petitioner"). As a result, benefits under this Plan will be paid only if the Vice President decides in its discretion that the Petitioner is entitled to them. Any decisions or determinations hereunder shall be made in the absolute and unrestricted discretion of the Vice President, even if (i) such discretion is not expressly granted by the Plan provisions in question, or (ii) a decision or determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or expressly call for a decision or determination. All decisions and determinations made by the Vice President will be final, conclusive, and binding on all parties. The Vice President may consider the intent of the Company with respect to a Plan provision in making any determination with respect to the provision, notwithstanding the provisions set forth in any document that arguably do not contemplate considering such intent. The Vice President's discretion is absolute, and in any case where the breadth of the Vice President's discretion is at issue, it is expressly intended that the Vice President (or its delegate) be accorded the maximum possible discretion. Any exercise by the Vice President of its discretionary authority shall be reviewed by a court under the arbitrary and capricious standard (i.e., abuse of discretion).

If, pursuant to this discretionary authority, an assertion of any right to a benefit by or on behalf of a Petitioner is wholly or partially denied, the Vice President, or a party designated by

the Vice President, will provide such Petitioner within the 90-day period following the receipt of the claim by the Vice President, a comprehensible written notice setting forth:

- (a) The specific reason or reasons for such denial;
- (b) Specific reference to pertinent Plan provisions on which the denial is based;
- (c) A description of any additional material or information necessary for the Petitioner to submit to perfect the claim and an explanation of why such material or information is necessary; and
- (d) A description of the Plan's claim review procedure (including the time limits applicable to such process).

If the Vice President determines that special circumstances require an extension of time for processing the claim he may extend the response period from 90 to 180 days. If this occurs, the Vice President will notify the Petitioner before the end of the initial 90-day period, indicating the special circumstances requiring the extension and the date by which the Vice President expects to make the final decision. Upon review, the Vice President shall provide the Petitioner a full and fair review of the claim, including the opportunity to submit to the Vice President comments, document, records and other information relevant to the claim and the Vice President's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review will be made within 60 days after receipt of the request for review, unless circumstances warrant an extension of time not to exceed an additional 60 days. If this occurs, notice of the extension will be furnished to the Petitioner before the end of the initial 60-day period, indicating the special circumstances requiring the extension and the date by which the Vice President expects to make the final decision. The final decision shall be in writing and drafted in a manner calculated to be understood by the Petitioner; include specific reasons for the decision with references to the specific Plan provisions on which the decision is based; and provide that the Petitioner is entitled to receive, upon request and free of charge, copies of, all documents, records, and other information relevant to his claim for benefits.

Any claim under the Plan that is reviewed by a court, arbitrator or any other tribunal shall be reviewed solely on the basis of the record before the Vice President at the time it made its determination. In addition, any such review shall be conditioned on the Petitioner's having fully exhausted all rights under this section. Exhaustion may not be excused (i) for failure to respond to a claim unless the Petitioner took steps that were sufficient to make it reasonably clear to the Vice President that the purported Petitioner was submitting a claim with respect to the Plan, or (ii) for failure to fulfill a request for documents unless (A) the Petitioner is lawfully entitled to receive a copy of the requested document from the Vice President at the time and in the form requested, (B) the Petitioner requests such documents in a writing that is addressed to and actually received by the Vice President, (C) the Vice President fails to provide the requested documents within 6 months after the date the request is received, or within such longer period as may be reasonable under the facts and circumstances, (D) the Petitioner took steps that were sufficient to make it reasonably clear to the Vice President that the Petitioner was actually entitled to receive the requested documents at the time and in the form requested (i.e., generally the Petitioner must provide sufficient information to place the Vice President on notice of a colorable claim for benefits), and (E) the documents requested and not provided are material to the determination of one or more colorable claims of which the Petitioner has informed the Vice President.

7.04 Limitations on Actions.

Any claim filed under Article VII and any action filed in state or federal court by or on behalf of a Petitioner for the alleged wrongful denial of Plan benefits must be brought within two years of the date the Petitioner's cause of action first accrues.

(a) For purposes of this subsection, a cause of action with respect to a Petitioner's benefits under the Plan shall be deemed to accrue not later than the earliest of (i) when the Petitioner has received the calculation of the benefits that are the subject of the claim or legal action, (ii) the date identified to the Petitioner by the Vice President on which payments shall commence, (iii) when the Petitioner has actual or constructive knowledge of the acts or failures to act (or the other facts) that are the basis of his claim, or (iv) the date when the benefit was first paid, provided, or denied.

(b) For purposes of this subsection, a cause of action with respect to any other claim, action or suit not covered by subsection (a) above must be brought within two years of the date when the Petitioner has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to give rise to the claim, action or suit.

Failure to bring any such claim or cause of action within this two-year time frame shall preclude a Petitioner, or any representative of the Petitioner, from filing the claim or cause of action. Correspondence or other communications pursuant to or following the mandatory appeals process described in Section 7.03 shall have no effect on this two-year time frame.

7.05 Restriction of Venue.

Any claim or action filed in court or any other tribunal in connection with the Plan by or on behalf of a Petitioner shall only be brought or filed in the state or federal courts of New York, specifically the state or federal court, whichever applies, located nearest the Corporation's headquarters.

7.06 Effect of Specific References.

Specific references in the Plan to the Vice President's discretion shall create no inference that the Vice President's discretion in any other respect, or in connection with any other provision, is less complete or broad.

ARTICLE VIII – AMENDMENT AND TERMINATION

8.01 Continuation of the Plan.

While the Corporation intends to continue the Plan indefinitely, it assumes no contractual obligation as to its continuance. The Corporation hereby reserves the right, in its sole discretion, to amend, terminate, or partially terminate the Plan at any time provided, however, that no such amendment or termination shall reduce the balance (determined as of the date of such amendment or termination) in the Plan account maintained for the benefit of a Member or his Dependant, except to the extent the Member becomes entitled to an amount under another plan or practice maintained by an Employer. Specific forms (including times) of payment are not protected under the preceding sentence. The Corporation's rights under this Article VIII shall be as broad as permissible under applicable law.

8.02 Amendment.

The Corporation may, in its sole discretion, make any amendment or amendments to this Plan from time to time, with or without retroactive effect, subject to Section 8.01. An Employer (other than the Corporation) shall not have the right to amend the Plan.

8.03 Termination.

The Corporation may terminate the Plan, either as to its participation or as to the participation of one or more Employers. If the Plan is terminated with respect to fewer than all of the Employers, the Plan shall continue in effect for the benefit of the employees of the remaining Employers.

ARTICLE IX – MISCELLANEOUS

9.01 Unfunded Plan.

The Employers' obligations under the Plan shall not be funded, but shall constitute liabilities by the Employer payable when due out of the Employer's general funds. To the extent a Member or any other person acquires a right to receive benefits under this Plan, such right shall be no greater than the rights of any unsecured general creditor of the Employer.

9.02 Costs of the Plan.

Unless otherwise agreed by the Corporation, all costs, charges and expenses of or incidental to the administration and management of the Plan shall be the costs, charges and expenses of the Employers and shall be paid by each Employer based on the proportion of Members who are employed by such Employer as compared to the total number of Members at the time the cost or expense is incurred.

9.03 Temporary Absence of Member.

If a Member is absent from duty by reason other than death, discharge, retirement or quitting (*e.g.*, sickness, accident, layoff, vacation), he shall be deemed to have terminated employment on the date that is 12 months after the date on which he is absent, unless the Vice President determines otherwise. If the Member's absence from duty is by reason of his service as a full-time member of the armed forces of any country or of any organization engaged in national service of any such country, he shall not be deemed to have terminated employment so long as he is regarded by the Employer as remaining in employment or until he shall resign permanently from employment, whichever shall first occur.

9.04 Taxes, Etc.

In the event any tax or assessment or other duty is determined by the Vice President to be owing in respect of any benefit payable from the Plan, the Plan shall be entitled to withhold an amount not exceeding the amount of any such tax or assessment or other duty from the benefit payable and shall apply the same in satisfaction of said tax or assessment or other duty.

9.05 Nonguarantee of Employment.

Nothing in the Plan shall be construed as a contract of employment between an Employer and any of its employees, or as a right of any such employee to continue in the employment of the Employer, or as a limitation of the right of an Employer to discharge any of its employees, with or without cause.

9.06 No Right to Benefits.

No person, whether or not being a Member, shall have any claim, right or interest under the Plan except as provided by the terms of the Plan. In the event of a Member's termination of employment by an Employer, the resulting cessation of his Membership shall not be grounds for any damages or any increase in damages in any action brought against the Employer or any member of the PepsiCo Organization with respect to such termination.

9.07 Charges on Benefits and Recovery of Excess Payments.

All benefits in respect of a Member under the Plan shall stand charged with and be subject to deductions therefrom of all sums in respect of losses to a member of the PepsiCo Organization or Employer or otherwise caused by misdemeanor of the Member and on production by the member of the PepsiCo Organization or Employer of proof satisfactory to the Vice President that any such loss ought to be made good by a Member. The relevant amount shall be deductible from the Member's benefits and be payable to the Employer or member of the PepsiCo Organization whose receipt shall be a valid discharge for the same.

Payments to, for or in connection with a Member that are made (as of a point in time and to any person or entity) may not exceed the exact amount of payments that are due as of such time and to such person, as provided by the terms of the Plan that specify the amounts that are payable, the time as of which they are payable, and the person to whom they are payable. Accordingly, any such excess payment or any other overpayment, premature payment or misdirected payment (one or more of which are hereafter referred to as an "Excess Payment") may not be retained by the party receiving it, but must be restored promptly to the Plan. In exchange for Member or beneficiary status hereunder (or for having any other direct or indirect right or claim of right from the Plan, or solely as a result of having received an Excess Payment), any party receiving an Excess Payment grants to the Plan the following nonexclusive rights –

(1) A constructive trust and first priority equitable lien on any payment that is received directly or indirectly from the Plan and that is, in whole or part, an Excess Payment (such trust and lien shall be equal to the amount of the Excess Payment increased by appropriate interest) or upon the proceeds or substitutes for such payment, and any transfer shall be subject to such constructive trust and equitable lien (including a transfer to a person, trust fund or entity).

(2) The right to offset (as necessary to recover the Excess Payment with appropriate interest) other payments that are properly payable by the Plan to the recipient of the Excess Payment; however, reliance on this right is in the discretion of the Vice President, and the existence of an opportunity to apply it shall not diminish the Plan's rights under paragraph (1) above.

(3) The right to bring any equitable or legal action or proceeding with respect to the enforcement of any rights in this Section in any court of competent jurisdiction as the Plan may elect, and following receipt of an Excess Payment the Member hereby submits to each such jurisdiction, waiving any and all rights that may correspond to such party's present or future residence.

Any party receiving an Excess Payment shall promptly take all actions requested by the Vice President that are in furtherance of the Plan's recovery of the Excess Payment with appropriate interest. In all cases, this subsection shall maximize the rights of the Plan to recover improper payments and shall not restrict the rights of the Plan in any way, including with respect to any improper payment that is not addressed above.

9.08 Prohibited Misconduct.

(a) Notwithstanding any other provision of this Plan to the contrary, if the Vice President determines that a Member has engaged in Prohibited Misconduct at any time prior to the second anniversary of his termination of employment with the PepsiCo Organization, the Member shall forfeit all Pay Credits and Interest Credits (whether paid previously, being paid currently or payable in the future), and his PIRP-DC Account shall be adjusted to reflect such forfeiture and previously paid Pay Credits and Interest Credits

shall be recovered. As a condition to Membership in this Plan, each Member agrees to this and each Member agrees to repay PepsiCo the amounts it seeks to recover under this Section 9.08.

(b) Any of the following activities engaged in, directly or indirectly, by a Member shall constitute Prohibited Misconduct:

(1) The Member accepting any employment, assignment, position or responsibility, or acquiring any ownership interest, which involves the Member's "Participation" (as defined below) in a business entity that markets, sells, distributes or produces "Covered Products" (as defined below), unless such business entity makes retail sales or consumes Covered Products without in any way competing with the PepsiCo Organization.

(2) The Member, directly or indirectly (including through someone else acting on the Member's recommendation, suggestion, identification or advice), soliciting any PepsiCo Organization employee to leave the PepsiCo Organization's employment or to accept any position with any other entity.

(3) The Member using or disclosing to anyone any confidential information regarding the PepsiCo Organization other than as necessary in his position with the PepsiCo Organization. Such confidential information shall include all non-public information the Member acquired as a result of his positions with the PepsiCo Organization. Examples of such confidential information include non-public information about the PepsiCo Organization's customers, suppliers, distributors and potential acquisition targets; its business operations and structure; its product lines, formulas and pricing; its processes, machines and inventions; its research and know-how; its financial data; and its plans and strategies.

(4) The Member engaging in any acts that are considered to be contrary to the PepsiCo Organization's best interests, including violating the Corporation's Code of Conduct, engaging in unlawful trading in the securities of the Corporation or of any other company based on information gained as a result of his employment with the PepsiCo Organization, or engaging in any other activity which constitutes gross misconduct.

(5) The Member engaging in any activity that constitutes fraud.

Notwithstanding the foregoing and for the avoidance of doubt, nothing in this Plan shall prohibit the Member from communicating with government authorities concerning any possible legal violations without notice to the Corporation, participating in government investigations, and/or receiving any applicable award for providing information to government authorities. The Corporation nonetheless asserts and does not waive its attorney-client privilege over any information appropriately protected by the privilege. Further, pursuant to the Defend Trade Secrets Act, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document

containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

For purposes of this subsection, "Participation" shall be construed broadly to include: (i) serving as a director, officer, employee, consultant or contractor with respect to such a business entity; (ii) providing input, advice, guidance or suggestions to such a business entity; or (iii) providing a recommendation or testimonial on behalf of such a business entity or one or more products it produces. For purposes of this subsection, "Covered Products" shall mean any product that falls into one or more of the following categories, so long as the PepsiCo Organization is producing, marketing, selling or licensing such product anywhere in the world – beverages, including without limitation carbonated soft drinks, tea, water, juice drinks, sports drinks, coffee drinks, energy drinks, and value-added dairy drinks; juices and juice products; dairy products; snacks, including salty snacks, sweet snacks meat snacks, granola and cereal bars, and cookies; hot cereals; pancake mixes; value-added rice products; pancake syrups; value-added pasta products; ready-to-eat cereals; dry pasta products; or any product or service that the Member had reason to know was under development by the PepsiCo Organization during the Member's employment with the PepsiCo Organization.

9.09 Notices.

Any notice which under the Plan is required to be given to or served upon the Plan shall be deemed to be sufficiently given to or served upon the Plan if it is in writing and delivered to the Vice President. In any case where under the Plan any notice shall be required to be given to Members, it shall be sufficient if such notice is delivered to the Member's last known address on file in the records of the Employer or delivered to the Member pursuant to any other method (*e.g.*, electronically) that the Vice President determines is reasonably available to the Member.

9.10 Plan Documentation.

Every Member shall on demand be entitled to a copy of the Plan.

9.11 Currency of Payment.

Payment of benefits under the Plan shall be made in United States dollars, or other "eligible currency," as approved by the Vice President. The amount otherwise payable in United States dollars would be converted to the selected currency using the exchange rate, based on the methodology approved by the Vice President from time to time.

9.12 Governing Law.

The Plan shall in all respects be governed by and interpreted according to the laws of the State of New York and any applicable federal law as would be applied in cases that arise in the United States District Courts that sit in the State of New York.

9.13 Exemption from ERISA.

The Plan is intended to be exempt from the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), as a plan maintained outside of the United States primarily for the benefit of persons substantially all of whom are nonresident aliens of the United States. In order to preserve this exemption from ERISA, Active Membership in the Plan shall be limited to individuals who are nonresident aliens of the United States and whose assigned work locations are outside the United States, and it is intended that all permanent records and documentation

relating to the administration of the Plan shall be kept at a location that is outside of the United States.

9.14 Exemption from Section 409A.

In order to permit this Plan to be completely exempt from United States Internal Revenue Code section 409A (“Section 409A”), this Plan shall be subject to the special operating rules and limitations in this Section 9.14, effective for any period to which Section 409A applies. It is the intent of the Plan that no Member who is a U.S. Person may in any way have their benefit from the Plan vest, increase or in any way be enhanced (collectively, a “Benefit Enhancement”) as a result of their compensation or service while a U.S. Person. However, Interest Credits may be provided on the PIRP-DC Account of a Member who is a U.S. Person, but only to the extent the balance in the PIRP-DC Account is derived from Pay Credits that relate to Service completed while the Member was not a U.S. Person (and Interest Credits on such Pay Credits). Accordingly, no Member shall become entitled to a Benefit Enhancement with respect to a calendar year until it is determined, following the close of such year, that the Member was not a U.S. Person with respect to such year. Notwithstanding the preceding sentence, in the calendar year a Member’s benefit under this Plan is scheduled to commence, the Vice President may authorize a Benefit Enhancement for the calendar year of benefit commencement to the extent the Vice President determines satisfactorily that the Member will not be a U.S. Person for such year. In other cases, the Member’s benefit will commence under this Plan without any Benefit Enhancement related to the calendar year of commencement, and appropriate adjustments will be made to the Member’s benefit in the following year if it is determined that the Member was not a U.S. Person in such calendar year of commencement. This Section 9.14 shall at all times be interpreted and applied in accordance with the overriding requirement that allocations, benefits and rights under the Plan must remain entirely exempt from Section 409A, and the Vice President shall have such unrestricted authority as is necessary to ensure that it is applied in accordance with this requirement. Further, to ensure the continuation of such exemption from Section 409A, the preceding sentence shall be applied and given overriding effect notwithstanding any other provision or language in this Plan.

9.15 Electronic Signatures.

The words “signed,” “signature,” and words of like import in or related to this Plan or any other document or record to be signed in connection with or related to this Plan by the Corporation Vice President, Eligible Employee, Dependant, or any other individual shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the fullest extent permissible under applicable law.

ARTICLE X – SIGNATURE

The PepsiCo International Retirement Plan, DC Program document, as amended and restated, is hereby adopted as of this 20th day of December, 2021, to be effective as of January 1, 2021 or as otherwise stated herein.

PEPSICO, INC.

By: /s/ Ronald Schellekens
Ronald Schellekens
Executive Vice President and
Chief Human Resources Officer

Date: December 20, 2021

Law Department Approval

By: /s/ Jeffrey A. Arnold
Jeffrey A. Arnold
Legal Director, Employee Benefits Counsel

Date: December 10, 2021

APPENDIX

Effective January 1, 2013, the Vice President, in his or her sole discretion, may establish Pay Credit Schedules other than those provided for in Section 4.01 of the DC Program to apply in the case of a Member (or Members) specifically designated by the Vice President for this purpose, provided that each such arrangement otherwise meets all applicable requirements of the Plan.

PEPSICO

PENSION EQUALIZATION PLAN

(PEP)

*Plan Document for the Pre-Section 409A Program
January 1, 2022 Restatement*

PEPSICO PENSION EQUALIZATION PLAN

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ARTICLE I.

Foreword

The PepsiCo Pension Equalization Plan (“PEP” or “Plan”) has been established by PepsiCo for the benefit of salaried employees of the PepsiCo Organization who participate in the Salaried Plan. PEP provides benefits for eligible employees whose pension benefits under the Salaried Plan are limited by the provisions of the Internal Revenue Code of 1986, as amended. In addition, PEP provides benefits for certain eligible employees based on the pre-1989 Salaried Plan formula.

1989 Document. The Plan was amended and restated in its entirety effective as of January 1, 1989. The provisions of the Plan in effect prior to January 1, 1989 govern the rights and benefits of employees whose Credited Service ended before that date (and as necessary, before the effective date of any provision with a different pre-1989 effective date).

2005 Document. This document (the “Pre-409A PepsiCo PEP Document”) was first effective as of January 1, 2005 (the “Effective Date”) and was restated to reflect amendments through December 31, 2008. It generally retained without modification the provisions of the 1989 restatement. However, it was clarified to reflect that it set forth the terms of the Plan applicable to benefits that were grandfathered under Section 409A, *i.e.*, generally, benefits that were both earned and vested on or before December 31, 2004 (the “Pre-409A Program”).

2016 Restatement. The 2016 restatement of the Pre-409A PepsiCo PEP Document was effective as of April 1, 2016. There were no material modifications made to the Pre-409A PepsiCo PEP Document as a result of the 2016 restatement. The Pre-409A PepsiCo PEP Document continues generally to retain without modification the provisions of the 1989 restatement.

The 2016 restatement reflected amendments through April 1, 2016, including amendments to reflect the merger into this Plan of the PBG Pension Equalization Plan (“PBG PEP”), effective at the end of the day on December 31, 2011. The PBG PEP document that was in effect on October 3, 2004 as amended through January 1, 2011 (“Pre-409A PBG PEP Document”) and as subsequently amended from time to time is attached hereto as Appendix Article PBG Pre-409A; it continues to govern PBG PEP benefits that were grandfathered under Section 409A and that were subject to the Pre-409A PBG PEP Document prior to the Plan merger, except for certain administrative provisions now governed by the main portion of the Pre-409A PepsiCo PEP Document as is explained in Appendix Article PBG Pre-409A. There has been no change to the time or form of payment of benefits that are subject to Section 409A under either the PepsiCo PEP Program or the PBG PEP Program that would constitute a material modification within the meaning of Treas. Reg. § 1.409A-6(a)(4) as a result of the merger or the revisions to the Pre-409A PepsiCo PEP Document and Pre-409A PBG PEP document.

2021 Restatement. This restatement reflected amendments through January 1, 2021, including provisions that reflected updates to the Salaried Plan’s actuarial factors that became effective January 1, 2019.

2022 Restatement: This restatement primarily updates the Plan’s claims, exhaustion, limitation and termination provisions.

409A Program. All benefits under the Plan that are earned or vested after January 1, 1989 shall be governed by the Plan Document for the Section 409A Program (the “409A Program”). Together, this document (the Pre-409A PepsiCo PEP Document) and the Plan Document for the Section 409A Program describe the terms of a single plan.

Preservation of Pre-409A Program Within PEP Plan. This document (the Pre-409A PepsiCo PEP Document) has been modified to clarify (without any material modification) the integration of the Pre-409A Program with the 409A Program. However, amounts subject to the terms of this Pre-409A Program and amounts subject to the terms of the 409A Program shall be tracked separately at all times. The preservation of the terms of the Pre-409A Program, without material modification, and the separation between the 409A Program amounts and the Pre-409A Program amounts are intended to be sufficient to permit the Pre-409A Program to remain exempt from Section 409A as a program of grandfathered benefits.

ARTICLE II.

Definitions and Construction

2.1 Definitions: This section provides definitions for certain words and phrases. Where the following words and phrases, in boldface and underlined, appear in this Plan with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context.

Accrued Benefit: The Pension payable at Normal Retirement Date determined in accordance with Article V, based on the Participant's Highest Average Monthly Earnings and Credited Service at the date of determination.

Actuarial Equivalent: Except as otherwise specifically set forth in the Plan or any Appendix to the Plan with respect to a specific benefit determination, a benefit of equivalent value computed on the basis of the factors set forth below. The application of the following assumptions to the computation of benefits payable under the Plan shall be done in a uniform and consistent manner. In the event the Plan is amended to provide new rights, features or benefits, the following actuarial factors shall not apply to these new elements unless specifically adopted by the amendment.

(1) Annuities and Inflation Protection:

(i) Annuity Starting Dates After December 31, 2018:

To determine the amount of a Pension payable as of an Annuity Starting Date after December 31, 2018 (A) in the form of a Qualified Joint and Survivor Annuity or other form of survivor annuity, (B) as an annuity with inflation protection, or (C) as a period certain and life annuity or other death benefit annuity, the Plan Administrator shall specify the factors that are to be used. Effective January 1, 2019, the factors specified by

the Plan Administrator are set forth in Schedule 1 below. Subsequently, the Plan Administrator may specify new factors for these and other forms of payment, in its sole and absolute discretion, by a resolution adopted by the Plan Administrator. A Participant's benefit under the Pre-409A Program shall be determined under the actuarial factors specified and in effect as of the Annuity Starting Date of the Participant's benefit. For the avoidance of doubt, it is expressly intended and binding upon Participants that any actuarial factors for forms of payment specified by the Plan Administrator may be applied retroactively to previously accrued benefits, and without regard to the factors that previously applied for such purpose. In particular, in adjusting benefits under the Plan using the factors in Schedule 1 (below), the right to a benefit that is not less than would have applied under the prior basis for this adjustment shall not apply (even when, for example, it would apply under the Salaried Plan with respect to the 2019 Salaried Plan Factors). For this purpose, the phrase "2019 Salaried Plan Factors" refers to the new factors that appear in the Salaried Plan's definition of "Actuarial Equivalent" effective for annuity starting dates (as defined under the Salaried Plan) on or after January 1, 2019. If a Participant elects a survivor, period certain annuity or other death benefit annuity with inflation protection, Schedule 1(a) shall apply to adjust the Single Life Annuity for the survivor benefit, period certain or other death benefit, and Schedule 1(b) or (c) shall apply solely to adjust for the elected inflation protection (for this purpose and

as applies generally when determining an Actuarial Equivalent, the adjustment resulting from applying these factors from separate Schedules shall be determined using an actuarial computation method that is reasonable and applied consistently to similarly situated participants).

SCHEDULE 1

<u>Date</u>	<u>Mortality Table Factors</u>	<u>Interest Rate</u>
		<u>Factor</u>
(a) Annuity Starting Dates on or After 1/1/2019 Except for Inflation Protection	The 2019 mortality table*	5%
(b) Annuity Starting Dates on or After 1/1/2019 for 5% Inflation Protection	The 2019 mortality table*	4.2%
(c) Annuity Starting Dates on or After 1/1/2019 for 7% Inflation Protection	The 2019 mortality table*	4.6%

*As this term is defined in the Salaried Plan’s definition of “Actuarial Equivalent”

(ii) Annuity Starting Dates Before January 1, 2019: To determine the amount of a Pension payable as of an Annuity Starting Date before January 1, 2019, and in the form of a Qualified Joint and Survivor Annuity or other form of survivor annuity, or as an annuity with inflation protection, the factors applicable as of such time for such purposes under the Salaried Plan shall apply. However, in determining a Pre-409A Pension payable as of an Annuity Starting Date before January 1, 2019, no change in such factors occurring on or after the Effective Date in the basis for determining the amount of an annuity form of payment

from that in effect as of December 31, 2004 shall be taken into account to the extent it would result in a larger annuity (but this sentence shall not apply for purposes of Section 5.1(b)(3), relating to the “Limit on the Pre-409A Pension Benefit”).

(2) Lump Sums: To determine the lump sum value of a Pension, or a Pre-Retirement Spouse’s Pension under Section 4.6, the factors applicable for such purposes under the Salaried Plan shall apply, except that when the term “PBGC Rate” is used in the Salaried Plan in this context it shall mean “PBGC Rate” as defined in this Plan. However, in determining a Pre-409A Pension, no amendment, which is effective on or after the Effective Date, to the Salaried Plan’s provisions for determining lump sums from those in effect as of December 31, 2004 shall be taken into account to the extent that doing so is expected to result in a larger lump sum (or in the case of a Salaried Plan amendment that becomes effective on or after January 1, 2015, a different lump sum, unless this Pre-409A Program document is amended to expressly apply the Salaried Plan amendment in determining a Pre-409A Pension), but this sentence shall not apply for purposes of Section 5.1(b)(3), relating to the “Limit on the Pre-409A Pension Benefit.” For example, therefore, the Salaried Plan amendment that adopted Pension Protection Act factors for lump sums effective January 1, 2008 is generally taken into account under the Pre-409A Program, but the Salaried Plan amendment that changed the “lookback period” and “stability period” for lump sums effective January 1, 2015 is not taken account under the Pre-409A Program, except for purposes of Section 5.1(b)(3).

(3) Other Cases: To determine the adjustment to be made in the Pension payable to or on behalf of a Participant in other cases (including to reduce a Vested Pension for early commencement), the factors are those applicable for such purpose under the Salaried Plan. However, in determining a Pre-409A Pension, no change occurring on or after the Effective Date in such factors from those in effect as of December 31, 2004 shall be taken into account to the extent that it would result in a larger pension (but this sentence shall not apply for purposes of Section 5.1(b)(3), relating to the “Limit on the Pre-409A Pension Benefit”).

Advance Election: A Participant’s election to receive his Pre-409A Retirement Pension as a Single Lump Sum or an Annuity, made in compliance with the requirements of Section 6.3.

Annuity: A Pension payable as a series of monthly payments for at least the life of the Participant.

Annuity Starting Date: The Annuity Starting Date shall be the first day of the first period for which an amount is payable under this Plan as an annuity or in any other form. A Participant who: (1) is reemployed after his initial Annuity Starting Date, and (2) is entitled to benefits hereunder after his reemployment, shall have a subsequent Annuity Starting Date for such benefits only to the extent provided in Section 6.3(d).

Authorized Leave of Absence: Any absence authorized by an Employer under the Employer’s standard personnel practices, whether paid or unpaid.

Cashout Limit: The annual dollar limit on elective deferrals under Code section 402(g)(1)(B), as in effect from time to time.

Code: The Internal Revenue Code of 1986, as amended from time to time. All references herein to particular Code Sections shall also refer to any successor provisions and shall include all related regulations, interpretations and other guidance.

Company: PepsiCo, Inc., a corporation organized and existing under the laws of the State of North Carolina or its successor or successors.

Covered Compensation: “Covered Compensation” as that term is defined in the Salaried Plan.

Credited Service: The period of a Participant’s employment, calculated in accordance with Section 3.3, which is counted for purposes of determining the amount of benefits payable to, or on behalf of, the Participant.

Disability Retirement Pension: The Retirement Pension available to a Participant under Section 4.5.

Early Retirement Pension: The Retirement Pension available to a Participant under Section 4.2.

Effective Date: The date upon which this document for the Pre-409A Program is generally effective, January 1, 2005. Certain identified provisions of the Plan may be effective on different dates, to the extent noted herein.

Eligible Domestic Partner. The definition in this Section 2.1 is effective for applicable dates on and after January 1, 2019, and applies solely to a Participant who is actively employed by, or on an Authorized Leave of Absence from, a member of the

PepsiCo Organization on or after January 1, 2019. For other dates or Participants, see Appendix Article H.

(1) Definition. For applicable dates on or after January 1, 2019, “Eligible Domestic Partner” means an individual who is of the same sex or opposite sex as the Participant and who satisfies paragraph (a), (b) or (c), subject to the additional rules set forth in paragraph (e).

(a) Civil Union. If on the applicable date the Participant has entered into a civil union that is valid on the applicable date in the state in which it was entered into, the Participant’s Eligible Domestic Partner (if any) is the individual with whom the Participant has entered into such a civil union.

(b) Enrollment in Health Benefits. If the Participant does not have an Eligible Domestic Partner pursuant to paragraph (a) above, the Participant’s Eligible Domestic Partner (if any) is the individual who, on the applicable date, is enrolled in any of the Company’s health benefit options as the Participant’s domestic partner.

(c) Other Acceptable Evidence of Partnership. If on the applicable date a Participant does not have an Eligible Domestic Partner under paragraph (a) or (b) above, such Participant’s Eligible Domestic Partner (if any) is the individual who satisfies such criteria of domestic partnership as the Plan Administrator has specified in writing.

(d) No Eligible Domestic Partner Except as Described Above. If on the applicable date a Participant does not have an Eligible

Domestic Partner under paragraph (a), (b), or (c) above, such Participant is not eligible to have an Eligible Domestic Partner.

(e) Additional Rules. The term “Eligible Domestic Partner” does not apply to a Participant’s Eligible Spouse. A Participant is not permitted to have more than one Eligible Domestic Partner at any point in time, and a Participant who has an Eligible Spouse is not permitted to have an Eligible Domestic Partner.

(2) Terms Used in this Definition. For purposes of the definition of “Eligible Domestic Partner” in this Section 2.1, the following definitions apply: “applicable date” means the earlier of the Participant’s Annuity Starting Date and date of death, and “state” means any domestic or foreign jurisdiction having the legal authority to sanction civil unions.

Eligible Spouse: The spouse of a Participant to whom the Participant is married on the earlier of the Participant’s Annuity Starting Date or the date of the Participant’s death.

Employee: An individual who qualifies as an “Employee” as that term is defined in the Salaried Plan.

Employer: An entity that qualifies as an “Employer” as that term is defined in the Salaried Plan.

ERISA: Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, as amended from time to time.

FICA Amount: The Participant's share of the Federal Insurance Contributions Act (FICA) tax imposed on the 409A Pension and Pre-409A Pension of the Participant under Code Sections 3101, 3121(a) and 3121(v)(2).

409A Program: The portion of the Plan that governs deferrals that are subject to Section 409A. The terms of the 409A Program are set forth in a separate document (or separate set of documents).

Guiding Principles Regarding Benefit Plan Committee Appointments:
The guiding principles as set forth in Common Appendix Article PAC to be applied by the Chair of the PAC when selecting the members of the PAC.

Highest Average Monthly Earnings: "Highest Average Monthly Earnings" as that term is defined in the Salaried Plan, but without regard to the limitation imposed by section 401(a)(17) of the Code (as such limitation is interpreted and applied under the Salaried Plan).

Late Retirement Date: The Late Retirement Date shall be the first day of the month coincident with or immediately following a Participant's actual Retirement Date occurring after his Normal Retirement Age.

Late Retirement Pension: The Retirement Pension available to a Participant under Section 4.4.

Normal Retirement Age: The Normal Retirement Age under the Plan is age 65 or, if later, the age at which a Participant first has 5 Years of Service.

Normal Retirement Date: A Participant's Normal Retirement Date shall be the first day of the month coincident with or immediately following a Participant's Normal Retirement Age.

Normal Retirement Pension: The Retirement Pension available to a Participant under Section 4.1.

Participant: An Employee participating in the Plan in accordance with the provisions of Section 3.1.

PBGC: The Pension Benefit Guaranty Corporation, a body corporate within the Department of Labor established under the provisions of Title IV of ERISA.

PBGC Rate: The PBGC Rate is 120 percent of the interest rate, determined on the Participant's Annuity Starting Date, that would be used by the PBGC for purposes of determining the present value of a lump sum distribution on plan termination.

Pension: One or more payments that are payable to a person who is entitled to receive benefits under the Plan. The term "Pre-409A Pension" shall be used to refer to the portion of a Pension that is derived from the Pre-409A Program. The term "409A Pension" shall be used to refer to the portion of a Pension that is derived from the 409A Program.

PEP Election: A Participant's election to receive his Pre-409A Retirement Pension in one of the Annuity forms available under Section 6.2, made in compliance with the requirements of Sections 6.3 and 6.4.

PepsiCo Administration Committee or PAC: The committee that has the responsibility for administration and operation of the Plan, as set forth in the Plan, as well as any other duties set forth therein. As of any time, the Chair of the PAC shall be the person who is then the Company's Senior Vice President, Total Rewards, but if such position is vacant or eliminated, the Chair shall be the person who is acting to fulfill the

majority of the duties of the position (or plurality of the duties, if no one is fulfilling a majority), as such duties existed immediately prior to the vacancy or the position elimination. The Chair shall appoint the other members of the PAC, applying the principles set forth in the Guiding Principles Regarding Benefit Plan Committee Appointments and acting promptly from time to time to ensure that there are four other members of the PAC, each of whom shall have experience and expertise relevant to the responsibilities of the PAC. At least two times each year, the PAC shall prepare a written report of its significant activities that shall be available to any U.S.-based executive of the Company who is at least a senior vice president.

PepsiCo Organization: The controlled group of organizations of which the Company is a part, as defined by Code section 414 and regulations issued thereunder. An entity shall be considered a member of the PepsiCo Organization only during the period it is one of the group of organizations described in the preceding sentence.

Plan: The PepsiCo Pension Equalization Plan, the Plan set forth herein and in the 409A Program document(s), as the Plan may be amended from time to time (subject to the limitations on amendment that are applicable hereunder and under the 409A Program). The Plan is also sometimes referred to as PEP, or as the PepsiCo Pension Benefit Equalization Plan.

Plan Administrator: The PAC, or its delegate or delegates. The Plan Administrator shall have authority to administer the Plan as provided in Article VII.

Plan Year: The 12-month period commencing on January 1 and ending on December 31.

Post-2004 Participant: Any Participant who is not a Pre-2005 Participant.

Pre-409A Program: The program described in this document (and as necessary, predecessor documents to this document that are described in the Foreword). The term “Pre-409A Program” is used to identify the portion of the Plan that is not subject to Section 409A.

Pre-Retirement Spouse’s Pension: The Pension available to an Eligible Spouse under the Plan. The term “Pre-Retirement Spouse’s Pre-409A Pension” shall be used to refer to the Pension available to an Eligible Spouse under Section 4.6 of this document.

Pre-2005 Participant: A Participant who is not employed by the PepsiCo Organization after December 31, 2004, and whose rights to a Pension are solely based on the legally binding rights (i) that he had on (or before) December 31, 2004, and (ii) that were not materially modified after October 3, 2004.

Primary Social Security Amount: In determining Pension amounts, Primary Social Security Amount shall mean:

(1) For purposes of determining the amount of a Retirement, Vested or Pre-Retirement Spouse’s Pension, the Primary Social Security Amount shall be the estimated monthly amount that may be payable to a Participant commencing at age 65 as an old-age insurance benefit under the provisions of Title II of the Social Security Act, as amended. Such estimates of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the following assumptions:

(i) That the Participant's social security wages in any year prior to Retirement or severance are equal to the Taxable Wage Base in such year, and

(ii) That he will not receive any social security wages after Retirement or severance.

However, in computing a Vested Pension under Formula A of Section 5.2, the estimate of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the assumption that he continued to receive social security wages until age 65 at the same rate as the Taxable Wage Base in effect at his severance from employment. For purposes of this subsection, "social security wages" shall mean wages within the meaning of the Social Security Act.

(2) For purposes of determining the amount of a Disability Pension, the Primary Social Security Amount shall be (except as provided in the next sentence) the initial monthly amount actually received by the disabled Participant as a disability insurance benefit under the provisions of Title II of the Social Security Act, as amended and in effect at the time of the Participant's retirement due to disability. Notwithstanding the preceding sentence, for any period that a Participant receives a Disability Pension before receiving a disability insurance benefit under the provisions of Title II of the Social Security Act, then the Participant's Primary Social Security Amount for such period shall be determined pursuant to paragraph (1) above.

(3) For purposes of paragraphs (1) and (2), the Primary Social Security Amount shall exclude amounts that may be available because of the spouse or any dependent of the Participant or any amounts payable on account of the Participant's death. Estimates of Primary Social Security Amounts shall be made on the basis of the Social Security Act as in effect at the Participant's Severance from Service Date, without regard to any increases in the social security wage base or benefit levels provided by such Act which take effect thereafter.

Qualified Joint and Survivor Annuity: An Annuity which is payable to the Participant for life with 50 percent of the amount of such Annuity payable after the Participant's death to his surviving Eligible Spouse or Eligible Domestic Partner for life. If the Eligible Spouse or Eligible Domestic Partner (as applicable) predeceases the Participant, no survivor benefit under a Qualified Joint and Survivor Annuity shall be payable to any person. The amount of a Participant's monthly payment under a Qualified Joint and Survivor Annuity shall be reduced to the extent provided in Sections 5.1 and 5.2, as applicable.

Retirement: Termination of employment for reasons other than death after a Participant has fulfilled the requirements for either a Normal, Early, Late, or Disability Retirement Pension under Article IV.

Retirement Date: The date on which a Participant's Retirement is considered to commence. Retirement shall be considered to commence on the day immediately following: (i) a Participant's last day of employment, or (ii) the last day of an Authorized Leave of Absence, if later. Notwithstanding the preceding sentence, in

the case of a Disability Pre-409A Retirement Pension, Retirement shall be considered as commencing on the Participant's retirement date applicable for such purpose under the Salaried Plan.

Retirement Pension: The Pension payable to a Participant upon Retirement under the Plan. The term "Pre-409A Retirement Pension" shall be used to refer to the portion of a Retirement Pension that is derived from the Pre-409A Program. The term "409A Retirement Pension" shall be used to refer to the portion of a Retirement Pension that is derived from the 409A Program.

Salaried Plan: The program of pension benefits set forth in Part B of the PSERP Component of both the PepsiCo Employees Retirement Plan A ("PERP-A") the PepsiCo Employees Retirement Plan I ("PERP-I"), and the PepsiCo Employees Retirement Plan H ("PERP-H"), as it may be amended from time to time, and as it was set forth prior to January 1, 2017 in predecessor plans to PERP-A and PERP-I.

Section 409A: Section 409A of the Code.

Service: The period of a Participant's employment calculated in accordance with Section 3.2 for purposes of determining his entitlement to benefits under the Plan.

75 Percent Survivor Annuity: An Annuity which is payable to the Participant for life with 75 percent of the amount of such Annuity payable after the Participant's death to his surviving Eligible Spouse for life. If the Eligible Spouse predeceases the Participant, no survivor benefit under a 75 Percent Survivor Annuity shall be payable to any person. The amount of a Participant's monthly payment under a

75 Percent Survivor Annuity shall be reduced to the extent provided in sections 5.1 and 5.2, as applicable.

Severance from Service Date: The date on which an Employee's period of service is deemed to end, determined in accordance with Article III of Part B of the Salaried Plan.

Single Life Annuity: A level monthly Annuity payable to a Participant for his life only, with no survivor benefits to his Eligible Spouse or any other person.

Single Lump Sum: The distribution of a Participant's total Pre-409A Pension in the form of a single payment.

Social Security Act: The Social Security Act of the United States, as amended, an enactment providing governmental benefits in connection with events such as old age, death and disability. Any reference herein to the Social Security Act (or any of the benefits provided thereunder) shall be taken as a reference to any comparable governmental program of another country, as determined by the Plan Administrator, but only to the extent the Plan Administrator judges the computation of those benefits to be administratively feasible.

Taxable Wage Base: The contribution and benefit base (as determined under section 230 of the Social Security Act) in effect for the Plan Year.

Vested Pension: The Pension available to a Participant under Section 4.3. The term "Pre-409A Vested Pension" shall be used to refer to the portion of a Vested Pension that is derived from the Pre-409A Program. The term "409A Vested Pension" shall be used to refer to the portion of a Vested Pension that is derived from the 409A Program.

2.2 Construction: The terms of the Plan shall be construed in accordance with this section.

(a) Gender and Number: Unless the context clearly indicates to the contrary, (i) a reference to one or more genders shall include a reference to all the other genders, and (ii) the singular may include the plural, and the plural may include the singular.

(b) Compounds of the Word "Here": The words "hereof", "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

(c) Examples: Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passages of the Plan shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limits on its breadth of application).

(d) Subdivisions of the Plan Document: This Plan document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs, and clauses, and sub-clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numerals in parentheses. Subparagraphs are designated by lower-case roman numerals in parentheses. Clauses are designated by upper-case letters in parentheses. Sub-clauses are designated by upper-case roman numerals in parentheses. Any reference in a section to a subsection (with no

accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar rule shall apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

ARTICLE III.

Participation and Service

3.1 Participation: An Employee shall be a Participant in the Plan during the period:

- (a) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or
- (b) When he would be so entitled but for the vesting requirement of Section 4.7.

It is expressly contemplated that an Employee, who is entitled to receive a Pension under the Plan as of a particular time, may subsequently cease to be entitled to receive a Pension under the Plan. An individual's entitlement to receive a Pension under the Plan is subject to all exclusions from eligibility that apply under the Salaried Plan and, therefore, all such exclusions shall be given effect in determining eligibility under the Plan.

3.2 Service: A Participant's entitlement to a Pension or, in the event the Participant dies before commencing a benefit hereunder, a Pre-Retirement Spouse's Pension for his Eligible Spouse, shall be determined under Article IV based upon his period of Service. A Participant's period of Service shall be determined under Article III of Part B of the Salaried Plan.

3.3 Credited Service: The amount of a Participant's Pension and a Pre-Retirement Spouse's Pension shall be based upon the Participant's period of Credited Service, as determined under Article III of Part B of the Salaried Plan.

ARTICLE IV.

Requirements for Benefits

A Participant shall be entitled to receive a Pre-409A Pension and a surviving Eligible Spouse shall be entitled to certain survivor benefits as provided in this Article. The amount of any such Pre-409A Pension or survivor benefit shall be determined in accordance with Article V.

4.1 Normal Pre-409A Retirement Pension: A Participant shall be eligible for a Normal Pre-409A Retirement Pension if he meets the requirements for a Normal Retirement Pension in Section 4.1 of Part B of the Salaried Plan (except that no change occurring on or after the Effective Date in such requirements, from those in effect as of December 31, 2004, shall be taken into account). In determining the amount (but not the form and time of payment) of a Participant's Pre-409A Pension, the Participant's status under this Section 4.1 shall be fixed as of December 31, 2004.

4.2 Early Pre-409A Retirement Pension: A Participant shall be eligible for an Early Pre-409A Retirement Pension if he meets the requirements for an Early Retirement Pension in Section 4.2 of Part B of the Salaried Plan (except that no change occurring on or after the Effective Date in such requirements, from those in effect as of December 31, 2004, shall be taken into account). In determining the amount (but not the form and time of payment) of a Participant's Pre-409A Pension, the Participant's status under this Section 4.2 shall be fixed as of December 31, 2004.

4.3 Pre-409A Vested Pension: A Participant who is vested under Section 4.7 shall be eligible to receive a Pre-409A Vested Pension if his employment in an eligible classification under Part B of the Salaried Plan is terminated before he is eligible for a Normal Pre-409A Retirement Pension or an Early Pre-409A Retirement Pension (except that no change

occurring on or after the Effective Date in such requirements, from those in effect as of December 31, 2004, shall be taken into account). A Participant who terminates employment prior to satisfying the vesting requirement in Section 4.7 shall not be eligible to receive a Pension under this Plan. In determining the amount (but not the form and time of payment) of a Participant's Pre-409A Pension, the Participant's status under this Section 4.3 shall be fixed as of December 31, 2004.

4.4 Late Pre-409A Retirement Pension: A Participant who continues employment after his Normal Retirement Age shall not receive a Pension until his Late Retirement Date. Thereafter, a Participant shall be eligible for a Late Pre-409A Retirement Pension determined in accordance with Section 4.4 of Part B of the Salaried Plan (except that the following shall not be taken into account – (i) any change occurring on or after the Effective Date in the requirements of such section from those in effect as of December 31, 2004, (ii) any requirement for notice of suspension under ERISA section 203(a)(3)(B), or (iii) any adjustment as under Section 5.7(d) of Part B of the Salaried Plan). In determining the amount (but not the form and time of payment) of a Participant's Pre-409A Pension, the Participant's status under this Section 4.4 shall be fixed as of December 31, 2004.

4.5 Pre-409A Disability Retirement Pension: A Participant shall be eligible for a Pre-409A Disability Retirement Pension if he meets the requirements for a Disability Retirement Pension under the Part B of the Salaried Plan (except that no change occurring on or after the Effective Date in such requirements, from those in effect as of December 31, 2004, shall be taken into account). In determining the amount (but not the form and time of payment) of a Participant's Pre-409A Disability Retirement Pension under this Section 4.5, the Participant's status under this Section 4.5 shall be fixed as of December 31, 2004.

4.6 Pre-Retirement Spouse's Pre-409A Pension: A Pre-Retirement Spouse's

Pre-409A Pension is payable under this section only in the event the Participant dies prior to his Annuity Starting Date. Any Pre-Retirement Spouse's Pre-409A Pension payable under this section shall commence as of the same time as the corresponding pre-retirement spouse's pension under the Salaried Plan (except that no change occurring on or after the Effective Date in the Salaried Plan's requirements for such pension, from those in effect as of December 31, 2004, shall be taken into account), subject to Section 4.9.

(a) Active, Disabled and Retired Employees: A Pre-Retirement Spouse's

Pre-409A Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to a pre-retirement spouse's pension for survivors of active, disabled and retired employees (but if the Participant dies after December 31, 2004, this subsection shall only apply if the Participant had met the eligibility requirements for a Retirement Pension on December 31, 2004). The amount of such Pension shall be determined in accordance with the provisions of Section 5.3.

(b) Vested Employees: A Pre-Retirement Spouse's Pre-409A Pension

shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the pre-retirement spouse's pension for survivors of vested terminated Employees (but if the Participant dies after December 31, 2004, this subsection shall apply if the Participant had met the requirements for a Vested Pension, but not those for a Retirement Pension, on December 31, 2004). The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3. If pursuant to this Section 4.6(b) a Participant has Pre-Retirement Spouse's coverage in

effect for his Eligible Spouse, any Pension calculated for the Participant under Section 5.2(b) shall be reduced for each year such coverage is in effect by the applicable percentage set forth below (based on the Participant's age at the time the coverage is in effect) with a pro rata reduction for any portion of a year. No reduction shall be made for coverage in effect within the 90-day period following a Participant's termination of employment.

Attained Age	Annual Charge
Up to 35	.0%
35 -- 39	.075%
40 -- 44	.1%
45 -- 49	.175%
50 -- 54	.3%
55 -- 59	.5%
60 -- 64	.5%

4.7 Vesting: A Participant shall be fully vested in, and have a nonforfeitable right to, his Accrued Benefit at the time he becomes fully vested in his accrued benefit under the Salaried Plan.

4.8 Time of Payment: The distribution of a Participant's Pre-409A Pension shall commence as of the time specified in Section 6.1. Any increase in a Participant's Pre-409A Pension for interest due to a delay in payment, by application of Section 3.1(e) of Part A of the Salaried Plan when calculating the Participant's Pre-409A Pension, shall accrue entirely under the 409A Program and be paid (subject to the last sentence of this Section) at the same time and in the same form that the Participant's 409A Pension is paid. Accordingly, if a Participant is entitled to an interest adjustment for a delay in payment of his Pre-409A Pension, the amount of such interest adjustment shall be limited to that which may be paid as part of the

Participant's 409A Pension, consistent with Section 409A's payment rules and the limitation in the next sentence. Notwithstanding any provision of the Salaried Plan to the contrary, including Section 4.8(e), a Participant shall not receive interest for a delay in payment of his 409A Pension or Pre-409A Pension to the extent the delay is caused by the Participant.

4.9 Cashout Distributions: Notwithstanding the availability or applicability of a different form of payment under Article VI, the following rules shall apply in the case of certain small benefit Annuity payments:

(a) Distribution of Participant's Pre-409A Pension: If on the applicable benefit commencement date the Actuarial Equivalent lump sum value of the Participant's Pre-409A Pension is equal to or less than the Cashout Limit, the Plan Administrator shall distribute to the Participant such lump sum value of the Participant's Pre-409A Pension. Notwithstanding the preceding sentence, for commencement dates prior to December 1, 2012, a Participant shall be cashed out under this subsection if, at the Participant's commencement date, the Actuarial Equivalent lump sum value of the Participant's Pre-409A Pension is equal to or less than \$15,000 (\$10,000 in the case of a Pre-2005 Participant). Such lump sum (or portion thereof) representing the Participant's Pre-409A Pension shall be paid pursuant to the terms of this Pre-409A Program. The applicable benefit commencement date shall be:

(1) Prior to December 1, 2012, the commencement date of any 409A Pension to which the Participant is entitled or, in the event the Participant is not entitled to a 409A Pension, the first of the month following the Participant's termination of employment date (however, if the lump sum value as of that date is too great to make the distribution, but the lump sum value is

not too great as of his Annuity Starting Date under the terms of this Pre-409A Program, such Annuity Starting Date shall be the applicable commencement date); and

(2) Beginning as of December 1, 2012, the first of the month following the Participant's termination of employment date (however, if the lump sum value as of that date is too great to make the distribution, but the lump sum value is not too great as of his Annuity Starting Date under the terms of this Pre-409A Program, such Annuity Starting Date shall be the applicable commencement date).

(b) Distribution of Pre-Retirement Spouse's Pre-409A Pension

Benefit: If on the Eligible Spouse's applicable benefit commencement date, the Actuarial Equivalent lump sum value of the PEP Pre-Retirement Spouse's Pre-409A Pension to be paid is equal to or less than the Cashout Limit, the Plan Administrator shall distribute to the Eligible Spouse such lump sum value of the PEP Pre-Retirement Spouse's Pre-409A Pension. Notwithstanding the preceding sentence, for commencement dates prior to December 1, 2012, an Eligible Spouse shall be cashed out under this subsection if the Actuarial Equivalent lump sum value of the Eligible Spouse's PEP Pre-Retirement Spouse's Pension is equal to or less than \$15,000 (\$10,000 in the case of a Pre-2005 Participant). Such lump sum (or portion thereof) representing the Eligible Spouse's Pre-Retirement Spouse's Pre-409A Pension shall be paid pursuant to the terms of this Pre-409A Program. The applicable benefit commencement date shall be:

(1) Prior to December 1, 2012, the commencement date of any Pre-Retirement Spouse's 409A Pension to which the Eligible Spouse is entitled or, in the event the Eligible Spouse is not entitled to a Pre-Retirement Spouse's 409A Pension, the first of the month following the Participant's death (however, if the lump sum value as of that date is too great to make the distribution, but the lump sum value is not too great as of the date that would be the Eligible Spouse's benefit commencement date under the terms of this Pre-409A Program, such benefit commencement date shall be the applicable commencement date); and

(2) Beginning as of December 1, 2012, the first of the month following the Participant's death (however, if the lump sum value as of that date is too great to make the distribution, but the lump sum value is not too great as of the date that would be the Eligible Spouse's benefit commencement date under the terms of this Pre-409A Program, such benefit commencement date shall be the applicable commencement date).

(c) Special Cashout of Pre-409A Vested Pensions: Notwithstanding subsection (a) above, the Plan Administrator shall have discretion under this subsection to cash out a Pre-409A Vested Pension in a single lump sum prior to the date that would apply under subsection (a).

(1) The Plan Administrator shall have discretion under this subsection to cash out in a single lump sum any Pre-409A Vested Pension that, as of December 1, 2012 – (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the

Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator's discretion), with such cashout being made on December 1, 2012.

(2) The Plan Administrator shall also have discretion under this subsection to cash out in a single lump sum any Pre-409A Vested Pension that, as of the first day of any month in 2013 or 2014 specified by the Plan Administrator pursuant to the exercise of its discretion – (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator's discretion), with such cashout being made on the first day of the month specified.

Not later than November 30, the Plan Administrator shall memorialize in writing the exercise of its discretion under this subsection to select Vested Pensions for cashout on December 1, 2012, through the creation of a written list (in either hard copy or electronic form) of Participants with Pre-409A Vested Pensions who will be cashed out. In addition, not later than the day before the date specified pursuant to paragraph (2) above, the Plan Administrator shall memorialize in writing the exercise of its discretion under this subsection to select Vested Pensions for cashout on the specified date, through the creation of a written list (in either hard copy or electronic form) of Participants with Pre-409A Vested Pensions who will be cashed out.

Any lump sum distributed under this section shall be in lieu of the Pension that otherwise would be distributable to the Participant or Eligible Spouse hereunder. To the extent necessary

to preserve the grandfathered status of Pre-409A Pensions, the cashout provisions described in subsections (a) through (c) above are intended to operate in conformance with the rules for “limited cashout” features within the meaning of Treasury Regulation sections 1.409A-3(j)(4)(v) and 1.409A-6(a)(4)(i)(E), and they shall be interpreted and applied consistently with this regulation. No Participant or Eligible Spouse shall be given a direct or indirect election with respect to whether the Participant’s Vested Pension or the Pre-Retirement Spouse’s Pension will be cashed out under this section.

4.10 Reemployment of Certain Participants: In the case of a current or former Participant who is reemployed and is eligible to reparticipate in the Salaried Plan after his Annuity Starting Date, payment of his Pre-409A Pension will be suspended if payment of his Salaried Plan pension is suspended (or if payment would have been suspended pursuant to such provisions if (i) it were already in pay status, and (ii) changes in the Salaried Plan terms that occur after December 31, 2004 were disregarded). Thereafter, his Pre-409A Pension shall recommence at the time determined under Section 6.1 (even if the suspension of his Salaried Plan pension ceases earlier).

ARTICLE V.

Amount of Retirement Pension

When a Pension becomes payable to or on behalf of a Post-2004 Participant under this Plan, the amount of such Pre-409A Pension shall be determined under Section 5.1 or 5.3 (whichever is applicable), subject to any adjustments required under Sections 4.6(b), 5.4 and 5.5. In the case of a Pre-2005 Participant, the amount of such Participant's Pre-409A Pension (or a Pre-Retirement Spouse's Pre-409A Pension payable on his behalf) shall be determined as provided in Article B of the Appendix.

5.1 Participant's Pre-409A Pension

(a) Calculating the Pre-409A Pension: In the case of a Post-2004 Participant, such Participant's Pre-409A Pension shall be calculated as follows (on the basis specified in subsection (b) below and using the definitions appearing in subsection (c) below):

- (1) His Total Pension, reduced by
- (2) His Salaried Plan Pension.

(b) Basis for Determining: The Pre-409A Pension Benefit amount in subsection (a) above shall be the greater of the amount determined on the basis set forth in paragraph (1) or (2) below, but never more than the limitation specified in paragraph (3) below:

- (1) Present Value Method: The Pre-409A Pension Benefit amount under this paragraph shall be determined initially as a present value of the Participant's benefit under subsection (a) as of December 31, 2004 (determined as if the Participant voluntarily terminated on that date without cause, received a payment on the earliest possible commencement date

("Earliest Date") thereafter, and such payment was in the form with the maximum value available to the Participant in connection with a termination at such time), using the Actuarial Equivalent lump sum factors in effect on such date ("2004 Lump Sum Factors") to determine the present value. Such present value amount shall then be increased, if the Participant had not yet attained the Participant's Earliest Date as of December 31, 2004, for both interest and survivorship through such Earliest Date, using the 2004 Lump Sum Factors.

(2) Accrued Benefit Method: The Pre-409A Pension Benefit amount under this paragraph shall be based on the Participant's Accrued Benefit as of December 31, 2004, but with such Accrued Benefit amount reduced for early commencement (where applicable based on the Participant's actual Annuity Starting Date for his Pre-409A Pension), based upon the reduction factors for early commencement applicable to the Participant's status as eligible for a retirement benefit (under Section 4.2) or a vested benefit (under Section 4.3), whichever applies.

(3) Limit on the Pre-409A Pension Benefit: Notwithstanding paragraph (1) or (2) above, a Participant's Pre-409A Pension Benefit amount shall never exceed the Participant's Total Pension reduced by his Salaried Plan Pension, with each calculated as of the actual Annuity Starting Date of Participant's Pre-409A Pension. For purposes of this paragraph (3), the provisions of Article IV that freeze the Participant's status as of December 31, 2004 (or consider only the status on such date), and the provisions of this

document that bar taking into account Plan changes that are effective after December 31, 2004 shall not be taken into account.

(c) Definitions: The following definitions apply for purposes of this section.

(1) A Participant's "Total Pension" means the greater of:

(i) The amount of the Participant's pension determined under the terms of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.7(d) of Part B of the Salaried Plan (relating to benefits that are deferred beyond the Participant's Normal Retirement Date); or

(ii) The amount (if any) of the Participant's PEP Guarantee under Section 5.2.

For purposes of subsection (b)(1) and (2), the determination in clause (i) and (ii) above shall be made (except, in the case of subsection (b)(2), with respect to early commencement reductions, which shall be made as of the Annuity Starting Date) as of December 31, 2004, and (except to the extent the provisions of the Plan specifically authorize taking into account subsequent changes) shall be made on the basis of the terms of the Salaried Plan without taking into account changes after December 31, 2004. As necessary to ensure the Participant's receipt of a "greater of" benefit, the foregoing comparison between clause (i) and clause (ii) shall be made by reflecting, as applicable, the relative value of forms of payment.

(2) A Participant's "Salaried Plan Pension" means the amount of the Participant's pension determined under the terms of the Salaried Plan. For purposes of subsection (b)(1) and (2), the determination of a Participant's Salaried Plan Pension shall be made (except, in the case of subsection (b)(2), with respect to early commencement reductions, which shall be made as of the Annuity Starting Date) as of December 31, 2004, and (except to the extent the provisions of the Plan specifically authorize taking into account subsequent changes) shall be made on the basis of the terms of the Salaried Plan without taking into account changes after December 31, 2004.

5.2 PEP Guarantee: A Post-2004 Participant who is eligible under subsection (a) below shall be entitled to a PEP Guarantee benefit determined under subsection (b) below. In the case of Participants who are not eligible under subsection (a), the PEP Guarantee shall not apply.

(a) Eligibility: A Participant shall be covered by this section if the Participant has 1988 pensionable earnings from an Employer of at least \$75,000. For purposes of this section, "1988 pensionable earnings" means the Participant's remuneration for the 1988 calendar year, within the meaning of the Salaried Plan as in effect in 1988. "1988 pensionable earnings" does not include remuneration from an entity attributable to any period when that entity was not an Employer.

(b) PEP Guarantee Formula: The amount of a Participant's PEP Guarantee shall be determined under the applicable formula in paragraph (1), subject to the special rules in paragraph (2).

(1) Formulas: The amount of a Participant's Pension under this paragraph shall be determined in accordance with subparagraph (i) below. However, if the Participant was actively employed by the PepsiCo Organization in a classification eligible for the Salaried Plan prior to July 1, 1975, the amount of his Pension under this paragraph shall be the greater of the amounts determined under subparagraphs (i) and (ii), provided that subparagraph (ii)(B) shall not apply in determining the amount of a Vested Pension.

(i) Formula A: The Pension amount under this subparagraph shall be:

(A) 3 percent of the Participant's Highest Average Monthly Earnings for the first 10 years of Credited Service, plus

(B) 1 percent of the Participant's Highest Average Monthly Earnings for each year of Credited Service in excess of 10 years, less

(C) 1-2/3 percent of the Participant's Primary Social Security Amount multiplied by years of Credited Service not in excess of 30 years.

In determining the amount of a Vested Pension under this Formula A, the Pension shall first be calculated on the basis of (I) the Credited Service the Participant would have earned had he remained in the employ of the Employer until his Normal Retirement Age, and (II) his Highest Average Monthly Earnings and Primary Social Security Amount at his Severance from Service Date, and then shall be reduced by multiplying the resulting

amount by a fraction, the numerator of which is the Participant's actual years of Credited Service on his Severance from Service Date (or December 31, 2004, if earlier) and the denominator of which is the years of Credited Service he would have earned had he remained in the employ of an Employer until his Normal Retirement Age.

(ii) Formula B: The Pension amount under this subparagraph shall be the greater of (A) or (B) below:

(A) 1-1/2 percent of Highest Average Monthly Earnings times the number of years of Credited Service, less 50 percent of the Participant's Primary Social Security Amount, or

(B) 3 percent of Highest Average Monthly Earnings times the number of years of Credited Service up to 15 years, less 50 percent of the Participant's Primary Social Security Amount.

In determining the amount of a Disability Pension under Formula A or B above, the Pension shall be calculated on the basis of the Participant's Credited Service (determined in accordance with Section 3.3(d)(3) of the Salaried Plan, as in effect on December 31, 2004), and his Highest Average Monthly Earnings and Primary Social Security Amount at the date of disability (or as of such earlier date as may apply under Section 5.1(b)).

(2) Calculation: The amount of the PEP Guarantee shall be determined pursuant to paragraph (1) above, subject to the following special rules:

(i) Surviving Eligible Spouse's or Eligible Domestic

Partner's Annuity: Subject to subparagraph (iii) below and the last sentence of this subparagraph, if the Participant has an Eligible Spouse or Eligible Domestic Partner, the Participant's Eligible Spouse or Eligible Domestic Partner shall be entitled to receive a survivor annuity equal to 50 percent of the Participant's Annuity under this section, with no corresponding reduction in such Annuity for the Participant. Annuity payments to a surviving Eligible Spouse or Eligible Domestic Partner shall begin on the first day of the month coincident with or following the Participant's death and shall end with the last monthly payment due prior to the Eligible Spouse's or Eligible Domestic Partner's death. If the Eligible Spouse or Eligible Domestic Partner is more than 10 years younger than the Participant, the survivor benefit payable under this subparagraph shall be adjusted as provided below.

(A) For each full year more than 10 but less than 21 that the surviving Eligible Spouse or Eligible Domestic Partner is younger than the Participant, the survivor benefit payable to such Eligible Spouse or Eligible Domestic Partner shall be reduced by 0.8 percent.

(B) For each full year more than 20 that the surviving Eligible Spouse or Eligible Domestic Partner is younger than the Participant, the survivor benefit payable to such Eligible

Spouse or Eligible Domestic Partner shall be reduced by an additional 0.4 percent.

(ii) Reductions: The following reductions shall apply in determining a Participant's PEP Guarantee.

(A) If the Participant will receive an Early Retirement Pension, the payment amount shall be reduced by 3/12ths of 1 percent for each month by which the benefit commencement date precedes the date the Participant would attain his Normal Retirement Date.

(B) If the Participant is entitled to a Vested Pension, the payment amount shall be reduced to the Actuarial Equivalent of the amount payable at his Normal Retirement Date (if payment commences before such date), and the Section 4.6(b) reductions for any Pre-Retirement Spouse's coverage shall apply.

(C) This clause applies if the Participant will receive his Pension in a form that provides an Eligible Spouse or Eligible Domestic Partner benefit, continuing for the life of the surviving Eligible Spouse or surviving Eligible Domestic Partner, that is greater than that provided under subparagraph (i). In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the Actuarial Equivalent of the Pension otherwise payable under the foregoing provisions of this section.

(D) This clause applies if the Participant will receive his Pension in a form that provides a survivor annuity for a beneficiary who is not his Eligible Spouse or Eligible Domestic Partner. In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the Actuarial Equivalent of a Single Life Annuity for the Participant's life.

(E) This clause applies if the Participant will receive his Pension in an Annuity form that includes inflation protection described in Section 6.2(b). In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the Actuarial Equivalent of the elected Annuity without such protection.

(iii) Lump Sum Conversion: The amount of the Retirement Pension determined under this section for a Participant whose Retirement Pension will be distributed in the form of a lump sum shall be the Actuarial Equivalent of the Participant's PEP Guarantee determined under this section, taking into account the value of any survivor benefit under subparagraph (i) above and any early retirement reductions under subparagraph (ii)(A) above.

5.3 Amount of Pre-Retirement Spouse's Pre-409A Pension: The monthly amount of the Pre-Retirement Spouse's Pre-409A Pension payable to a surviving Eligible Spouse of a Post-2004 Participant under Section 4.6 shall be determined under subsection (a) below.

(a) Calculation: An Eligible Spouse's Pre-Retirement Spouse's Pre-409A

Pension shall be equal to:

- (1) The Eligible Spouse's Total Pre-Retirement Spouse's Pension, reduced by
- (2) The Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension.

(b) Definitions: The following definitions apply for purposes of this section.

(1) An Eligible Spouse's "Total Pre-Retirement Spouse's Pension" means the greater of:

(i) The amount of the Eligible Spouse's pre-retirement spouse's pension determined under the principles and limitations of Section 5.1(b) and under the terms of the Salaried Plan in effect on December 31, 2004 (except as otherwise applicable under Section 5.1(b)), but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.7(d) of the Salaried Plan (relating to benefits that are deferred beyond the Participant's Normal Retirement Date); or

(ii) The amount (if any) of the Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension determined under the principles and limitations of Section 5.1(b) and under subsection (c).

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall be calculated with reference to the specific time of payment applicable to the Eligible Spouse.

(2) An “Eligible Spouse’s Salaried Plan Pre-Retirement Spouse’s Pension” means the Pre-Retirement Spouse’s Pension that would be payable to the Eligible Spouse under the principles and limitations of Section 5.1(b) under the terms of the Salaried Plan in effect on December 31, 2004 (except as otherwise applicable under Section 5.1(b)).

(c) PEP Guarantee Pre-Retirement Spouse’s Pension: An Eligible Spouse’s PEP Guarantee Pre-Retirement Spouse’s Pension shall be determined in accordance with paragraph (1) or (2) below, whichever is applicable, with reference to the PEP Guarantee (if any) that would have been available to the Participant under Section 5.2.

(1) Normal Rule: The Pre-Retirement Spouse’s Pension payable under this paragraph shall be equal to the amount that would be payable as a survivor annuity, under a Qualified Joint and Survivor Annuity, if the Participant had:

(i) Separated from service on the earliest of the date of death, his actual Severance from Service Date;

(ii) Commenced a Qualified Joint and Survivor Annuity on the same date payments of the Qualified Pre-Retirement Spouse’s Pension are to commence; and

(iii) Died on the day immediately following such commencement.

If payment of a Pre-Retirement Spouse's Pension under this paragraph commences or is deemed to commence prior to the date which would have been the Participant's Normal Retirement Date, appropriate reductions for early commencement shall be applied to the Qualified Joint and Survivor Annuity upon which the Pre-Retirement Spouse's Pension is based.

(2) Special Rule for Active and Disabled Employees:

Notwithstanding paragraph (1) above, the Pre-Retirement Spouse's Pension paid on behalf of a Participant described in Section 4.6(a) shall not be less than an amount equal to 25 percent of such Participant's PEP Guarantee determined under Section 5.2 in accordance with the principles and limitations of Section 5.1(b) (if a comparable 25 percent benefit is available on behalf of the Participant under the Salaried Plan). A Pre-Retirement Spouse's Pension under this paragraph is not reduced for early commencement.

5.4 Certain Adjustments: Pensions determined under the foregoing sections of this Article are subject to adjustment as provided in this section. For purposes of this section, "specified plan" shall mean the Salaried Plan or a nonqualified pension plan similar to this Plan. A nonqualified pension plan is similar to this Plan if it is sponsored by a member of the PepsiCo Organization and if its benefits are not based on participant pay deferrals.

(a) Adjustments for Rehired Participants: This subsection shall apply to a current or former Participant who is reemployed after his Annuity Starting Date and whose benefit under the Salaried Plan is recalculated based on an additional period of Credited Service. In the event of any such recalculation, the Participant's Pre-409A Pension shall also be recalculated hereunder. For this purpose, the PEP Guarantee

under Section 5.2 is adjusted for in-service distributions and prior distributions in the same manner as benefits are adjusted under the Salaried Plan, but by taking into account benefits under this Plan and any specified plans.

(b) Adjustment for Increased Pension Under Other Plans: If the benefit paid under a specified plan on behalf of a Participant is increased after PEP benefits on his behalf have been determined (whether the increase is by order of a court, by agreement of the plan administrator of the specified plan, or otherwise), the PEP benefit for the Participant shall be recalculated. If the recalculation identifies an overpayment hereunder, the Plan Administrator shall take such steps as it deems advisable to recover the overpayment. It is specifically intended that there shall be no duplication of payments under this Plan and any specified plans.

5.5 Excludable Employment: Effective for periods of employment on or after June 30, 1997, an executive classified as level 22 or above (or the equivalent) whose employment by an Employer is for a limited duration assignment shall not become entitled to a benefit or to any increase in benefits in connection with such employment. In addition, in the case of agreements entered into after January 1, 2009, an executive who has signed a written agreement with the Company pursuant to which the individual either (i) waives eligibility under the Plan (even if the individual otherwise meets the definition of Employee under the Plan), or (ii) agrees not to participate in the Plan, shall not thereafter become entitled to a benefit or to any increase in benefits in connection with such employment (whichever applies). Written agreements may be entered into either before or after the executive becomes eligible for or begins participation in the Plan, and such written agreement may take any form that is deemed

effective by the Company. All written agreements under this section 5.5 shall be irrevocable by the individual once executed.

ARTICLE VI.

Distribution Options

The terms of this Article govern (i) the distribution of benefits to a Participant who becomes entitled to a Pre-409A Pension, and (ii) the continuation of benefits (if any) to such Participant's beneficiary following the Participant's death. Other than as set forth in section 4.9 (cashout distributions), a Pre-Retirement Spouse's Pension derived from the Pre-409A Program shall be payable as an Annuity for the life of the Eligible Spouse or Eligible Domestic Partner, as applicable, in all cases, subject to Section 4.9 (cashout distributions). The distribution of a 409A Pension is governed by the terms of the 409A Program.

6.1 Form and Timing of Distributions: This section shall govern the form and timing of distributions of Pre-409A Pensions that begin on or after March 1, 1992. Plan distributions that begin before that date shall be governed by the prior terms of the Plan. The provisions of this Section 6.1 are in all cases subject to the cashout rules set forth in Section 4.9.

(a) No Advance Election: This subsection shall apply to a Participant:

(i) who does not have an Advance Election in effect as of the close of business on the day before his Retirement Date, or (ii) who terminates employment prior to Retirement. Subject to the next sentence, a Participant described in this subsection shall be paid his Pre-409A Pension in the same form and at the same time as he is paid his Pension under the Salaried Plan. If a Participant's Salaried Plan Annuity Starting Date occurs while he is still an employee of the PepsiCo Organization (because of the time of payment provisions in Code section 401(a)(9)), payment under the Plan shall not begin until the first of the month next following the Participant's Severance from Service Date. In this instance, the form of payment under this Plan shall remain that applicable under the Salaried Plan. If the Participant will be paid his pension under the Salaried Plan in a form

of payment that is not available to the Participant under this Pre-409A Program (*e.g.*, because the Participant attains Retirement status under the Salaried Plan but does not attain Retirement status under this Pre-409A Program, based on applying the terms of the Salaried Plan in effect on December 31, 2004), the principles of subsection (b)(2) below will govern the determination of the Participant's form of payment.

(b) Advance Election in Effect: This subsection shall apply to a Participant who has an Advance Election in effect as of the close of business on the day before his Retirement Date. To be in effect, an Advance Election must meet the advance receipt and other requirements of Section 6.3(b).

(1) Lump Sum Election: If a Participant covered by this subsection has an Advance Election to receive a Single Lump Sum in effect as of the close of business on the day before his Retirement Date, the Participant's Pre-409A Retirement Pension under the Plan shall be paid as a Single Lump Sum as of the first of the month coincident with or next following his Retirement Date.

(2) Annuity Election: If a Participant covered by this subsection has an Advance Election to receive an Annuity in effect as of the close of business on the day before his Retirement Date, the Participant's Pre-409A Retirement Pension under the Plan shall be paid in an Annuity beginning on the first of the month coincident with or next following his Retirement Date. The following provisions of this paragraph govern the form of Annuity payable in the case of a Participant described in this paragraph.

(i) Salaried Plan Election: A Participant who has a qualifying Salaried Plan election shall receive his distribution in the same

form of Annuity the Participant selected in such qualifying Salaried Plan election. For this purpose, a “qualifying Salaried Plan election” is a written election of a form of payment by the Participant that: (A) is currently in effect under the Salaried Plan as of the close of business on the day before the Participant’s Retirement Date, and (B) specifies an Annuity as the form of payment for all or part of the Participant’s Retirement Pension under the Salaried Plan. For purposes of the preceding sentence, a Participant who elects a combination lump sum and Annuity under the Salaried Plan is considered to have specified an Annuity for part of his Salaried Plan Pension.

(ii) PEP Election: A Participant who is not covered by subparagraph (i) and who has a PEP Election in effect as of the close of business on the day before his Retirement Date shall receive his distribution in the form of Annuity the Participant selects in such PEP Election.

(iii) No PEP Election: A Participant who is not covered by subparagraph (i) or (ii) above shall receive his distribution in the form of a Qualified Joint and Survivor Annuity if he is married, or in the form of a Single Life Annuity if he is not married. For purposes of this subparagraph (iii), a Participant shall be considered married if he is married on the day before his Retirement Date.

6.2 Available Forms of Payment: The forms of payment set forth in subsections (a) and (b) may be provided to any Participant who is entitled to a Pre-409A

Retirement Pension. The forms of payment for other Participants are set forth in subsection (c) below. The provisions of this section are effective for Annuity Starting Dates after 1989 and earlier distributions shall be governed by prior terms of the Plan.

(a) Basic Forms of Payment: A Participant's Pre-409A Retirement Pension shall be distributed in one of the forms of payment listed in this subsection. The particular form of payment applicable to a Participant shall be determined in accordance with Section 6.1. Payments shall commence on the date specified in Section 6.1 and shall end on the date specified in this subsection.

(1) Single Life Annuity Option: A Participant may receive his Pre-409A Pension in the form of a Single Life Annuity, which provides monthly payments ending with the last payment due prior to his death.

(2) Survivor Options: A Participant may receive his Pre-409A Pension in accordance with one of the following survivor options:

(i) 100 Percent Survivor Option: The Participant shall receive a reduced Pre-409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the same reduced amount shall continue after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(ii) 75 Percent Survivor Option: The Participant shall receive a reduced Pre-409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 75

percent of such reduced Pre-409A Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(iii) 50 Percent Survivor Option: The Participant shall receive a reduced Pre-409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 50 percent of such reduced Pre-409A Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death. A 50 percent survivor option under this paragraph shall be a Qualified Joint and Survivor Annuity if the Participant's beneficiary is his Eligible Spouse.

(iv) Ten Years Certain and Life Option: The Participant shall receive a reduced Pre-409A Pension which shall be payable monthly for his lifetime but for not less than 120 months. If the retired Participant dies before 120 payments have been made, the monthly Pension amount shall be paid for the remainder of the 120 month period to the Participant's primary beneficiary (or if the primary beneficiary has predeceased the Participant, the Participant's contingent beneficiary).

(3) Single Lump Sum Payment Option: A Participant may receive payment of his Pre-409A Pension in the form of a Single Lump Sum payment.

(4) Combination Lump Sum/Monthly Benefit Option: A Participant who does not have an Advance Election in effect may receive a portion of his Pre-409A Pension in the form of a lump sum payment, and the remaining portion in the form of one of the monthly benefits described in paragraphs (1) and (2) above. The Pre-409A Pension is divided between the two forms of payment based on the whole number percentages designated by the Participant on a form provided for this purpose by the Plan Administrator. For the election to be effective, the sum of the two percentages designated by the Participant must equal 100 percent.

(i) The amount of the Pre-409A Pension paid in the form of a lump sum is determined by multiplying: (A) the amount that would be payable to the Participant as a Single Lump Sum payment if the Participant's entire benefit were payable in that form, by (B) the percentage that the Participant has designated for receipt in the form of a lump sum.

(ii) The amount of the Pre-409A Pension paid in the form of a monthly benefit is determined by multiplying: (A) the amount of the monthly benefit elected by the Participant, determined in accordance with paragraph (1) or (2) above (whichever applies), by (B) the percentage that the Participant has designated for receipt in the form of a monthly benefit.

(b) Inflation Protection: The following levels of inflation protection may be provided to any Participant who is entitled to a Pre-409A Retirement Pension (except to the extent such Pre-409A Pension is paid as a lump sum).

(1) 5 Percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 5 percent. The amount of the increase shall be the difference between inflation in the prior year and 5 percent.

(2) 7 Percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 7 percent. The amount of the increase shall be the difference between inflation in the prior year and 7 percent.

Benefits shall be subject to increase in accordance with this subsection each January 1, beginning with the second January 1 following the Participant's Annuity Starting Date. The amount of inflation in the prior year shall be determined based on inflation in the 12-month period ending on September 30 of such year, with inflation measured in the same manner as applies on the Effective Date for adjusting Social Security benefits for changes in the cost of living. Inflation protection that is in effect shall carry over to any survivor benefit payable on behalf of a Participant, and shall increase the otherwise applicable survivor benefit as provided above. Any election by a Participant to receive inflation protection shall be irrevocable by such Participant or his surviving beneficiary.

(c) Available Options for Vested Benefits: The forms of payment available for a Participant with a Pre-409A Vested Pension are a Qualified Joint and Survivor Annuity or a 75 Percent Survivor Annuity for married Participants, and a Single

Life Annuity for both married and unmarried Participants. The applicable form of payment shall be determined in accordance with Section 6.1(a).

6.3 Procedures for Elections: This section sets forth the procedures for making Advance Elections and PEP Elections.

(a) In General: To qualify as an Advance Election or PEP Election for purposes of Section 6.1, an election must be made in writing, on the form designated by the Plan Administrator, and must be signed by the Participant. These requirements also apply to any revocations of such elections. Spousal consent is not required for any election (or revocation of election) under the Plan.

(b) Advance Election: To qualify as an Advance Election, an election must be made on or after July 15, 1993 and meet the following requirements.

(1) Election: The Participant shall designate on the Advance Election form whether the Participant elects to take his Pre-409A Pension in the form of an Annuity or a Single Lump Sum.

(2) Receipt by Plan Administrator: The Advance Election must be received by the Plan Administrator before the start of the calendar year containing the Participant's Retirement Date, and at least 6 months before that Retirement Date. An election that meets the foregoing requirements shall remain effective until it is changed or revoked.

(3) Change or Revocation of Election: A Plan Participant may change an Advance Election by filing a new Election that meets the foregoing requirements. A Plan Participant may revoke an Advance Election only by filing a revocation that is received by the Plan Administrator before the start of the

calendar year containing the Plan Participant's Retirement Date, and at least 6 months before that Retirement Date.

Any Advance Election by a Participant shall be void if the Participant is not entitled to a Pre-409A Retirement Pension.

(c) PEP Election: A PEP Election may only be made by a Participant who has an Advance Election to receive an Annuity in effect at the time his PEP Election is received by the Plan Administrator. In determining whether an Advance Election is in effect for this purpose, the advance receipt requirement of subsection (b)(2) shall be considered met if it will be met by the Participant's proposed Retirement Date.

(1) Election: The Participant shall designate on the PEP Election form the Annuity form of benefit the Participant selects from those described in Section 6.2, including the Participant's choice of inflation protection, subject to the provisions of this Article VI. The forms of payment described in Section 6.2(a)(3) and (4) are not available pursuant to a PEP Election.

(2) Receipt by the Plan Administrator: The PEP Election must be received by the Plan Administrator no earlier than 180 days (90 days prior to January 1, 2007) before the Participant's Retirement Date, and no later than the close of business on the day before the Participant's Retirement Date. The Participant shall furnish proof of the age of his beneficiary (including his Eligible Spouse or Eligible Domestic Partner if applicable), to the Plan Administrator by the day before the Participant's Retirement Date, for any form of payment which is subject to reduction in accordance with subsection 6.2(c) above.

A Participant may change his PEP Election by filing a new Election with the Plan Administrator that meets the foregoing requirements. The Participant's PEP Election shall become effective at the close of business on the day before the Participant's Retirement Date. Any PEP Election by a Participant shall be void if the Participant does not have an Advance Election in effect at such time.

(d) Elections Rules for Annuity Starting Dates: When amounts become payable to a Participant in accordance with Article IV, they shall be payable as of the Participant's Annuity Starting Date and the election procedures (in this section and Sections 6.1 and 6.5) shall apply to all of the Participant's unpaid accruals under this Pre-409A Program as of such Annuity Starting Date, with the following exception. In the case of a Participant who is rehired after his initial Annuity Starting Date and who (i) is currently receiving an Annuity that remained in pay status upon rehire, or (ii) was previously paid a lump sum distribution (other than a cashout distribution described in Section 4.9(a)), the Participant's subsequent Annuity Starting Date (as a result of his termination of reemployment), and the election procedures at such subsequent Annuity Starting Date, shall apply only to the portion of his benefit that accrues after his rehire. Any prior accruals that remain to be paid as of the Participant's subsequent Annuity Starting Date shall continue to be payable in accordance with the elections made at his initial Annuity Starting Date under this Pre-409A Program.

For purposes of this section, an election shall be treated as received on a particular day if it is:

(A) postmarked that day, or (B) actually received by the Plan Administrator on that day.

Delivery under clause (B) must be made by the close of business, which time is to be determined by the Plan Administrator.

6.4 Special Rules for Survivor Options:

(a) Effect of Certain Deaths: If a Participant makes a PEP Election for a form of payment described in Section 6.2(a)(2) and the Participant or his beneficiary (beneficiaries in the case of Section 6.2(a)(2)(iv)) dies before the PEP Election becomes effective, the election shall be disregarded. If the Participant dies after such PEP Election becomes effective but before his Pre-409A Retirement Pension actually commences, the election shall be given effect and the amount payable to his surviving Eligible Spouse, Eligible Domestic Partner or other beneficiary shall commence on the first day of the month following his death (any back payments due the Participant shall be payable to his estate). In the case of a Participant who has elected the form of payment described in Section 6.2(a)(2)(iv), if such Participant dies: (i) after the PEP Election has become effective, (ii) without a surviving primary or contingent beneficiary, and (iii) before receiving 120 payments under the form of payment, then the remaining payments due under such form of payment shall be paid to the Participant's estate. If payments have commenced under such form of payment to a Participant's primary or contingent beneficiary and such beneficiary dies before payments are completed, then the remaining payments due under such form of payment shall be paid to such beneficiary's estate.

(b) Beneficiary Who is Not an Eligible Spouse or Eligible Domestic Partner: If a Participant's beneficiary is not his Eligible Spouse or Eligible Domestic Partner, he may not elect:

(i) The 100 percent survivor option described in Section 6.2(a)(2)(i) if his nonspouse beneficiary is more than 10 years younger than he is, or

(ii) The 75 percent survivor option described in Section 6.2(a)(2)(ii) if his nonspouse beneficiary is more than 19 years younger than he is.

6.5 Designation of Beneficiary: A Participant who has elected to receive all or part of his pension in a form of payment that includes a survivor option shall designate a beneficiary who will be entitled to any amounts payable on his death. Such designation shall be made on a PEP Election Form or an approved election form filed under the Salaried Plan, whichever is applicable. In the case of the survivor option described in Section 6.2(a)(2)(iv), the Participant shall be entitled to name both a primary beneficiary and a contingent beneficiary. A Participant (whether active or former) shall have the right to change or revoke his beneficiary designation at any time prior to when his election is finally effective. The designation of any beneficiary, and any change or revocation thereof, shall be made in accordance with rules adopted by the Plan Administrator. A beneficiary designation shall not be effective unless and until filed with the Plan Administrator. If no beneficiary is properly designated, then a Participant's election of a survivor's option described in Section 6.2(a)(2) shall not be given effect. A Participant entitled to a Pre-409A Vested Pension does not have the right or ability to name a beneficiary; if the Participant is permitted under Section 6.2 to elect an optional form of payment, then his beneficiary shall be his Eligible Spouse or Eligible Domestic Partner on his Annuity Starting Date.

6.6 Payment of FICA and Related Income Taxes: As provided in section 6.7 of the Plan Document for the Section 409A Program, a portion of a Participant's 409A Pension, if any, shall be paid as a single lump sum and remitted directly to the Internal Revenue Service ("IRS") or other applicable tax authority in satisfaction of the Participant's FICA Amount and the related withholding of income tax at source on wages (imposed under Code Section 3401 or the corresponding withholding provisions of the applicable state, local or foreign tax laws as a result of the payment of the FICA Amount) and the additional withholding of income tax at source on wages that is attributable to the pyramiding of wages and taxes (all such amounts due are referred to collectively as "Employment Taxes"). To the extent that a Participant's 409A Pension, if any, is insufficient to pay the Employment Taxes when due (including if the Participant's 409A Pension has not commenced at the time the Employment Taxes are due), a portion of the Participant's Pre-409A Pension, if any, shall be paid as a single lump sum and remitted directly to the applicable tax authority in satisfaction of any amounts necessary to satisfy fully the Employment Taxes.

ARTICLE VII.

Administration

7.1 Authority to Administer Plan: The Plan shall be administered by the Plan Administrator, which shall have the authority to interpret the Plan and issue such regulations as it deems appropriate. The Plan Administrator shall maintain Plan records and make benefit calculations, and may rely upon information furnished it by the Participant in writing, including the Participant's current mailing address, age and marital status. The Plan Administrator's interpretations, determinations, regulations and calculations shall be final and binding on all persons and parties concerned. Neither the Company nor the Plan Administrator shall be a fiduciary of the Plan, and any restrictions that might apply to a party in interest under section 406 of ERISA shall not apply under the Plan, including with respect to the Company or the Plan Administrator.

7.2 Facility of Payment: Whenever, in the Plan Administrator's opinion, a person entitled to receive any payment of a benefit or installment thereof hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Plan Administrator may make payments to such person or to the legal representative of such person for his benefit, or the Plan Administrator may apply the payment for the benefit of such person in such manner as it considers advisable. Any payment of a benefit or installment thereof in accordance with the provisions of this section shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.3 Claims Procedure: The Plan Administrator, or a party designated by the Plan Administrator, shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits. As a result, benefits under this Plan will be paid only if the Plan Administrator decides

in its discretion that the Participant (or other applicant) is entitled to them. Any decisions or determinations hereunder shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (i) such discretion is not expressly granted by the Plan provisions in question, or (ii) a decision or determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or expressly call for a decision or determination. All decisions and determinations made by the Plan Administrator will be final, conclusive, and binding on all parties. The Plan Administrator may consider the intent of the Company with respect to a Plan provision in making any determination with respect to the provision, notwithstanding the provisions set forth in any document that arguably do not contemplate considering such intent. The Plan Administrator's discretion is absolute, and in any case where the breadth of the Plan Administrator's discretion is at issue, it is expressly intended that the Plan Administrator (or its delegate) be accorded the maximum possible discretion. Any exercise by the Plan Administrator of its discretionary authority shall be reviewed by a court under the arbitrary and capricious standard (i.e., abuse of discretion). If, pursuant to this discretionary authority, an assertion of any right to a benefit by or on behalf of a Participant or beneficiary (a "claimant") is wholly or partially denied, the Plan Administrator, or a party designated by the Plan Administrator, will provide such claimant the claims review process described in this Section. The Plan Administrator has the discretionary right to modify the claims process described in this Section in any manner so long as the claims review process, as modified, includes the steps described below. Within a 90-day response period following the receipt of the claim by the Plan Administrator, the Plan Administrator will notice the claimant of:

- (a) The specific reason or reasons for the denial;

(b) Specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to submit to perfect the claim and an explanation of why such material or information is necessary; and

(d) A description of the Plan's claim review procedure (including the time limits applicable to such process and a statement of the claimant's right to bring a civil action under ERISA following a further denial on review).

If the Plan Administrator determines that special circumstances required an extension of time for processing the claim it may extend the response period from 90 to 180 days. If this occurs, the Plan Administrator will notify the claimant before the end of the initial 90-day period, indicating the special circumstances requiring the extension and the date by which the Plan Administrator expects to make the final decision. Further review of a claim is available upon written request by the claimant to the Plan Administrator within 60 days after the claimant receives written notice of the denial of the claim. Upon review, the Plan Administrator shall provide the claimant a full and fair review of the claim, including the opportunity to submit to the Plan Administrator comments, documents, records and other information relevant to the claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review will be made within 60 days after receipt of the request for review, unless circumstances warrant an extension of time not to exceed an additional 60 days. If this occurs, notice of the extension will be furnished to the claimant before the end of the initial 60-day period, indicating the special circumstances requiring the extension and the

date by which the Plan Administrator expects to make the final decisions. The final decision shall be in writing and drafted in a manner calculated to be understood by the claimant and include specific reasons for the decision with references to the specific Plan provisions on which the decision is based.

Any claim under the Plan that is reviewed by a court, arbitrator, or any other tribunal shall be reviewed solely on the basis of the record before the Plan Administrator at the time it made its determination. In addition, any such review shall be conditioned on the claimant's having fully exhausted all rights under this Section as is more fully explained in Section 7.5. Any notice or other notification that is required to be sent to a claimant under this Section may be sent pursuant to any method approved under Department of Labor Regulation Section 2520.104b-1 or other applicable guidance.

7.4 Effect of Specific References: Specific references in the Plan to the Plan Administrator's discretion shall create no inference that the Plan Administrator's discretion in any other respect, or in connection with any other provision, is less complete or broad.

7.5 Claimant Must Exhaust the Plan's Claims Procedures Before Filing in Court. Before filing any Claim (including a suit or other action) in court or in another tribunal, a Claimant must first fully exhaust all of the Claimant's rights under the claims procedures of Section 7.3.

(a) Upon review by any court or other tribunal, the exhaustion requirement of this Section 7.5 is intended to be interpreted to require exhaustion in as many circumstances as possible (and any steps necessary to clarify or effect this intent may be taken).

(b) In any action or consideration of a Claim in court or in another tribunal following exhaustion of the Plan's claims procedure as described in this Section 7.5, the subsequent action or consideration shall be limited, to the maximum extent permissible, to the record that was before the Plan Administrator in the claims procedure.

(c) The exhaustion requirement of this Section 7.5 shall apply: (i) regardless of whether other Disputes that are not Claims (including those that a court might consider at the same time) are of greater significance or relevance, (ii) to any rights the Plan Administrator may choose to provide in connection with novel Disputes or in particular situations, (iii) regardless of whether the rights are actual or potential and (iv) even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such Claim (in which case the Plan Administrator (upon notice of the Claim) shall either promptly establish such claims procedures or shall apply (or act by analogy to) the claims procedures of Section 7.3 that apply to claims for benefits).

(d) The Plan Administrator may make special arrangements to consider a Claim on a class basis or to address unusual conflicts concerns, and such minimum arrangements in these respects shall be made as are necessary to maximize the extent to which exhaustion is required.

(e) For example, exhaustion may not be excused (i) for failure to respond to a claim unless the purported Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the purported Claimant was submitting a claim with respect to the Plan, or (ii) for failure to fulfill a request for

documents unless (A) the Claimant is lawfully entitled to receive a copy of the requested document from the Plan Administrator at the time and in the form requested, (B) the Claimant requests such documents in a writing that is addressed to and actually received by the Plan Administrator, (C) the Plan Administrator fails to provide the requested documents within 6 months after the date the request is received, or within such longer period as may be reasonable under the facts and circumstances, (D) the Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the requestor was actually entitled to receive the requested documents at the time and in the form requested (i.e., generally the Claimant must provide sufficient information to place the Plan Administrator on notice of a colorable claim for benefits), and (E) the documents requested and not provided are material to the determination of one or more colorable claims of which the Claimant has informed the Plan Administrator.

(f) For purposes of this Section 7.5, the following definitions apply.

(i) A “Dispute” is any claim, dispute, issue, action or other matter.

(ii) A “Claim” is any Dispute that implicates in whole or in part any one or more of the following –

(A) The interpretation of the Plan;

(B) The interpretation of any term or condition of the Plan;

(C) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law;

(D) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect;

(E) The administration of the Plan;

(F) Whether the Plan, in whole or in part, has violated any terms, conditions or requirements of ERISA or other applicable law or regulation, regardless of whether such terms, conditions or requirements are, in whole or in part, incorporated into the terms, conditions or requirements of the Plan;

(G) A request for Plan benefits or an attempt to recover Plan benefits;

(H) An assertion that any entity or individual has breached any fiduciary duty; or

(I) Any Claim that: (i) is deemed similar to any of the foregoing by the Plan Administrator, or (ii) relates to the Plan in any way.

(iii) A "Claimant" is any Employee, former Employee, Participant, former Participant, beneficiary (or the spouse, former spouse, estate, heir or representative of any of the foregoing individuals), or any other individual, person, entity with a relationship to any of the foregoing individuals or the Plan, as well as any group of one or more of the foregoing, who has a Claim.

7.6 Limitations on Actions. Any claim filed under section 7.3 and any action filed in state or federal court by or on behalf of a former or current Employee, Participant, beneficiary or any other individual, person or entity (collectively, a "Petitioner") for the alleged

wrongful denial of Plan benefits or for the alleged interference with or violation of ERISA-protected rights must be brought within two years of the date the Petitioner's cause of action first accrues.

(a) For purposes of this subsection, a cause of action with respect to a Petitioner's benefits under the Plan shall be deemed to accrue not later than the earliest of (i) when the Petitioner has received the calculation of the benefits that are the subject of the claim or legal action, (ii) the date identified to the Petitioner by the Plan Administrator on which payments shall commence, (iii) when the Petitioner has actual or constructive knowledge of the acts or failures to act (or the other facts) that are the basis of his claim, or (iv) the date when the benefit was first paid, provided, or denied.

(b) For purposes of this subsection, a cause of action with respect to the alleged interference with ERISA-protected rights shall be deemed to accrue when the claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to constitute interference with ERISA-protected rights.

(c) For purposes of this subsection, a cause of action with respect to any other claim, action or suit not covered by subsection (a) or (b) above must be brought within two years of the date when the claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to give rise to the claim, action or suit.

Failure to bring any such claim or cause of action within this two-year time frame shall preclude a Petitioner, or any representative of the Petitioner, from filing the claim or cause of action. Correspondence or other communications pursuant to or following the mandatory appeals process described in Section 7.3 shall have no effect on this two-year time frame.

7.7 Restriction on Venue. Any claim or action filed in court or any other tribunal in connection with the Plan by or on behalf of a Petitioner (as defined in Section 7.6 above) shall only be brought or filed in the United States District Court for the Southern District of New York, effective for claims or actions filed on or after January 1, 2011.

ARTICLE VIII.

Miscellaneous

8.1 No guarantee of Employment: Nothing contained in this Plan shall be construed as a contract of employment between an Employer and any Employee, or as a right of any Employee to be continued in the employment of an Employer, or as a limitation of the right of an Employer to discharge any of its Employees, with or without cause.

8.2 Nonalienation of Benefits: Benefits payable under the Plan or the right to receive future benefits under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, including any assignment or alienation in connection with a divorce, separation, child support or similar arrangement, shall be null and void and not binding on the Company. The Company shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

8.3 Unfunded Plan: The Company's obligations under the Plan shall not be funded, but shall constitute liabilities by the Company payable when due out of the Company's general funds. To the extent the Participant or any other person acquires a right to receive benefits under this Plan, such right shall be no greater than the rights of any unsecured general creditor of the Company.

8.4 Action by the Company: Any action by the Company under this Plan, including any amendment authorized to be made under Section 9.2, may be made by the Board of Directors of the Company. In addition, any person or persons authorized (directly or indirectly) by the Board may take such action on behalf of the Company.

8.5 Indemnification: Unless the Board of Directors of the Company shall determine otherwise, the Company shall indemnify, to the full extent permitted by law, any employee acting in good faith within the scope of his employment in carrying out the administration of the Plan.

8.6 Code Section 409A: At all times, this Plan shall be operated to preserve the status of benefits under this Pre-409A Program as being exempt from Section 409A, *i.e.*, to preserve the grandfathered status of this Pre-409A Program. In all cases, the provision of the prior sentence shall apply notwithstanding any contrary provision of the Plan. Accordingly, in determining rights and benefits under this Pre-409A Program, changes in the Salaried Plan that are effective after December 31, 2004 shall be disregarded to the extent necessary to avoid a modification of this Pre-409A Program that would constitute a material modification for purposes of Section 409A.

8.7 Authorized Transfers: If a Participant transfers to an entity that is not part of the PepsiCo Organization, the liability for any benefits accrued while the Participant was employed by the PepsiCo Organization shall remain with the Company, except as otherwise expressly provided by an agreement between the Company and the Participant's new employer.

8.8 Electronic Signatures: The words "signed," "signature," and words of like import in or related to this Plan or any other document or record to be signed in connection with or related to this Plan by the Company, Plan Administrator, Employee or other individual shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually

executed signature or the use of a paper-based recordkeeping system, as the case may be, to the fullest extent permissible under applicable law.

ARTICLE IX.

Amendment and Termination

This Article governs the Company's right to amend and or terminate the Plan.

The Company's amendment and termination powers under this Article shall be subject, in all cases, to the restrictions on amendment and termination in Section 409A and shall be exercised in accordance with such restrictions to ensure continued exemption from Section 409A in accordance with Section 8.6. The Company's rights under this Article IX shall be as broad as permissible under applicable law.

9.1 Continuation of the Plan: While the Company and the Employers intend to continue the Plan indefinitely, they assume no contractual obligation as to its continuance. In accordance with Section 8.4, the Company hereby reserves the right, in its sole discretion, to amend, terminate, or partially terminate the Plan at any time provided, however, that no such amendment or termination shall adversely affect the amount of benefit to which a Participant or his beneficiary is entitled under Article IV on the date of such amendment or termination, unless the Participant becomes entitled to an amount equal to such benefit under another plan or practice adopted by the Company (except as necessary to preserve the exemption from Section 409A of this Pre-409A Program). Specific forms of payment are not protected under the preceding sentence.

9.2 Amendments: The Company may, in its sole discretion, make any amendment or amendments to this Plan from time to time, with or without retroactive effect, including any amendment or amendments to eliminate available distribution options under Article VI hereof at any time before the earlier of the Participant's Annuity Starting Date under this Plan or under the Salaried Plan; provided, however, that no amendment of the Plan shall be effective to the extent that the amendment would be considered a "material modification" (as

that term is defined in Section 409A) of the Pre-409A Program and would, as a result, cause the Pre-409A Program to be subject to Section 409A. An Employer (other than the Company) shall not have the right to amend the Plan.

9.3 Termination: The Company may terminate the Plan, either as to its participation or as to the participation of one or more Employers. If the Plan is terminated with respect to fewer than all of the Employers, the Plan shall continue in effect for the benefit of the Employees of the remaining Employers.

ARTICLE X.

ERISA Plan Structure

This Plan document in conjunction with the plan document(s) for the 409A Program encompasses three separate plans within the meaning of ERISA, as are set forth in subsections (a), (b) and (c). This division into separate plans shall be effective as of July 1, 1996; previously the plans set forth in subsections (b) and (c) were a single plan within the meaning of ERISA.

(a) Excess Benefit Plan: An excess benefit plan within the meaning of section 3(36) of ERISA, maintained solely for the purpose of providing benefits for Salaried Plan participants in excess of the limitations on benefits imposed by section 415 of the Code.

(b) Excess Compensation Top Hat Plan: A plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. The plan provides benefits for Salaried Plan participants in excess of the limitations imposed by section 401(a)(17) of the Code on benefits under the Salaried Plan (after taking into account any benefits under the excess benefit plan). For ERISA reporting purposes, this portion of PEP may be referred to as the PepsiCo Pension Equalization Plan I.

(c) Preservation Top Hat Plan: A plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. The plan provides grandfather benefits to those Salaried Plan participants described in section 5.2(a) hereof, by preserving for them the pre-1989

level of benefit accrual that was in effect before the Salaried Plan's amendment effective January 1, 1989 (after taking into account any benefits under the Excess Benefit Plan and Excess Compensation Top Hat Plan). For ERISA reporting purposes, this portion of PEP may be referred to as the PepsiCo Pension Equalization Plan II.

Benefits under this Plan shall be allocated first to the Excess Benefit Plan, to the extent of benefits paid for the purpose indicated in (a) above; then any remaining benefits shall be allocated to the Excess Compensation Top Hat Plan, to the extent of benefits paid for the purpose indicated in (b) above; then any remaining benefits shall be allocated to the Preservation Top Hat Plan. These three plans are severable for any and all purposes as directed by the Company.

ARTICLE XI.

Applicable Law

The provisions of this Plan shall be construed and administered according to, and its validity and enforceability shall be governed by, enforced in accordance with, and determined under (1) ERISA and any other applicable federal law as would be applied in cases that arise in the United States District Court for the Southern District of New York, and (2) to the extent ERISA does not preempt state law, the internal laws of the state of New York.

If any provision of this Plan is, or is hereafter declared to be, void, voidable, invalid or otherwise unlawful, the remainder of the Plan shall not be affected thereby.

ARTICLE XII.

Signature

This amended and restated Plan is hereby adopted and approved, to be effective as of January 1, 2022, this 21st day of December, 2021.

PEPSICO, INC.

By: /s/ Ronald Schellekens
Ronald Schellekens
Executive Vice President, Human Resources
Chief Human Resources Officer

APPROVED

By: /s/ Jeffrey Arnold
Jeffrey Arnold
Legal Director, Employee Benefits Counsel
Law Department

By: /s/ Christine Griff
Christine Griff
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APPENDIX

Foreword

This Appendix sets forth additional provisions applicable to individuals specified in the Articles of this Appendix. In any case where there is a conflict between the Appendix and the main text of the Plan, the Appendix shall govern.

ARTICLE A

Accruals for 1993 and 1994

This Article A of the Appendix shall be effective on the date the Plan is adopted.

A.1 Accruals for 1993 and 1994: This section shall apply to any individual:

(i) who is a Salaried Plan Participant and employed by the PepsiCo Organization on December 31, 1993, (ii) whose Salaried Plan Pension is vested during 1993 (or would become vested in 1994 if his Service included the assumed period of continued service specified in (a)(1) below), and (iii) whose minimum 1993 Pension in subsection (a) below is not derived solely from that portion of the Plan described in (c) of Article X. In determining the amount of the 1993 and 1994 Pension amounts for any such individual, the provisions set forth in subsections (a) and (b) below shall apply.

(a) Minimum 1993 Pension: Any individual who is covered by this section shall accrue a minimum 1993 Pension as of December 31, 1993. In determining the amount of such individual's minimum 1993 Pension, the following shall apply.

(1) An individual's Service and Credited Service as of the end of 1993 shall be assumed to equal the respective Service and Credited Service he would have if his Service continued through December 31, 1994.

Notwithstanding the preceding sentence, the assumed period of continued Service shall be less to the extent the Corporation's human resource records on December 31, 1993 reflect a scheduled termination date in 1994 for such individual. In this case, the individual's assumed period of continued service shall be the portion of 1994 that ends with such scheduled termination date.

(2) An individual's Highest Average Monthly Earnings as of the end of 1993 shall be adjusted by the actuary's salary scale assumption which is

used under the Salaried Plan, so that they equal the amount such scale projects for the individual as of the end of 1994. Notwithstanding the preceding sentence, the following special rules shall apply.

(i) A higher salary scale assumption shall be used for anyone whose projected 1994 earnings as reflected on the "Special PEP Salary Scale" of the PepsiCo Benefits Department on December 31, 1993 are higher than would be assumed under the first sentence of this paragraph. In this case, the individual's 1993 earnings shall be adjusted using such higher salary scale.

(ii) In the case of an individual whose assumed period of service under paragraph (1) above is less than all of 1994, the salary adjustment under the preceding provisions of this paragraph shall be reduced to the amount that would apply if the individual had no earnings after his scheduled termination date.

(3) An individual's attained age as of the end of 1993 shall be assumed to be the age he would have at the end of the assumed period of continued service applicable under paragraph (1) above.

Any individual who is covered by this section, and who is not otherwise vested as of December 31, 1993, shall be vested as of such date in both his Pension (determined without regard to this subsection) and his minimum 1993 Pension. For purposes of this subsection, Code section 401(a)(17) shall be applied in 1993 by giving effect to the amendments to such Code section made by the Omnibus Budget Reconciliation Amendments of 1993.

(b) Determination of 1994 Accrual: If a participant in the Salaried Plan accrues a minimum 1993 Pension under subsection (a) above, the amount of any Pre-409A Pension for 1994 that accrues shall be only the amount by which the P Pension that would otherwise accrue for 1994 exceeds his minimum 1993 Pension under subsection (a).

ARTICLE B

Plan Document Applicable to Pre-2005 Participants

B.1 Scope: This Article supplements the main portion of the Pre-409A PepsiCo PEP Document with respect to the rights and benefits of Pre-2005 Participants.

B.2 Definitions: Words or phrases appearing in this Article with initial capitals shall have the meaning set forth in the main body of the Plan.

B.3 Applicability of Plan Document: Except as set forth in subsection B.4 below, the provisions of the Plan shall apply in all respects to Pre-2005 Participants.

B.4 Determination of Pre-2005 Participant Benefit: If a Pension becomes payable to or on behalf of a Pre-2005 Participant, the following Sections 5.1, 5.2 and 5.3 contained in this Section B.4 shall replace Sections 5.1, 5.2 and 5.3 of the main Pre-409A PepsiCo PEP Document, and the amount of the Pre-2005 Participant's Pension shall be determined under Section 5.1, 5.2 or 5.3 below (whichever is applicable), subject to any adjustments required under Sections 4.6(b), 5.4 and 5.5 of the main Pre-409A PepsiCo PEP Document :

"5.1 PEP Pension:

(a) Same Form as Salaried Plan: If a Pre-2005 Participant's Pension will be paid in the same form and will commence as of the same time as his pension under the Salaried Plan, then his Pension hereunder shall be the difference between:

(1) His Total Pension expressed in such form and payable as of such time, minus

(2) His Salaried Plan Pension expressed in such form and payable as of such time.

(b) Different Form than Salaried Plan: If a Pre-2005 Participant's Pension will be paid in a different form (whether in whole or in part) or will commence as of a different time than his pension under the Salaried Plan, his Pension shall be the product of:

(1) The amount of the Pre-2005 Participant's Total Pension expressed in the form and payable as of such time as applies to his Pension under this Plan, multiplied by

(2) A fraction, the numerator of which is the value of his Total Pension reduced by the value of his Salaried Plan Pension, and the denominator of which is the value of his Total Pension (with value determined on a reasonable and consistent basis, in the discretion of the Plan Administrator, with respect to similarly situated employees).

(c) Definitions: The following definitions apply for purposes of this section.

(1) A Pre-2005 Participant's "Total Pension" means the greater of:

(i) The amount of the Pre-2005 Participant's pension determined under the terms of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.7(d) of the Salaried Plan; or

(ii) The amount (if any) of the Pre-2005 Participant's PEP Guarantee determined under Section 5.2.

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall be calculated with reference to the specific form and time of payment that is applicable. If the applicable form of payment is a lump sum, the Actuarial Equivalent factors in section (2) of the definition of Actuarial Equivalent shall apply for purposes of subparagraph (i) in lieu of those in the Salaried Plan.

(2) A Pre-2005 Participant's "Salaried Plan Pension" means the amount of the Pre-2005 Participant's pension determined under the terms of the Salaried Plan.

5.2 PEP Guarantee: A Pre-2005 Participant who is eligible under subsection (a) below shall be entitled to a PEP Guarantee benefit determined under subsection (b) below. In the case of other Pre-2005 Participants, the PEP Guarantee shall not apply.

(a) Eligibility: A Pre-2005 Participant shall be covered by this section if the Pre-2005 Participant has 1988 pensionable earnings from an Employer of at least \$75,000. For purposes of this section, "1988 pensionable earnings" means the Pre-2005 Participant's remuneration for the 1988 calendar year, within the meaning of the Salaried Plan as in effect in 1988. "1988 pensionable earnings" does not include remuneration from an entity attributable to any period when that entity was not an Employer.

(b) PEP Guarantee Formula: The amount of a Pre-2005 Participant's PEP Guarantee shall be determined under the applicable formula in paragraph (1), subject to the special rules in paragraph (2).

(1) Formulas: The amount of a Pre-2005 Participant's Pension under this paragraph shall be determined in accordance with subparagraph (i)

below. However, if the Pre-2005 Participant was actively employed by the PepsiCo Organization in a classification eligible for the Salaried Plan prior to July 1, 1975, the amount of his Pension under this paragraph shall be the greater of the amounts determined under subparagraphs (i) and (ii), provided that subparagraph (ii)(B) shall not apply in determining the amount of a Vested Pension.

(i) Formula A: The Pension amount under this subparagraph shall be:

(A) 3 percent of the Pre-2005 Participant's Highest Average Monthly Earnings for the first 10 years of Credited Service, plus

(B) 1 percent of the Pre-2005 Participant's Highest Average Monthly Earnings for each year of Credited Service in excess of 10 years, less

(C) 1-2/3 percent of the Pre-2005 Participant's Primary Social Security Amount multiplied by years of Credited Service not in excess of 30 years.

In determining the amount of a Vested Pension under this Formula A, the Pension shall first be calculated on the basis of (I) the Credited Service the Pre-2005 Participant would have earned had he remained in the employ of the Employer until his Normal Retirement Age, and (II) his Highest Average Monthly Earnings and Primary Social Security Amount at his Severance from Service Date, and then shall be reduced by multiplying

the resulting amount by a fraction, the numerator of which is the Pre-2005 Participant's actual years of Credited Service on his Severance from Service Date and the denominator of which is the years of Credited Service he would have earned had he remained in the employ of an Employer until his Normal Retirement Age.

(ii) Formula B: The Pension amount under this subparagraph shall be the greater of (A) or (B) below:

(A) 1-1/2 percent of Highest Average Monthly Earnings times the number of years of Credited Service, less 50 percent of the Pre-2005 Participant's Primary Social Security Amount, or

(B) 3 percent of Highest Average Monthly Earnings times the number of years of Credited Service up to 15 years, less 50 percent of the Pre-2005 Participant's Primary Social Security Amount.

In determining the amount of a Disability Pension under Formula A or B above, the Pension shall be calculated on the basis of the Pre-2005 Participant's Credited Service (determined in accordance with Section 3.3(d)(3) of the Salaried Plan), and his Highest Average Monthly Earnings and Primary Social Security Amount at the date of disability.

(2) Calculation: The amount of the PEP Guarantee shall be determined pursuant to paragraph (1) above, subject to the following special rules:

(i) Surviving Eligible Spouse's Annuity: Subject to subparagraph (iii) below and the last sentence of this subparagraph, if the Pre-2005 Participant has an Eligible Spouse, the Pre-2005 Participant's Eligible Spouse shall be entitled to receive a survivor annuity equal to 50 percent of the Pre-2005 Participant's Annuity under this section, with no corresponding reduction in such Annuity for the Pre-2005 Participant. Annuity payments to a surviving Eligible Spouse shall begin on the first day of the month coincident with or following the Pre-2005 Participant's death and shall end with the last monthly payment due prior to the Eligible Spouse's death. If the Eligible Spouse is more than 10 years younger than the Pre-2005 Participant, the survivor benefit payable under this subparagraph shall be adjusted as provided below.

(A) For each full year more than 10 but less than 21 that the surviving Eligible Spouse is younger than the Pre-2005 Participant, the survivor benefit payable to such spouse shall be reduced by 0.8 percent.

(B) For each full year more than 20 that the surviving Eligible Spouse is younger than the Pre-2005 Participant, the survivor benefit payable to such spouse shall be reduced by an additional 0.4 percent.

(ii) Reductions: The following reductions shall apply in determining a Pre-2005 Participant's PEP Guarantee.

(A) If the Pre-2005 Participant will receive an Early Retirement Pension, the payment amount shall be reduced by 3/12ths of 1 percent for each month by which the benefit commencement date precedes the date the Pre-2005 Participant would attain his Normal Retirement Date.

(B) If the Pre-2005 Participant is entitled to a Vested Pension, the payment amount shall be reduced to the Actuarial Equivalent of the amount payable at his Normal Retirement Date (if payment commences before such date), and the Section 4.6(b) reductions for any Pre-Retirement Spouse's coverage shall apply.

(C) This clause applies if the Pre-2005 Participant will receive his Pension in a form that provides an Eligible Spouse benefit, continuing for the life of the surviving spouse, that is greater than that provided under subparagraph (i). In this instance, the Pre-2005 Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Pre-2005 Participant's behalf is the Actuarial Equivalent of the Pension otherwise payable under the foregoing provisions of this section.

(D) This clause applies if the Pre-2005 Participant will receive his Pension in a form that provides a survivor annuity for a beneficiary who is not his Eligible Spouse. In this instance,

the Pre-2005 Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Pre-2005 Participant's behalf is the Actuarial Equivalent of a Single Life Annuity for the Pre-2005 Participant's life.

(E) This clause applies if the Pre-2005 Participant will receive his Pension in an Annuity form that includes inflation protection described in Section 6.2(b). In this instance, the Pre-2005 Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Pre-2005 Participant's behalf is the Actuarial Equivalent of the elected Annuity without such protection.

(iii) Lump Sum Conversion: The amount of the Retirement Pension determined under this section for a Pre-2005 Participant whose Retirement Pension will be distributed in the form of a lump sum shall be the Actuarial Equivalent of the Pre-2005 Participant's PEP Guarantee determined under this section, taking into account the value of any survivor benefit under subparagraph (i) above and any early retirement reductions under subparagraph (ii)(A) above.

5.3 Amount of Pre-Retirement Spouse's Pension: The monthly amount of the Pre-Retirement Spouse's Pension payable to a surviving Eligible Spouse under Section 4.6 shall be determined under subsection (a) below.

(a) Calculation: An Eligible Spouse's Pre-Retirement Spouse's Pension shall be the difference between:

(1) The Eligible Spouse's Total Pre-Retirement Spouse's Pension,
minus

(2) The Eligible Spouse's Salaried Plan Pre-Retirement Spouse's
Pension.

(b) Definitions: The following definitions apply for purposes of this
section.

(1) An Eligible Spouse's "Total Pre-Retirement Spouse's Pension"
means the greater of:

(i) The amount of the Eligible Spouse's pre-retirement
spouse's pension determined under the terms of the Salaried Plan, but
without regard to: (A) the limitations imposed by sections 401(a)(17)
and 415 of the Code (as such limitations are interpreted and applied
under the Salaried Plan), and (B) the actuarial adjustment under
Section 5.7(d) of the Salaried Plan; or

(ii) The amount (if any) of the Eligible Spouse's PEP
Guarantee Pre-Retirement Spouse's Pension determined under
subsection (c).

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall
be calculated with reference to the specific time of payment applicable to the
Eligible Spouse.

(c) PEP Guarantee Pre-Retirement Spouse's Pension: An Eligible
Spouse's PEP Guarantee Pre-Retirement Spouse's Pension shall be determined in
accordance with paragraph (1) or (2) below, whichever is applicable, with reference to

the PEP Guarantee (if any) that would have been available to the Pre-2005 Participant under Section 5.2.

(1) Normal Rule: The Pre-Retirement Spouse's Pension payable under this paragraph shall be equal to the amount that would be payable as a survivor annuity, under a Qualified Joint and Survivor Annuity, if the Pre-2005 Participant had:

(i) Separated from service on the date of death (or, if earlier, his actual Severance from Service Date);

(ii) Commenced a Qualified Joint and Survivor Annuity on the same date payments of the Qualified Pre-Retirement Spouse's Pension are to commence; and

(iii) Died on the day immediately following such commencement.

If payment of a Pre-Retirement Spouse's Pension under this paragraph commences prior to the date which would have been the Pre-2005 Participant's Normal Retirement Date, appropriate reductions for early commencement shall be applied to the Qualified Joint and Survivor Annuity upon which the Pre-Retirement Spouse's Pension is based.

(2) Special Rule for Active and Disabled Employees Who Die Prior to June 1, 2009: Notwithstanding paragraph (1) above, the Pre-Retirement Spouse's Pension paid on behalf of a Pre-2005 Participant described in Section 4.6(a) who dies prior to June 1, 2009 shall not be less than an amount equal to 25 percent of such Pre-2005 Participant's PEP Guarantee determined under Section 5.2. For this purpose,

Credited Service shall be determined as provided in Section 3.3(d)(2) of the Salaried Plan, and the deceased Pre-2005 Participant's Highest Average Monthly Earnings, Primary Social Security Amount and Covered Compensation shall be determined as of his date of death. A Pre-Retirement Spouse's Pension under this paragraph is not reduced for early commencement."

ARTICLE PFS

PFS Special Early Retirement Benefit

PFS.1 Scope: This Article supplements the main portion of the Plan document with respect to the rights and benefits of Covered Employees on and after the Effective Date.

PFS.2 Definitions: This section provides definitions for the following words or phrases in boldface and underlined. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in Section 2.1 of the Plan.

(a) Article: This Article PFS of the Appendix to the Plan.

(b) Covered Employee: An Employee who does not meet the eligibility requirements for the Salaried Plan Early Retirement Benefit solely because he is a highly compensated employee within the meaning of Section PFS.11(c) of the Salaried Plan Appendix.

(c) Effective Date: The date the provisions of this Article are effective, which shall be July 11, 1997.

(d) Salaried Plan Special Early Retirement Benefit: The special early retirement benefit for certain PFS employees described in Section PFS.11 of the Salaried Plan Appendix.

(e) Severance Date: The involuntary termination of employment described in Section PFS.11(a) of the Salaried Plan Appendix that qualifies an Employee for status as a Covered Employee.

(f) PFS: PepsiCo Foods Systems, a division of PepsiCo, Inc. prior to the Effective Date.

PFS.3 Special Early Retirement Benefit: In addition to any benefits he would otherwise be entitled to under this Plan, a Covered Employee shall receive a single lump sum benefit as soon as administratively practical following his Severance Date. The amount of such lump sum shall be the excess of:

(a) The Actuarial Equivalent present value (determined under subsection (2) of the definition of Actuarial Equivalent in Article II) of the Covered Employee's Total Pension under this Plan, for this purpose treating the Covered Employee as eligible for the Salaried Plan Special Early Retirement Benefit, over

(b) The Actuarial Equivalent present value (determined under subsection (2) of the definition of Actuarial Equivalent in Article II) of the Covered Employee's Total Pension under this Plan determined without regard to this Appendix.

Such calculation shall be made as of the Covered Employee's Severance Date. Except as specifically modified by this Article, the Early Retirement Pension provided by this section is subject to all the usual limitations and provisions set forth in the Plan.

ARTICLE PBG

Pre-409A

Effective as of the end of the day on December 31, 2011, the PBG Pension Equalization Plan (“PBG PEP”) was merged with and into the PepsiCo PEP, with the PepsiCo PEP as the surviving plan after the Plan merger. This Appendix Article PBG is effective as of the end of the day on December 31, 2011. This Appendix PBG, as it is amended from time to time, shall govern PBG PEP benefits that were grandfathered under Section 409A and subject to the Pre-409A PBG PEP Document (as described below) prior to the Plan merger.

This Appendix PBG contains the PBG PEP document that was in effect on October 3, 2004 as amended through January 1, 2011 (“Pre-409A PBG PEP Document”), except that it does not include Articles VII (Administration), VIII (Miscellaneous), IX (Amendment and Termination), X (ERISA Plan Structure) and XI (Applicable Law) thereof. Instead, the corresponding Articles of the main portion of this document (that is, the PepsiCo Pre-409A PEP) shall apply to PBG PEP benefits governed by this Appendix Article PBG, and references in this Appendix PBG to Articles VII through XI shall be treated as references to the corresponding Articles of the main portion of this document. In addition, effective for Annuity Starting Dates on or after January 1, 2019, if a Participant elects a survivor, period certain annuity or other death benefit annuity (or an annuity with other optional features), the adjustment of the Single Life Annuity to Actuarial Equivalent optional annuity shall be determined under the provisions of the main section of this document. Finally, the Eligible Domestic Partner provisions set forth in the main portion of the Plan also apply to Article PBG.

There shall be no change to the time or form of payment of benefits that are subject to Section 409A under either the PepsiCo PEP or PBG PEP Document that would constitute a material modification within the meaning of Treas. Reg. § 1.409A-6(a)(4) as a result of the plan merger

or the revisions made to this document or the Pre-409A PBG PEP Document when it was incorporated into this Appendix.

ARTICLE I – Foreword

The PEP Pension Equalization Plan (“PEP” or “Plan”) has been established by PBG for the benefit of salaried employees of the PBG Organization who participate in the PBG Salaried Employees Retirement Plan (“Salaried Plan”). PEP provides benefits for eligible employees whose pension benefits under the Salaried Plan are limited by the provisions of the Internal Revenue Code of 1986, as amended. In addition, PEP provides benefits for certain eligible employees based on the pre-1989 Salaried Plan formula.

This Plan is first effective April 6, 1999. The Plan is a successor plan to the PepsiCo Pension Equalization Plan, which was last restated effective as of January 1, 1989. The PepsiCo Pension Equalization Plan covers eligible employees at the various divisions of PepsiCo, Inc., including eligible employees who are employed at various Pepsi-Cola Company facilities. On April 6, 1999, when this Plan became effective, PBG had its initial public offering. PBG employs many of the individuals employed at Pepsi-Cola Company facilities who were covered under the PepsiCo Pension Equalization Plan. This initial Plan document closely mirrors the PepsiCo Pension Equalization Plan document, including its historical provisions which are relevant for eligibility and benefit determinations under this Plan.

ARTICLE II – Definitions and Construction

2.1 Definitions: This section provides definitions for certain words and phrases listed below. Where the following words and phrases, underlined and set out at the beginning of each lettered subsection, appear in this Plan with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context.

Accrued Benefit: The Pension payable at Normal Retirement Date determined in accordance with Article V, based on the Participant's Highest Average Monthly Earnings and Credited Service at the date of determination.

Actuarial Equivalent: Except as otherwise specifically set forth in the Plan or any Appendix to the Plan with respect to a specific benefit determination, a benefit of equivalent value computed on the basis of the factors set forth below. The application of the following assumptions to the computation of benefits payable under the Plan shall be done in a uniform and consistent manner. In the event the Plan is amended to provide new rights, features or benefits, the following actuarial factors shall not apply to these new elements unless specifically adopted by the amendment.

(1) Annuities and Inflation Protection: To determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, or as an annuity with inflation protection, the factors applicable for such purposes under the Salaried Plan shall apply.

(2) Lump Sums: To determine the lump sum value of a Pension, or a Pre-Retirement Spouse's Pension under Section 4.6, the factors applicable for such purposes under the Salaried Plan shall apply, except that when the term "PBGC Rate" is used in the Salaried Plan in this context it shall mean "PBGC Rate" as defined in this Plan.

(3) Other Cases: To determine the adjustment to be made in the Pension payable to or on behalf of a Participant in other cases, the factors are those applicable for such purpose under the Salaried Plan.

Advance Election: A Participant's election to receive his PEP Retirement Pension as a Single Lump Sum or an Annuity, made in compliance with the requirements of Section 6.3.

Annuity: A Pension payable as a series of monthly payments for at least the life of the Participant.

Annuity Starting Date: The Annuity Starting Date shall be the first day of the first period for which an amount is payable under this Plan as an annuity or in any other form. A Participant who: (1) is reemployed after his initial Annuity Starting Date, and (2) is entitled to benefits hereunder after his reemployment, shall have a subsequent Annuity Starting Date for such benefits only to the extent provided in Section 6.3(d).

Authorized Leave of Absence: Any absence authorized by an Employer under the Employer's standard personnel practices, whether paid or unpaid.

Cashout Limit: The annual dollar limit on elective deferrals under code section 402(g)(1)(B), as in effect from time to time.

Code: The Internal Revenue Code of 1986, as amended from time to time.

Company: PepsiCo, Inc., an organization organized and existing under the laws of the State of North Carolina, or its successor or successors. For periods before between April 6, 1999 and February 26, 2010, the Company was The Pepsi Bottling Group, Inc., ("PBG") a corporation organized and existing under the laws of the State of New York, or its successor or successors. For periods before April 6, 1999, the Company was PepsiCo, Inc.

Covered Compensation: "Covered Compensation" as that term is defined in the Salaried Plan.

Credited Service: The period of a Participant's employment, calculated in accordance with Section 3.3, which is counted for purposes of determining the amount of benefits payable to, or on behalf of, the Participant.

Disability Retirement Pension: The Retirement Pension available to a Participant under Section 4.5.

Early Retirement Pension: The Retirement Pension available to a Participant under Section 4.2.

Effective Date: The date upon which this Plan is effective, which is April 6, 1999 (except as otherwise provided herein).

Eligible Spouse: The spouse of a Participant to whom the Participant is married on the earlier of the Participant's Annuity Starting Date or the date of the Participant's death.

Employee: An individual who qualifies as an "Employee" as that term is defined in the Salaried Plan.

Employer: An entity that qualifies as an "Employer" as that term is defined in the Salaried Plan.

ERISA: Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, as amended from time to time.

Highest Average Monthly Earnings: "Highest Average Monthly Earnings" as that term is defined in the Salaried Plan, but without regard to the limitation imposed by section 401(a)(17) of the Code (as such limitation is interpreted and applied under the Salaried Plan).

Late Retirement Date: The Late Retirement Date shall be the first day of the month coincident with or immediately following a Participant's actual Retirement Date occurring after his Normal Retirement Age.

Late Retirement Pension: The Retirement Pension available to a Participant under Section 4.4.

Normal Retirement Age: The Normal Retirement Age under the Plan is age 65 or, if later, the age at which a Participant first has 5 Years of Service.

Normal Retirement Date: A Participant's Normal Retirement Date shall be the first day of the month coincident with or immediately following a Participant's Normal Retirement Age.

Normal Retirement Pension: The Retirement Pension available to a Participant under Section 4.1.

Participant: An Employee participating in the Plan in accordance with the provisions of Section 3.1.

PepsiCo/PBG Organization: The controlled group of organizations of which the Company is a part, as defined by Code section 414 and regulations issued thereunder. An entity shall be considered a member of the PepsiCo/PBG Organization only during the period it is one of the group of organizations described in the preceding sentence. The application of this definition for periods prior to February 26, 2010 shall take into account the different definition of "Company" that applies prior to February 26, 2010.

PBGC: The Pension Benefit Guaranty Corporation, a body corporate within the Department of Labor established under the provisions of Title IV of ERISA.

PBGC Rate: The PBGC Rate is 120 percent of the interest rate, determined on the Participant's Annuity Starting Date, that would be used by the PBGC for purposes of determining the present value of a lump sum distribution on plan termination.

Pension: One or more payments that are payable to a person who is entitled to receive benefits under the Plan.

PEP Election: A Participant's election to receive his PEP Retirement Pension in one of the Annuity forms available under Section 6.2, made in compliance with the requirements of Sections 6.3 and 6.4.

PepsiCo Prior Plan: The PepsiCo Pension Equalization Plan.

Plan: The PBG Pension Equalization Plan, the Plan set forth herein, as it may be amended from time to time. The Plan is also sometimes referred to as PEP. For periods before April 6, 1999, references to the Plan refer to the PepsiCo Prior Plan.

Plan Administrator: The PepsiCo Administration Committee, or its delegate or delegates, which shall authority to administer the Plan as provided in Article VII. For periods prior to February 26, 2010, the Company, which shall have authority to administer the Plan as provided in Article VII.

Plan Year: The initial Plan Year shall be a short Plan Year beginning on the Effective Date and ending on December 31, 1999. Thereafter, the Plan Year shall be the 12-month period commencing on January 1 and ending on the next December 31.

Pre-Retirement Spouse's Pension: The Pension available to an Eligible Spouse under Section 4.6.

Primary Social Security Amount: In determining Pension amounts, Primary Social Security Amount shall mean:

- (1) For purposes of determining the amount of a Retirement, Vested or Pre-Retirement Spouse's Pension, the Primary Social Security Amount shall be the estimated monthly amount that may be payable to a Participant commencing at age 65

as an old-age insurance benefit under the provisions of Title II of the Social Security Act, as amended. Such estimates of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the following assumptions:

(i) That the Participant's social security wages in any year prior to Retirement or severance are equal to the Taxable Wage Base in such year, and

(ii) That he will not receive any social security wages after Retirement or severance.

However, in computing a Vested Pension under Formula A of Section 5.2, the estimate of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the assumption that he continued to receive social security wages until age 65 at the same rate as the Taxable Wage Base in effect at his severance from employment. For purposes of this subsection, "social security wages" shall mean wages within the meaning of the Social Security Act.

(2) For purposes of determining the amount of a Disability Pension, the Primary Social Security Amount shall be (except as provided in the next sentence) the initial monthly amount actually received by the disabled Participant as a disability insurance benefit under the provisions of Title II of the Social Security Act, as amended and in effect at the time of the Participant's retirement due to disability.

Notwithstanding the preceding sentence, for any period that a Participant receives a Disability Pension before receiving a disability insurance benefit under the provisions of Title II of the Social Security Act, then the Participant's Primary Social Security Amount for such period shall be determined pursuant to paragraph (1) above.

(3) For purposes of paragraphs (1) and (2), the Primary Social Security Amount shall exclude amounts that may be available because of the spouse or any dependent of the Participant or any amounts payable on account of the Participant's death. Estimates of Primary Social Security Amounts shall be made on the basis of the Social Security Act as in effect at the Participant's Severance from Service Date, without regard to any increases in the social security wage base or benefit levels provided by such Act which take effect thereafter.

Qualified Joint and Survivor Annuity: An Annuity which is payable to the Participant for life with 50 percent of the amount of such Annuity payable after the Participant's death to his surviving Eligible Spouse for life. If the Eligible Spouse predeceases the Participant, no survivor benefit under a Qualified Joint and Survivor Annuity shall be payable to any person. The amount of a Participant's monthly payment under a Qualified Joint and Survivor Annuity shall be reduced to the extent provided in sections 5.1 and 5.2, as applicable.

Retirement: Termination of employment for reasons other than death after a Participant has fulfilled the requirements for either a Normal, Early, Late, or Disability Retirement Pension under Article IV.

Retirement Date: The date on which a Participant's Retirement is considered to commence. Retirement shall be considered to commence on the day immediately following: (i) a Participant's last day of employment, or (ii) the last day of an Authorized Leave of Absence, if later. Notwithstanding the preceding sentence, in the case of a Disability Retirement Pension, Retirement shall be considered as commencing on the Participant's retirement date applicable for such purpose under the Salaried Plan.

Retirement Pension: The Pension payable to a Participant upon Retirement under the Plan.

Salaried Plan: For the period beginning June 14, 2010, the PepsiCo Salaried Employees Retirement Plan. For the period between April 6, 1999 and June 14, 2010, the PBG Salaried Employees Retirement Plan, as it may be amended from time to time. For the period before April 6, 1999, the PepsiCo Salaried Employees Retirement Plan.

Service: The period of a Participant's employment calculated in accordance with Section 3.2 for purposes of determining his entitlement to benefits under the Plan.

Severance from Service Date: The date on which an Employee's period of service is deemed to end, determined in accordance with Article III of Part C of the Salaried Plan.

Single Life Annuity: A level monthly Annuity payable to a Participant for his life only, with no survivor benefits to his Eligible Spouse or any other person.

Single Lump Sum: The distribution of a Participant's total Pension in the form of a single payment.

Social Security Act: The Social Security Act of the United States, as amended, an enactment providing governmental benefits in connection with events such as old age, death and disability. Any reference herein to the Social Security Act (or any of the benefits provided thereunder) shall be taken as a reference to any comparable governmental program of another country, as determined by the Plan Administrator, but only to the extent the Plan Administrator judges the computation of those benefits to be administratively feasible.

Taxable Wage Base: The contribution and benefit base (as determined under section 230 of the Social Security Act) in effect for the Plan Year.

Vested Pension: The Pension available to a Participant under Section 4.3.

2.2 Construction: The terms of the Plan shall be construed in accordance with this section.

(a) Gender and Number: The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates to the contrary.

(b) Compounds of the Word "Here": The words "hereof", "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

(c) Examples: Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passages of the Plan shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limits on its breadth of application).

(d) Subdivisions of the Plan Document: This Plan document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs, and clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numerals in parentheses. Subparagraphs are designated by lower-case roman numerals in parentheses. Clauses are designated by upper-case letters in parentheses. Any reference in a section to a subsection (with no accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar rule shall

apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

ARTICLE III – Participation and Service

3.1 Participation: An Employee shall be a Participant in the Plan during the period:

(a) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or

(b) When he would be so entitled but for the vesting requirement of Section 4.7.

3.2 Service. A Participant's entitlement to a Pension and to a Pre-Retirement Spouse's Pension for his Eligible Spouse shall be determined under Article IV based upon his period of Service. A Participant's period of Service shall be determined under Article III of Part C of the Salaried Plan.

3.3 Credited Service. The amount of a Participant's Pension and a Pre-Retirement Spouse's Pension shall be based upon the Participant's period of Credited Service, as determined under Article III of Part C of the Salaried Plan.

ARTICLE IV – Requirements for Benefits

A Participant shall be entitled to receive a Pension and a surviving Eligible Spouse shall be entitled to certain survivor benefits as provided in this Article. The amount of any such Pension or survivor benefit shall be determined in accordance with Article V.

4.1 Normal Retirement Pension: A Participant shall be eligible for a Normal Retirement Pension if he meets the requirements for a Normal Retirement Pension in Section 4.1 of Part C of the Salaried Plan.

4.2 Early Retirement Pension: A Participant shall be eligible for an Early Retirement Pension if he meets the requirements for an Early Retirement Pension in Section 4.2 of Part C of the Salaried Plan.

4.3 Vested Pension: A Participant who is vested under Section 4.7 shall be eligible to receive a Vested Pension if his employment in an eligible classification under the Salaried Plan is terminated before he is eligible for a Normal Retirement Pension or an Early Retirement Pension. A Participant who terminates employment prior to satisfying the vesting requirement in Section 4.7 shall not be eligible to receive a Pension under this Plan.

4.4 Late Retirement Pension: A Participant who continues employment after his Normal Retirement Age shall not receive a Pension until his Late Retirement Date. Thereafter, a Participant shall be eligible for a Late Retirement Pension determined in accordance with Section 4.4 of Part C of the Salaried Plan (but without regard to any requirement for notice of suspension under ERISA section 203(a)(3)(B) or any adjustment as under Section 5.6(d) of Part C of the Salaried Plan).

4.5 Disability Pension: A Participant shall be eligible for a Disability Pension if he meets the requirements for a Disability Pension under the Salaried Plan.

4.6 Pre-Retirement Spouse's Pension. Any Pre-Retirement Spouse's Pension payable under this section shall commence as of the same time as the corresponding pre-retirement spouse's pension under the Salaried Plan and, subject to Section 4.9, shall continue monthly for the life of the Eligible Spouse.

(a) Active, Disabled and Retired Employees: A Pre-Retirement Spouse's Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the special pre-retirement spouse's pension for survivors of

active, disabled and retired employees. The amount of such Pension shall be determined in accordance with the provisions of Section 5.3.

(b) Vested Employees: A Pre-Retirement Spouse's Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under the Salaried Plan to the pre-retirement spouse's pension for survivors of vested terminated Employees. The amount of such Pension shall be determined in accordance with the provisions of Section 5.3. If pursuant to this Section 4.6(b) a Participant has Pre-Retirement Spouse's coverage in effect for his Eligible Spouse, any Pension calculated for the Participant under Section 5.2(b) shall be reduced for each year such coverage is in effect by the applicable percentage set forth below (based on the Participant's age at the time the coverage is in effect) with a pro rata reduction for any portion of a year. No reduction shall be made for coverage in effect within the 90-day period following a Participant's termination of employment.

Attained Age	Annual Charge
Up to 35	0%
35 – 39	.075%
40 – 44	.1%
45 – 49	.175%
50 – 54	.3%
55 – 59	.5%
60 – 64	.5%

4.7 Vesting. A Participant shall be fully vested in, and have a nonforfeitable right to, his Accrued Benefit at the time he becomes fully vested in his accrued benefit under the Salaried Plan.

4.8 Time of Payment. The distribution of a Participant's Pre-409A Pension shall commence as of the time specified in Section 6.1.

4.9 Cashout Distributions. Notwithstanding the availability or applicability of a different form of payment under Article VI, the following rules shall apply in the case of certain small benefit Annuity payments:

(a) Distribution of Participant's Pension: If at a Participant's Annuity Starting Date the Actuarial Equivalent lump sum value of the portion of the Participant's Pre-409A Pension is equal to or less than the Cashout Limit, the Plan Administrator shall distribute to the Participant such lump sum value of the Participant's Pre-409A Pension. Notwithstanding the preceding sentence, for Annuity Starting Dates prior to December 1, 2012, a Participant's Pre-409A Pension shall be cashed out under this subsection if, at the Participant's Annuity Starting Date, the Actuarial Equivalent lump sum value of the Participant's Pre-409A Pension is equal to or less than \$10,000.

(b) Distribution of Pre-Retirement Spouse's Pension Benefit: If at the time payments under the Salaried Plan commence to an Eligible Spouse the Actuarial Equivalent lump sum value of the Pre-409A Pre-Retirement Spouse's Pension to be paid is equal to or less than the Cashout Limit, the Plan Administrator shall distribute to the Eligible Spouse such lump sum value of the Pre-409A Pre-Retirement Spouse's Pension. Notwithstanding the preceding sentence, for Annuity Starting Dates prior to December 1, 2012, an Eligible Spouse shall be cashed out under this subsection if the Actuarial Equivalent lump sum value of the Eligible Spouse's Pre-409A Pre-Retirement Spouse's Pension is equal to or less than \$10,000.

(c) Special Cashout of Vested Pensions: Notwithstanding subsection (a) above, the Plan Administrator shall have discretion under this subsection to cash out a Pre-409A Vested Pension in a single lump sum prior to the date that would apply under subsection (a).

(1) The Plan Administrator shall have discretion under this subsection to cash out in a single lump sum any Vested Pension that, as of December 1, 2012 - (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator's discretion), with such cashout being made on December 1, 2012.

(2) The Plan Administrator shall also have discretion under this subsection to cash out in a single lump sum any Vested Pension that, as of the first day of any month in 2013 or 2014 specified by the Plan Administrator pursuant to the exercise of its discretion - (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator's discretion), with such cashout being made on the first day of the month specified.

(3) Not later than November 30, the Plan Administrator shall memorialize in writing the exercise of its discretion under this subsection (c) to select Vested Pensions for cashout on December 1, 2012, through the creation of a written list (in either hard copy or electronic form) of Participants with Vested Pensions who will be cashed out. In addition, not later than the day before the date specified pursuant to paragraph (2) above, the Plan Administrator shall memorialize in writing the exercise of its discretion under this subsection to select Vested Pensions for cashout on the specified date, through the creation of a written list (in either hard copy or electronic form) of Participants with Vested Pensions who will be cashed out.

Any lump sum distributed under this Section 4.9 shall be in lieu of the Pension that otherwise would be distributable to the Participant or Eligible Spouse hereunder. To the extent necessary to preserve the grandfathered status of Pre-409A Pensions, the cashout provisions described in subsections (a) through (c) above are intended to operate in conformance with the rules for “limited cashout” features within the meaning of Treasury Regulation § 1.409A-3(j)(4)(v) and 1.409A-6(a)(4)(i)(E), and they shall be interpreted and applied consistently with this regulation. No Participant or Eligible Spouse shall be given a direct or indirect election with respect to whether the Participant’s Vested Pension or the Pre- Retirement Spouse’s Pension will be cashed out under this section.

4.10 Coordination with Long Term Disability Plan. The terms of this section apply notwithstanding the preceding provisions of this Article. At any time prior to April 14, 1991, a Participant shall not be eligible to receive a Normal, Early, Vested or Disability Pension for any month or period of time for which he is eligible for, and receiving, benefits under a long term disability plan maintained by an Employer. However, a Participant’s Eligible Spouse shall not be ineligible for a Pre-Retirement Spouse’s Pension or benefits under a Qualified Joint and Survivor Annuity because the Participant was receiving benefits under a long term disability plan at the date of his death.

4.11 Reemployment of Certain Participants. In the case of a current or former Participant who is reemployed and is eligible to reparticipate in the Salaried Plan after his Annuity Starting Date, payment of his Pension will be suspended if payment of his Salaried Plan pension is suspended (or would have been if it were already in pay status). Thereafter, his Pension shall recommence at the time determined under Section 6.1 (even if the suspension of his Salaried Plan pension ceases earlier).

ARTICLE V – Amount of Retirement Pension

When a Pension becomes payable to or on behalf of a Participant under this Plan, the amount of such Pension shall be determined under Section 5.1, 5.2 or 5.3 (whichever is applicable), subject to any adjustments required under Sections 4.6(b), 5.4 and 5.5.

5.1 PEP Pension:

(a) Same Form as Salaried Plan: If a Participant's Pension will be paid in the same form and will commence as of the same time as his pension under the Salaried Plan, then his Pension hereunder shall be the difference between:

(1) His Total Pension expressed in such form and payable as of such time, minus

(2) His Salaried Plan Pension expressed in such form and payable as of such time.

(b) Different Form than Salaried Plan: If a Participant's Pension will be paid in a different form (whether in whole or in part) or will commence as of a different time than his pension under the Salaried Plan, his Pension shall be the product of:

(1) The amount of the Participant's Total Pension expressed in the form and payable as of such time as applies to his Pension under this Plan, multiplied by

(2) A fraction, the numerator of which is the value of his Total Pension reduced by the value of his Salaried Plan Pension, and the denominator of which is the value of his Total Pension (with value determined on a reasonable and consistent basis, in the discretion of the Plan Administrator, with respect to similarly situated employees).

(c) Definitions: The following definitions apply for purposes of this section.

- (3) A Participant's "Total Pension" means the greater of:
- (i) The amount of the Participant's pension determined under the terms of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.6(d) of Part C of the Salaried Plan; or
 - (ii) The amount (if any) of the Participant's PEP Guarantee determined under Section 5.2.

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall be calculated with reference to the specific form and time of payment that is applicable. If the applicable form of payment is a lump sum, the Actuarial Equivalent factors in section (2) of the definition of Actuarial Equivalent in Article II shall apply for purposes of subparagraph (i) in lieu of those in the Salaried Plan.

(4) A Participant's "Salaried Plan Pension" means the amount of the Participant's pension determined under the terms of the Salaried Plan.

5.2 PEP Guarantee: A Participant who is eligible under subsection (a) below shall be entitled to a PEP Guarantee benefit determined under subsection (b) below. In the case of other Participants, the PEP Guarantee shall not apply.

(a) Eligibility: A Participant shall be covered by this section if the Participant has 1988 pensionable earnings from an Employer of at least \$75,000. For purposes of this section, "1988 pensionable earnings" means the Participant's remuneration for the 1988 calendar year that was recognized for benefits received under the Salaried Plan as in effect in

1988. "1988 pensionable earnings" does not include remuneration from an entity attributable to any period when that entity was not an Employer.

(b) PEP Guarantee Formula: The amount of a Participant's PEP Guarantee shall be determined under the applicable formula in paragraph (1), subject to the special rules in paragraph (2).

(1) Formulas: The amount of a Participant's Pension under this paragraph shall be determined in accordance with subparagraph (i) below. However, if the Participant was actively employed in a classification eligible for the Salaried Plan prior to July 1, 1975, the amount of his Pension under this paragraph shall be the greater of the amounts determined under subparagraphs (i) and (ii), provided that subparagraph (ii)(B) shall not apply in determining the amount of a Vested Pension.

(i) Formula A: The Pension amount under this subparagraph shall be:

(A) 3 percent of the Participant's Highest Average Monthly Earnings for the first 10 years of Credited Service, plus

(B) 1 percent of the Participant's Highest Average Monthly Earnings for each year of Credited Service in excess of 10 years, less

(C) 1-2/3 percent of the Participant's Primary Social Security Amount multiplied by years of Credited Service not in excess of 30 years.

In determining the amount of a Vested Pension under this Formula A, the Pension shall first be calculated on the basis of (I) the

Credited Service the Participant would have earned had he remained in the employ of the Employer until his Normal Retirement Age, and (II) his Highest Average Monthly Earnings and Primary Social Security Amount at his Severance from Service Date, and then shall be reduced by multiplying the resulting amount by a fraction, the numerator of which is the Participant's actual years of Credited Service on his Severance from Service Date and the denominator of which is the years of Credited Service he would have earned had he remained in the employ of an Employer until his Normal Retirement Age.

(ii) Formula B: The Pension amount under this subparagraph shall be the greater of (A) or (B) below:

(A) 1-1/2 percent of Highest Average Monthly Earnings times the number of years of Credited Service, less 50 percent of the Participant's Primary Social Security Amount, or

(B) 3 percent of Highest Average Monthly Earnings times the number of years of Credited Service up to 15 years, less 50 percent of the Participant's Primary Social Security Amount.

In determining the amount of a Disability Pension under Formula A or B above, the Pension shall be calculated on the basis of the Participant's Credited Service (determined in accordance with Section 3.3(d)(3) of Part C of the Salaried Plan), and his Highest Average Monthly Earnings and Primary Social Security Amount at the date of disability.

(2) Calculation: The amount of the PEP Guarantee shall be determined pursuant to paragraph (1) above, subject to the following special rules:

(i) Surviving Eligible Spouse's Annuity: Subject to subparagraph (iii) below and the last sentence of this subparagraph, if the Participant has an Eligible Spouse and has commenced receipt of an Annuity under this section, the Participant's Eligible Spouse shall be entitled to receive a survivor annuity equal to 50 percent of the Participant's Annuity under this section, with no corresponding reduction in such Annuity for the Participant. Annuity payments to a surviving Eligible Spouse shall begin on the first day of the month coincident with or following the Participant's death and shall end with the last monthly payment due prior to the Eligible Spouse's death. If the Eligible Spouse is more than 10 years younger than the Participant, the survivor benefit payable under this subparagraph shall be adjusted as provided below.

(A) For each full year more than 10 but less than 21 that the surviving Eligible Spouse is younger than the Participant, the survivor benefit payable to such spouse shall be reduced by 0.8 percent.

(B) For each full year more than 20 that the surviving Eligible Spouse is younger than the Participant, the survivor benefit payable to such spouse shall be reduced by an additional 0.4 percent.

(ii) Reductions: The following reductions shall apply in determining a Participant's PEP Guarantee.

(A) If the Participant will receive an Early Retirement Pension, the payment amount shall be reduced by 3/12ths of 1 percent

for each month by which the benefit commencement date precedes the date the Participant would attain his Normal Retirement Date.

(B) If the Participant is entitled to a Vested Pension, the payment amount shall be reduced to the Actuarial Equivalent of the amount payable at his Normal Retirement Date (if payment commences before such date), and the Section 4.6(b) reductions for any Pre-Retirement Spouse's coverage shall apply.

(C) This clause applies if the Participant will receive his Pension in a form that provides an Eligible Spouse benefit, continuing for the life of the surviving spouse, that is greater than that provided under subparagraph (i). In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the Actuarial Equivalent of the Pension otherwise payable under the foregoing provisions of this section.

(D) This clause applies if the Participant will receive his Pension in a form that provides a survivor annuity for a beneficiary who is not his Eligible Spouse. In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the Actuarial Equivalent of a Single Life Annuity for the Participant's life.

(E) This clause applies if the Participant will receive his Pension in an Annuity form that includes inflation protection described in Section 6.2(b). In this instance, the Participant's Pension under this

section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the Actuarial Equivalent of the elected Annuity without such protection.

(iii) Lump Sum Conversion: The amount of the Retirement Pension determined under this section for a Participant whose Retirement Pension will be distributed in the form of a lump sum shall be the Actuarial Equivalent of the Participant's PEP Guarantee determined under this section, taking into account the value of any survivor benefit under subparagraph (i) above and any early retirement reductions under subparagraph (ii)(A) above.

5.3 Amount of Pre-Retirement Spouse's Pension: The monthly amount of the Pre-Retirement Spouse's Pension payable to a surviving Eligible Spouse under Section 4.6 shall be determined under subsection (a) below.

(a) Calculation: An Eligible Spouse's Pre-Retirement Spouse's Pension shall be the difference between:

- (1) The Eligible Spouse's Total Pre-Retirement Spouse's Pension,
minus
- (2) The Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension.

(b) Definitions: The following definitions apply for purposes of this section.

(1) An Eligible Spouse's "Total Pre-Retirement Spouse's Pension" means the greater of:

- (i) The amount of the Eligible Spouse's pre-retirement spouse's pension determined under the terms of the Salaried Plan, but without

regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.6(d) of Part C of the Salaried Plan; or (ii) The amount (if any) of the Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension determined under subsection (c).

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall be calculated with reference to the specific time of payment applicable to the Eligible Spouse.

(c) PEP Guarantee Pre-Retirement Spouse's Pension: An Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension shall be determined in accordance with paragraph (1) or (2) below, whichever is applicable, with reference to the PEP Guarantee (if any) that would have been available to the Participant under Section 5.2.

(1) Normal Rule: The Pre-Retirement Spouse's Pension payable under this paragraph shall be equal to the amount that would be payable as a survivor annuity, under a Qualified Joint and Survivor Annuity, if the Participant had:

- (i) Separated from service on the date of death (or, if earlier, his actual Severance from Service Date);
- (ii) Commenced a Qualified Joint and Survivor Annuity on the same date payments of the Qualified Pre-Retirement Spouse's Pension are to commence; and (iii) Died on the day immediately following such commencement.

If payment of a Pre-Retirement Spouse's Pension under this paragraph commences prior to the date which would have been the Participant's Normal Retirement Date,

appropriate reductions for early commencement shall be applied to the Qualified Joint and Survivor Annuity upon which the Pre-Retirement Spouse's Pension is based.

(2) Special Rule for Active and Disabled Employees: Notwithstanding paragraph (1) above, the Pre-Retirement Spouse's Pension paid on behalf of a Participant described in Section 4.6(a) shall not be less than an amount equal to 25 percent of such Participant's PEP Guarantee determined under Section 5.2. For this purpose, Credited Service shall be determined as provided in Section 3.3(d)(2) of Part C of the Salaried Plan, and the deceased Participant's Highest Average Monthly Earnings, Primary Social Security Amount and Covered Compensation shall be determined as of his date of death. A Pre-Retirement Spouse's Pension under this paragraph is not reduced for early commencement.

5.4 Certain Adjustments: Pensions determined under the foregoing sections of this Article are subject to adjustment as provided in this section. For purposes of this section, "specified plan" shall mean the Salaried Plan or a nonqualified pension plan similar to this Plan. A nonqualified pension plan is similar to this Plan if it is sponsored by a member of the PBG Organization and if its benefits are not based on participant pay deferrals (this category of similar plans includes the PepsiCo Prior Plan).

(a) Adjustments for Rehired Participants: This subsection shall apply to a current or former Participant who is reemployed after his Annuity Starting Date and whose benefit under the Salaried Plan is recalculated based on an additional period of Credited Service. In the event of any such recalculation, the Participant's Pre-409A Pension shall also be recalculated hereunder. For this purpose, the PEP Guarantee under Section 5.2 is adjusted for in-service distributions and prior distributions in the same manner as benefits are adjusted

under the Salaried Plan, but by taking into account benefits under this Plan and any specified plans.

(b) Adjustment for Increased Pension Under Other Plans: If the benefit paid under a specified plan on behalf of a Participant is increased after PEP benefits on his behalf have been determined (whether the increase is by order of a court, by agreement of the plan administrator of the specified plan, or otherwise), the PEP benefit for the Participant shall be recalculated. If the recalculation identifies an overpayment hereunder, the Plan Administrator shall take such steps as it deems advisable to recover the overpayment. It is specifically intended that there shall be no duplication of payments under this Plan and any specified plans.

5.5 Excludable Employment: Effective for periods of employment on or after June 30, 1997, an executive classified as level 22 or above whose employment by an Employer is for a limited duration assignment shall not become entitled to a benefit or to any increase in benefits in connection with such employment.

ARTICLE VI – Distribution Options

The terms of this Article govern the distribution of benefits to a Participant who becomes entitled to payment of a Pension under the Plan.

6.1 Form and Timing of Distributions: This section shall govern the form and timing of distributions of Pre-409A Pensions that begin on or after March 1, 1992. Plan distributions that begin before that date shall be governed by Prior Plan as in effect at the time of the distribution. The provisions of this Section 6.1 are in all cases subject to the cashout rules set forth in Section 4.9.

(a) No Advance Election: This subsection shall apply to a Participant: (i) who does not have an Advance Election in effect as of the close of business on the day before his

Retirement Date, or (ii) who terminates employment prior to Retirement. Subject to the next sentence, a Participant described in this subsection shall be paid his Pre-409A Pension in the same form and at the same time as he is paid his Pension under the Salaried Plan. If a Participant's Salaried Plan Annuity Starting Date occurs while he is still an employee of the PBG Organization (because of the time of payment provisions in Code section 401(a)(9)), payment under the Plan shall not begin until the first of the month next following the Participant's Severance from Service Date. In this instance, the form of payment under this Plan shall remain that applicable under the Salaried Plan.

(b) Advance Election in Effect: This subsection shall apply to a Participant: (i) who has an Advance Election in effect as of the close of business on the day before his Retirement Date, and (ii) whose Retirement Date is after 1993. To be in effect, an Advance Election must meet the advance receipt and other requirements of Section 6.3(b).

(1) Lump Sum Election: If a Participant covered by this subsection has an Advance Election to receive a Single Lump Sum in effect as of the close of business on the day before his Retirement Date, the Participant's Retirement Pension under the Plan shall be paid as a Single Lump Sum as of the first of the month coincident with or next following his Retirement Date.

(2) Annuity Election: If a Participant covered by this subsection has an Advance Election to receive an Annuity in effect as of the close of business on the day before his Retirement Date, the Participant's Retirement Pension under the Plan shall be paid in an Annuity beginning on the first of the month coincident with or next following his Retirement Date. The following provisions of this paragraph govern the form of Annuity payable in the case of a Participant described in this paragraph.

(i) Salaried Plan Election: A Participant who has a qualifying Salaried Plan election shall receive his distribution in the same form of Annuity the Participant selected in such qualifying Salaried Plan election. For this purpose, a “qualifying Salaried Plan election” is a written election of a form of payment by the Participant that: (A) is currently in effect under the Salaried Plan as of the close of business on the day before the Participant’s Retirement Date, and (B) specifies an Annuity as the form of payment for all or part of the Participant’s Retirement Pension under the Salaried Plan. For purposes of the preceding sentence, a Participant who elects a combination lump sum and Annuity under the Salaried Plan is considered to have specified an Annuity for part of his Salaried Plan Pension.

(ii) PEP Election: A Participant who is not covered by subparagraph (i) and who has a PEP Election in effect as of the close of business on the day before his Retirement Date shall receive his distribution in the form of Annuity the Participant selects in such PEP Election.

(iii) No PEP Election: A Participant who is not covered by subparagraph (i) or (ii) above shall receive his distribution in the form of a Qualified Joint and Survivor Annuity if he is married, or in the form of a Single Life Annuity if he is not married. For purposes of this subparagraph (iii), a Participant shall be considered married if he is married on the day before his Retirement Date.

6.2 Available Forms of Payment: The forms of payment set forth in subsections (a) and (b) may be provided to any Participant who is entitled to a Retirement Pension. The forms

of payment for other Participants are set forth in subsection (c) below. The provisions of this section are effective for Annuity Starting Dates after 1989 and earlier distributions shall be governed by the Prior Plan as in effect at the time of distribution.

(a) Basic Forms of Payment: A Participant's Retirement Pension shall be distributed in one of the forms of payment listed in this subsection. The particular form of payment applicable to a Participant shall be determined in accordance with Section 6.1. Payments shall commence on the date specified in Section 6.1 and shall end on the date specified in this subsection.

(1) Single Life Annuity Option: A Participant may receive his Pension in the form of a Single Life Annuity, which provides monthly payments ending with the last payment due prior to his death.

(2) Survivor Options: A Participant may receive his Pension in accordance with one of the following survivor options:

(i) 100 percent Survivor Option: The Participant shall receive a reduced Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the same reduced amount shall continue after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(ii) 75 percent Survivor Option: The Participant shall receive a reduced Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 75 percent of such reduced Pension shall be continued after the Participant's death to his beneficiary for life,

beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(iii) 50 percent Survivor Option: The Participant shall receive a reduced Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 50 percent of such reduced Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death. A 50 percent survivor option under this paragraph shall be a Qualified Joint and Survivor Annuity if the Participant's beneficiary is his Eligible Spouse.

(iv) Ten Years Certain and Life Option: The Participant shall receive a reduced Pension which shall be payable monthly for his lifetime but for not less than 120 months. If the retired Participant dies before 120 payments have been made, the monthly Pension amount shall be paid for the remainder of the 120 month period to the Participant's primary beneficiary (or if the primary beneficiary has predeceased the Participant, the Participant's contingent beneficiary).

(3) Single Lump Sum Payment Option: A Participant may receive payment of his Pension in the form of a Single Lump Sum payment.

(4) Combination Lump Sum/Monthly Benefit Option: A Participant who does not have an Advance Election in effect may receive a portion of his Pension in

the form of a lump sum payment, and the remaining portion in the form of one of the monthly benefits described in paragraphs (1) and (2) above. The Pension is divided between the two forms of payment based on the whole number percentages designated by the Participant on a form provided for this purpose by the Plan Administrator. For the election to be effective, the sum of the two percentages designated by the Participant must equal 100 percent.

(i) The amount of the Pension paid in the form of a lump sum is determined by multiplying: (A) the amount that would be payable to the Participant as a Single Lump Sum payment if the Participant's entire benefit were payable in that form, by (B) the percentage that the Participant has designated for receipt in the form of a lump sum.

(ii) The amount of the Pension paid in the form of a monthly benefit is determined by multiplying: (A) the amount of the monthly benefit elected by the Participant, determined in accordance with paragraph (1) or (2) above (whichever applies), by (B) the percentage that the Participant has designated for receipt in the form of a monthly benefit.

(b) Inflation Protection: The following levels of inflation protection may be provided to any Participant who is entitled to a Retirement Pension (except to the extent such Pension is paid as a lump sum).

(1) 5 percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 5 percent. The amount of the increase shall be the difference between inflation in the prior year and 5 percent.

(2) 7 percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 7 percent. The amount of the increase shall be the difference between inflation in the prior year and 7 percent.

Benefits shall be subject to increase in accordance with this subsection each January 1, beginning with the second January 1 following the Participant's Annuity Starting Date. The amount of inflation in the prior year shall be determined based on inflation in the 12 month period ending on September 30 of such year, with inflation measured in the same manner as applies on January 1, 1989 for adjusting Social Security benefits for changes in the cost of living. Inflation protection that is in effect shall carry over to any survivor benefit payable on behalf of a Participant, and shall increase the otherwise applicable survivor benefit as provided above. Any election by a Participant to receive inflation protection shall be irrevocable by such Participant or his surviving beneficiary.

(c) Available Options for Vested Benefits: The forms of payment available for a Participant with a Vested Pension are a Qualified Joint and Survivor Annuity for married Participants and a Single Life Annuity for both married and unmarried Participants. The applicable form of payment shall be determined in accordance with Section 6.1(a).

6.3 Procedures for Elections: This section sets forth the procedures for making Advance Elections and PEP Elections.

(a) In General: To qualify as an Advance Election or PEP Election for purposes of Section 6.1, an election must be made in writing, on the form designated by the Plan Administrator, and must be signed by the Participant. These requirements also apply to

any revocations of such elections. Spousal consent is not required for any election (or revocation of election) under the Plan.

(b) Advance Election: To qualify as an Advance Election, an election must be made under this Plan on or after July 15, 1993 and meet the following requirements.

(1) Election: The Participant shall designate on the Advance Election form whether the Participant elects to take his Pension in the form of an Annuity or a Single Lump Sum.

(2) Receipt by Plan Administrator: The Advance Election must be received by the Plan Administrator before the start of the calendar year containing the Participant's Retirement Date, and at least 6 months before that Retirement Date. An election that meets the foregoing requirements shall remain effective until it is changed or revoked.

(3) Change or Revocation of Election: A Plan Participant may change an Advance Election by filing a new Election that meets the foregoing requirements. A Plan Participant may revoke an Advance Election only by filing a revocation that is received by the Plan Administrator before the start of the calendar year containing the Plan Participant's Retirement Date, and at least 6 months before that Retirement Date.

Any Advance Election by a Participant shall be void if the Participant is not entitled to a Retirement Pension.

(c) PEP Election: A PEP Election may only be made by a Participant who has an Advance Election to receive an Annuity in effect at the time his PEP Election is received by the Plan Administrator. In determining whether an Advance Election is in effect for this

purpose, the advance receipt requirement of subsection (b)(2) shall be considered met if it will be met by the Participant's proposed Retirement Date.

(1) Election: The Participant shall designate on the PEP Election form the Annuity form of benefit the Participant selects from those described in Section 6.2, including the Participant's choice of inflation protection, subject to the provisions of this Article VI. The forms of payment described in Section 6.2(a)(3) and (4) are not available pursuant to a PEP Election.

(2) Receipt by the Plan Administrator: The PEP Election must be received by the Plan Administrator no earlier than 90 days before the Participant's Retirement Date, and no later than the close of business on the day before the Participant's Retirement Date. The Participant shall furnish proof of the age of his beneficiary (including his Eligible Spouse if applicable), to the Plan Administrator by the day before the Participant's Retirement Date, for any form of payment which is subject to reduction in accordance with subsection 6.2(c) above.

A Participant may change his PEP Election by filing a new Election with the Plan Administrator that meets the foregoing requirements. The Participant's PEP Election shall become effective at the close of business on the day before the Participant's Retirement Date. Any PEP Election by a Participant shall be void if the Participant does not have an Advance Election in effect at such time.

(d) Elections Rules for Annuity Starting Dates: When amounts become payable to a Participant in accordance with Article IV, they shall be payable as of the Participant's Annuity Starting Date and the election procedures (in this section and Sections 6.1 and 6.5) shall apply to all of the Participant's unpaid accruals as of such Annuity Starting Date,

with the following exception. In the case of a Participant who is rehired after his initial Annuity Starting Date and who (i) is currently receiving an Annuity that remained in pay status upon rehire, or (ii) was previously paid a lump sum distribution (other than a cashout distribution described in Section 4.9(a)), the Participant's subsequent Annuity Starting Date (as a result of his termination of reemployment), and the election procedures at such subsequent Annuity Starting Date, shall apply only to the portion of his benefit that accrues after his rehire. Any prior accruals that remain to be paid as of the Participant's subsequent Annuity Starting Date shall continue to be payable in accordance with the elections made at his initial Annuity Starting Date.

For purposes of this section, an election shall be treated as received on a particular day if it is: (A) postmarked that day, or (B) actually received by the Plan Administrator on that day. Delivery under clause (B) must be made by the close of business, which time is to be determined by the Plan Administrator.

6.4 Special Rules for Survivor Options:

(a) Effect of Certain Deaths: If a Participant makes a PEP Election for a form of payment described in Section 6.2(a)(2) and the Participant or his beneficiary (beneficiaries in the case of Section 6.2(a)(2)(iv)) dies before the PEP Election becomes effective, the election shall be disregarded. If the Participant dies after such PEP Election becomes effective but before his Retirement Pension actually commences, the election shall be given effect and the amount payable to his surviving Eligible Spouse or other beneficiary shall commence on the first day of the month following his death (any back payments due the Participant shall be payable to his estate). In the case of a Participant who has elected the form of payment described in Section 6.2(a)(2)(iv), if such Participant dies: (i) after the PEP Election has become effective, (ii)

without a surviving primary or contingent beneficiary, and (iii) before receiving 120 payments under the form of payment, then the remaining payments due under such form of payment shall be paid to the Participant's estate. If payments have commenced under such form of payment to a Participant's primary or contingent beneficiary and such beneficiary dies before payments are completed, then the remaining payments due under such form of payment shall be paid to such beneficiary's estate.

(b) Nonspouse Beneficiaries: If a Participant's beneficiary is not his Eligible Spouse, he may not elect:

(1) The 100 percent survivor option described in Section 6.2(a)(2)(i) if his nonspouse beneficiary is more than 10 years younger than he is, or

(2) The 75 percent survivor option described in Section 6.2(a)(2)(ii) if his nonspouse beneficiary is more than 19 years younger than he is.

6.5 Designation of Beneficiary: A Participant who has elected to receive all or part of his pension in a form of payment that includes a survivor option shall designate a beneficiary who will be entitled to any amounts payable on his death. Such designation shall be made on a PEP Election Form or an approved election form filed under the Salaried Plan, whichever is applicable. In the case of the survivor option described in Section 6.2(a)(2)(iv), the Participant shall be entitled to name both a primary beneficiary and a contingent beneficiary. A Participant (whether active or former) shall have the right to change or revoke his beneficiary designation at any time prior to when his election is finally effective. The designation of any beneficiary, and any change or revocation thereof, shall be made in accordance with rules adopted by the Plan Administrator. A beneficiary designation shall not be effective unless and until filed with the Plan Administrator (or for periods before the Effective Date, the Plan

Administrator under the Prior Plan). If no beneficiary is properly designated, then a Participant's election of a survivor's option described in Section 6.2(a)(2) shall not be given effect.

APPENDIX TO ARTICLE PBG

FOREWARD

This Appendix sets forth additional provisions applicable to individuals specified in the Articles of this Appendix. In any case where there is a conflict between the Appendix and the main text of the Plan, the Appendix shall govern.

ARTICLE A – 1993 Accruals

This Article A of the Appendix shall be effective on the date the Plan is adopted.

A.1 1993 Accruals: This section shall apply to any individual: (i) who was a Salaried Plan Participant and employed by the PBG Organization on December 31, 1993, (ii) whose Salaried Plan Pension was vested during 1993 (or would have become vested in 1994 if his Service after 1993 included the assumed period of continued service specified in (a)(1) below), and (iii) whose minimum 1993 Pension in subsection (a) below is not derived solely from that portion of the Plan described in (c) of Article X of the main portion of this Plan document. In determining the amount of the 1993 and 1994 Pension amounts for any such individual, the provisions set forth in subsections (a) and (b) below shall apply.

(a) Minimum 1993 Pension: Any individual who is covered by this section shall accrue a minimum 1993 Pension as of December 31, 1993. In determining the amount of such individual's minimum 1993 Pension, the following shall apply.

(1) An individual's Service and Credited Service as of the end of 1993 shall be assumed to equal the respective Service and Credited Service he would have if his Service continued through December 31, 1994. Notwithstanding the preceding sentence, the assumed period of continued Service shall be less to the extent PepsiCo, Inc.'s human resource records on December 31, 1993 reflected a scheduled termination date in 1994 for such individual. In this case, the individual's assumed period of continued service shall be the portion of 1994 that ends with such scheduled termination date.

(2) An individual's Highest Average Monthly Earnings as of the end of 1993 shall be adjusted by the actuary's salary scale assumption which is used under the

Salaried Plan, so that they equal the amount such scale projects for the individual as of the end of 1994. Notwithstanding the preceding sentence, the following special rules shall apply.

(i) A higher salary scale assumption shall be used for anyone whose projected 1994 earnings as reflected on the "Special PEP Salary Scale" of the PBG Benefits Department on December 31, 1993 were higher than would be assumed under the first sentence of this paragraph. In this case, the individual's 1993 earnings shall be adjusted using such higher salary scale.

(ii) In the case of an individual whose assumed period of service under paragraph (1) above is less than all of 1994, the salary adjustment under the preceding provisions of this paragraph shall be reduced to the amount that would apply if the individual had no earnings after his scheduled termination date.

(3) An individual's attained age as of the end of 1993 shall be assumed to be the age he would have at the end of the assumed period of continued service applicable under paragraph (1) above.

Any individual who is covered by this section, and who is not otherwise vested as of December 31, 1993, shall be vested as of such date in both his Pension (determined without regard to this subsection) and his minimum 1993 Pension. For purposes of this subsection, Code section 401(a)(17) shall be applied in 1993 by giving effect to the amendments to such Code section made by the Omnibus Budget Reconciliation Amendments of 1993.

(b) Determination of Later Accruals: If a participant in the Salaried Plan accrues a minimum 1993 Pension under subsection (a) above, the amount of any Pre-409A Pension that accrues thereafter shall be only the amount by which the Pre-409A Pension that would otherwise accrue for years after 1993 exceeds his minimum 1993 Pension under subsection (a).

ARTICLE P98 – PepsiCo Special Early Retirement Benefit

P98.1 Scope: This Article supplements the main portion of the Plan document with respect to the rights and benefits of Covered Employees on and after the Effective Date.

P98.2 Definitions: This section provides definitions for the following words or phrases in boldface and underlined. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in Section 2.1 of the Plan.

(a) Article: This Article P98 of the Appendix to the Plan.

(b) Covered Employee: An Employee who does not meet the eligibility requirements for the Salaried Plan Early Retirement Benefit as of his Severance Date solely because he is a highly compensated employee within the meaning of Article S and Section S.3(a)(4) of the Appendix to the Legacy PBG Salaried Employees Retirement Plan in Part C of the Salaried Plan document.

(c) Effective Date: The date the provisions of this Article are effective, which shall be February 1, 1998.

(d) Salaried Plan Special Early Retirement Benefit: The special early retirement benefit for certain Company employees referred to in Section S.3(b) of the Appendix to the Legacy PBG Salaried Employees Retirement Plan in Part C of the Salaried Plan document.

(e) Severance Date: The involuntary termination of employment referred to in Section S.2(b)(1) of the Appendix to the Legacy PBG Salaried Employees Retirement Plan in Part C of the Salaried Plan document, that qualifies an eligible Employee for status as a Covered Employee.

P98.3 Amount and Form of Retirement Pension: In lieu of any benefits he would otherwise be entitled to under this Plan, a Covered Employee shall receive a single lump sum benefit as soon as administratively practical following his Severance Date. No other benefits under this Plan are payable to a Participant who is entitled to a benefit under this section. The amount of such lump sum shall be the excess of:

(a) The Actuarial Equivalent present value of the Covered Employee's Total Pension (as defined in Section 5.1(c)) determined as of his Severance Date, for this purpose treating the Covered Employee as eligible for the Salaried Plan Special Early Retirement Benefit, and treating the benefit as commencing on his Severance Date; over

(b) The Actuarial Equivalent present value of the Covered Employee's Salaried Plan Pension (as defined in Section 5.1(c)) determined as of his Severance Date, for this purpose determining the benefit without regard to this Appendix, and treating the benefit as commencing on his Normal Retirement Date.

For purposes of this calculation, amounts shall be determined as of the Participant's Severance Date, "Actuarial Equivalent" shall be based on the factors in effect on such date using the definition in section (2) of Actuarial Equivalent for lump sums conversions, and the Participant shall be treated as taking his Total Pension in the form of a Single Life Annuity. In the case of a Covered Employee who is eligible for a PEP Guarantee (as defined in Section 5.2), and for purposes of subsection (a) only, the reduction factors for early commencement of a PEP Guarantee under Section 5.2 of this Plan shall apply in lieu of those in the Salaried Plan Special Early Retirement Benefit formula if they provide a greater PEP benefit.

Article IPO – Transferred and Transition Individuals

IPO.1 Scope: This Article supplements the main portion of the Plan document with respect to the rights and benefits of Transferred and Transition Individuals following the spinoff of this Plan from the PepsiCo Prior Plan.

IPO.2 Definitions: This section provides definitions for the following words or phrases in boldface and underlined. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in Section 2.1 of the Plan.

(a) Agreement: The 1999 Employee Programs Agreement between PepsiCo, Inc. and The Pepsi Bottling Group, Inc.

(b) Close of the Distribution Date: This term shall take the definition given it in the Agreement.

(c) Transferred Individual: This term shall take the definition given it in the Agreement.

(d) Transition Individual: This term shall take the definition given it in the Agreement.

IPO.3 Rights of Transferred and Transition Individuals: All Transferred Individuals who participated in the PepsiCo Prior Plan immediately prior to the Effective Date shall be Participants in this Plan as of the Effective Date. The spinoff of this Plan from the PepsiCo Prior Plan shall not result in a break in the Service or Credited Service of Transferred Individuals or Transition Individuals. Notwithstanding anything in the Plan to the contrary, and as provided in Section 2.04 of the Agreement, all service, all compensation, and all other benefit-affecting determinations for Transferred Individuals that, as of the Close of the Distribution Date, were

recognized under the PepsiCo Prior Plan for periods immediately before such date, shall as of the Effective Date continue to receive full recognition, credit and validity and shall be taken into account under this Plan as if such items occurred under this Plan, except to the extent that duplication of benefits would result. Similarly, notwithstanding anything to the contrary in the Plan, the benefits of Transition Individuals shall be determined in accordance with section 8.02 of the Agreement.

ARTICLE PAC

Guiding Principles Regarding Benefit Plan Committee Appointments

PAC.1 Scope. This Article PAC supplements the PepsiCo Pension Equalization Plan document with respect to the appointment of the members of the PAC.

PAC.2 General Guidelines. To be a member of the PAC, an individual must:

- (a) Be an employee of the PepsiCo Organization at a Band 1 or above level,
- (b) Be able to give adequate time to committee duties, and
- (c) Have the character and temperament to act prudently and diligently in

the exclusive interest of the Plan's participants and beneficiaries.

PAC.3 PAC Guidelines. In addition to satisfying the requirements set forth in Section PAC.2, the following guidelines will also apply to the PAC membership:

- (a) Each member of the PAC should have experience with benefit plan administration or other experience that can readily translate to a role concerning ERISA plan administration,
- (b) The membership of the PAC as a whole should have experience and expertise with respect to the administration of ERISA health and welfare and retirement plans, and
- (c) Each member of the PAC should be capable of prudently evaluating the reasonableness of expenses that are charged to the Plan.

PAC.4 Additional Information. The Chair of the PAC may seek information from Company personnel, including the Controller, CFO and CHRO, in connection with his identification of well qualified candidates for committee membership.

PAC.5 Role of the Guidelines. The foregoing guidelines in this Article PAC are intended to guide the Chair of the PAC in the selection of committee members; however, they neither diminish nor enlarge the legal standard applicable under ERISA.

PEPSICO

PENSION EQUALIZATION PLAN

(PEP)

*Plan Document for the Section 409A Program
January 1, 2022 Restatement*

PEPSICO PENSION EQUALIZATION PLAN

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ARTICLE I

Foreword

The PepsiCo Pension Equalization Plan (“PEP” or “Plan”) has been established by PepsiCo for the benefit of salaried employees of the PepsiCo Organization who participate in the Salaried Plan. PEP provides benefits for eligible employees whose pension benefits under the Salaried Plan are limited by the provisions of the Internal Revenue Code of 1986, as amended. In addition, PEP provides benefits for certain eligible employees based on the pre-1989 Salaried Plan formula (see, for example, Part B thereof).

1989 Restatement. The Plan was amended and restated in its entirety in 1989.

409A Program Document 2005 Restatement. The Plan was last amended and restated in its entirety effective as of January 1, 2005. The 2005 restatement sets forth the terms of the Plan that are applicable to benefits that are subject to Section 409A, *i.e.*, generally, benefits that are earned or vested after December 31, 2004 or materially modified within the meaning of Treas. Reg. § 1.409A-6(a)(4) (the “409A Program”).

Amendments to the 2005 Restatement. The 2005 restatement was amended to reflect the merger into this Plan of the PBG Pension Equalization Plan (“PBG PEP”), effective at the end of the day on December 31, 2011. The PBG PEP document that was in effect on April 1, 2009, as amended through January 1, 2011 (the “409A PBG PEP Document”) is attached hereto as Appendix Article PBG 409A and shall continue to govern PBG PEP benefits that were subject to the 409A PBG PEP Document prior to the Plan merger, except for certain administrative provisions that are now governed by the main portion of the 409A PepsiCo PEP Document as is explained in Appendix Article PBG 409A. There has been no change to the time or form of payment of benefits that are subject to Internal Revenue Code Section 409A (“Section 409A”)

under either the PepsiCo PEP or PBG PEP Documents as a result of the merger or the revisions to the 409A PepsiCo PEP Document and 409A PBG PEP Document.

2017, 2019, 2021 and 2022 Restatements. This restatement of the 409A Program Document is effective as of January 1, 2022. Before this restatement, the 409A Program Document was most recently restated effective as of January 1, 2021, and prior to that, effective as of January 1, 2019, and prior to that, effective as of January 1, 2017.

Interplay of this 409A Program and Pre-409A Program. All benefits under the Plan that are not subject to the 409A Program (i.e., generally, benefits that are earned or vested before January 1, 2005 and not materially modified thereafter within the meaning of Treas. Reg. § 1.409A-6(a)(4)) shall be governed by the Plan Document for the Pre-Section 409 Program (the “Pre-409A Program”). Together, this document and the document for the Pre-409A Program describe the terms of a single plan. However, amounts subject to the terms of this 409A Program and amounts subject to the terms of the Pre-409A Program shall be tracked separately at all times. The preservation of the terms of the Pre-409A Program, without material modification, and the separation between the 409A Program amounts and the Pre-409A Program amounts are intended to be sufficient to permit the pre-409A Program to remain exempt from Section 409A as grandfathered benefits.

Freeze of the Salaried Plan. In general, the Plan provides benefits that make up for benefits that would accrue under the Salaried Plan but for certain Code limitations on benefits and compensation that apply to the Salaried Plan. As a result, a Participant’s accrual of Plan benefits and a Participant’s growing into certain benefit enhancements (such as more favorable early commencement factors) are generally tied to the Participant’s accrual of benefits and growing into benefit enhancements under the Salaried Plan. For certain

Participants, there are special provisions in Section 5.2 (the “PEP Guarantee”) or the Appendix that provide a benefit accrual opportunity that goes beyond providing a make up for the application of Code limitations to the Salaried Plan. Regardless, however, the freeze on accruals under the Salaried Plan that is effective as of the end of the day on December 31, 2025 also freezes all accruals under this Plan effective as of that time. In addition, the Salaried Plan’s operational rules with respect to the ability to grow into benefit enhancements after December 31, 2025 govern the ability to grow into benefit enhancements after December 31, 2025 under this Plan.

ARTICLE II

Definitions and Construction

2.1 Definitions: This section provides definitions for certain words and phrases listed below. Where the following words and phrases, in boldface and underlined, appear in this Plan document (including the Foreword) with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context.

Accrued Benefit: The Pension payable at Normal Retirement Date determined in accordance with Article V, based on the Participant's Highest Average Monthly Earnings and Credited Service at the date of determination.

Actuarial Equivalent: Except as otherwise specifically set forth in the Plan or any Appendix to the Plan with respect to a specific benefit determination, a benefit of equivalent value computed on the basis of the factors set forth below. The application of the following assumptions to the computation of benefits payable under the Plan shall be done in a uniform and consistent manner. In the event the Plan is amended to provide new rights, features or benefits, the following actuarial factors shall not apply to these new elements unless specifically adopted by the amendment.

(1) **Annuities and Inflation Protection**: To determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, as an annuity with inflation protection, or as a period certain and life annuity, the Plan Administrator shall select the factors that are to be used. Effective January 1, 2009, the factors selected by the Plan Administrator are set forth in Schedule 1, below (prior factors appear in the Appendix). Thereafter, the Plan Administrator shall review

such factors for forms of payment (including for annuities and lump sums) from time to time and shall amend such factors in its discretion. In general, a Participant shall have no right to have any of the actuarial factors specified for forms of payment under the Plan from time to time applied to his benefit (or any portion thereof), except to the extent that a particular factor is currently in effect at the time it is to be applied under the Plan. For the avoidance of doubt, it is expressly intended and binding upon Participants that any actuarial factors for forms of payment selected by the Plan Administrator from time-to-time may be applied retroactively to already accrued benefits, and without regard to the actuarial factors that may have applied previously for such purpose. However, in adjusting benefits under the Plan using those factors in Schedule 1 (below) that become effective for Annuity Starting Dates on or after January 1, 2019, the right to receive a benefit that is not less than would have applied under the prior basis for this adjustment shall apply to the same extent (and in the same manner) as applies under the Salaried Plan with respect to the 2019 Salaried Plan Factors. For this purpose, the phrase “2019 Salaried Plan Factors” refers to the new factors that appear in the Salaried Plan’s definition of “Actuarial Equivalent” effective for annuity starting dates (as defined under the Salaried Plan) on or after January 1, 2019. Effective for Annuity Starting Dates on or after January 1, 2019, if a Participant elects a survivor, period certain annuity or other death benefit annuity with inflation protection, Schedule 1(b) shall apply to adjust the Single Life Annuity for the survivor benefit, period certain or other death benefit, and Schedule 1(c) or (d) shall apply solely to adjust for the

elected inflation protection (for this purpose and as applies generally when determining an Actuarial Equivalent, the adjustment resulting from applying these factors from separate Schedules shall be determined using an actuarial computation method that is reasonable and applied consistently to similarly situated participants).

SCHEDULE 1

<u>Date</u>	<u>Mortality Table Factors</u>	<u>Interest Rate Factor</u>
(a) Annuity Starting Dates from 1/1/2009 until 12/31/2018	GAR 94	5%
(a) Annuity Starting Dates on or After 1/1/2019 Except for Inflation Protection	The 2019 mortality table*	5%
(a) Annuity Starting Dates on or After 1/1/2019 for 5% Inflation Protection	The 2019 mortality table*	4.2%
(a) Annuity Starting Dates on or After 1/1/2019 for 7% Inflation Protection	The 2019 mortality table*	4.6%

*As this term is defined in the Salaried Plan’s definition of “Actuarial Equivalent”

(2) Lump Sums: To determine the lump sum value of a Pension, a Pre-Retirement Spouse’s Pension under Section 4.6, or a Pre-Retirement Domestic Partner’s Pension under Section 4.12, the lump sum equivalent factors currently applicable to lump sum distributions under the Salaried Plan shall apply (disregarding transition factors). These factors are subject to change in accordance with paragraph (1) above.

(3) Other Cases: To determine the adjustment to be made in the Pension payable to or on behalf of a Participant in other cases, the factors are those applicable for such purpose under the Salaried Plan. In this respect,

the 2019 Salaried Plan Factors shall be effective hereunder for Annuity Starting Dates (as defined under this Plan) on or after January 1, 2019. These factors are subject to change in accordance with paragraph (1) above.

Annuity: A Pension payable as a series of monthly payments for at least the life of the Participant.

Annuity Starting Date: The Annuity Starting Date shall be the first day of the first period for which an amount is payable under this Plan as an annuity or in any other form. A Participant who: (1) is reemployed after his initial Annuity Starting Date, and (2) is entitled to benefits hereunder after his reemployment, shall have a subsequent Annuity Starting Date for such benefits only to the extent provided in Section 6.3(b).

Cashout Limit: The annual dollar limit on elective deferrals under Code section 402(g)(1)(B), as in effect from time to time.

Code: The Internal Revenue Code of 1986, as amended from time to time. All references herein to particular Code Sections shall also refer to any successor provisions and shall include all related regulations, interpretations and other guidance.

Company: PepsiCo, Inc., a corporation organized and existing under the laws of the State of North Carolina or its successor or successors.

Covered Compensation: "Covered Compensation" as that term is defined in Part B of the Salaried Plan.

Credited Service: The period of a Participant's employment, calculated in accordance with Section 3.3, which is counted for purposes of determining the amount of benefits payable to, or on behalf of, the Participant.

Disability Retirement Pension: The Retirement Pension available to a Participant under Section 4.5.

Early 409A Retirement Pension: The 409A Retirement Pension available to a Participant under Section 4.2.

Elapsed Time Service: The period of time beginning with a Participant's first date of employment with the PepsiCo Organization and ending with the Participant's Final Separation from Service, irrespective of any breaks in service between those two dates. By way of illustration, if a Participant began employment with the PepsiCo Organization on January 1, 2000, left the employment of the PepsiCo Organization from January 1, 2001 until December 31, 2004, and was then reemployed by the PepsiCo Organization on January 1, 2005 until he had a Final Separation from Service on December 31, 2008, the Participant would have eight years of Elapsed Time Service as of his Final Separation from Service.

Eligible Domestic Partner. The definition in this Section 2.1 is effective for applicable dates on and after January 1, 2019, and applies solely to a Participant who is actively employed by, or on an Authorized Leave of Absence from, a member of the PepsiCo Organization on or after January 1, 2019. For other dates or Participants, see Appendix Article H.

(1) **Definition.** For applicable dates on or after January 1, 2019, "Eligible Domestic Partner" means an individual who is of the same sex or opposite sex as the Participant and who satisfies paragraph (a), (b) or (c), subject to the additional rules set forth in paragraph (e).

(a) Civil Union. If on the applicable date the Participant has entered into a civil union that is valid on the applicable date in the state in which it was entered into, the Participant's Eligible Domestic Partner (if any) is the individual with whom the Participant has entered into such a civil union.

(b) Enrollment in Health Benefits. If the Participant does not have an Eligible Domestic Partner pursuant to paragraph (a) above, the Participant's Eligible Domestic Partner (if any) is the individual who, on the applicable date, is enrolled in any of the Company's health benefit options as the Participant's domestic partner.

(c) Other Acceptable Evidence of Partnership. If on the applicable date a Participant does not have an Eligible Domestic Partner under paragraph (a) or (b) above, such Participant's Eligible Domestic Partner (if any) is the individual who satisfies such criteria of domestic partnership as the Plan Administrator has specified in writing.

(d) No Eligible Domestic Partner Except as Described Above. If on the applicable date a Participant does not have an Eligible Domestic Partner under paragraph (a), (b), or (c) above, such Participant is not eligible to have an Eligible Domestic Partner.

(e) Additional Rules. The term "Eligible Domestic Partner" does not apply to a Participant's Eligible Spouse. A Participant is not permitted to have more than one Eligible Domestic Partner at any point in

time, and a Participant who has an Eligible Spouse is not permitted to have an Eligible Domestic Partner.

(2) **Terms Used in this Definition.** For purposes of the definition of “Eligible Domestic Partner” in this Section 2.1, the following definitions apply: “applicable date” means the earlier of the Participant’s Annuity Starting Date and date of death, and “state” means any domestic or foreign jurisdiction having the legal authority to sanction civil unions.

Eligible Spouse: The spouse of a Participant to whom the Participant is considered lawfully married for purposes of Federal tax law on the earlier of the Participant’s Annuity Starting Date or the date of the Participant’s death and who, solely for periods before September 16, 2013, is of the opposite sex.

Employee: An individual who qualifies as an “Employee” as that term is defined in Part B of the Salaried Plan.

Employer: An entity that qualifies as an “Employer” as that term is defined in Part B of the Salaried Plan.

ERISA: Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, including any amendments thereto, any similar subsequent federal laws, and any rules and regulations from time to time in effect under any of such laws.

FICA Amount: The Participant’s share of the Federal Insurance Contributions Act (FICA) tax imposed on the 409A Pension and Pre-409A Pension of the Participant under Code Sections 3101, 3121(a) and 3121(v)(2).

409A Program: The program described in this document. The term “409A Program” is used to identify the portion of the Plan that is subject to Section 409A.

Guiding Principles Regarding Benefit Plan Committee Appointments:

The guiding principles as set forth in Common Appendix Article PAC to be applied by the Chair of the PAC when selecting the members of the PAC.

Highest Average Monthly Earnings: “Highest Average Monthly Earnings” as that term is defined in the Part B of the Salaried Plan, but without regard to the limitation imposed by section 401(a)(17) of the Code (as such limitation is interpreted and applied under the Salaried Plan). Notwithstanding the foregoing, to the extent that a Participant receives, during a leave of absence, earnings that would be counted as Highest Average Monthly Earnings if they were received during a period of active service, but that will be received after the Participant’s Separation from Service, the Plan Administrator may provide for determining the Participant’s 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such earnings were taken into account under the Plan.

Key Employee:

The individuals identified in accordance with the following paragraphs.

(1) In General. Any Participant who at any time during the applicable year is:

(i) An officer of any member of the PepsiCo Organization having annual compensation greater than \$130,000 (as adjusted for the applicable year under Code Section 416(i)(1));

(ii) A 5-percent owner of any member of the PepsiCo Organization; or

(iii) A 1-percent owner of any member of the PepsiCo Organization having annual compensation of more than \$150,000.

For purposes of subparagraph (i) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers. For purposes of this Section, annual compensation means compensation as defined in Treas. Reg. §1.415(c)-2(a), without regard to Treas. Reg. §§1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g). The Plan Administrator shall determine who is a Key Employee in accordance with Code Section 416(i) (provided, that Code Section 416(i)(5) shall not apply in making such determination), and provided further than the applicable year shall be determined in accordance with Section 409A and that any modification of the foregoing definition that applies under Section 409A shall be taken into account.

(2) Applicable Year. Effective from and after December 31, 2007, the Plan Administrator shall identify Key Employees as of the last day of each calendar year, based on compensation for such year, and such designation shall be effective for purposes of this Plan for the twelve-month period commencing on April 1st of the next following calendar year (*e.g.*, the Key Employee identification by the Plan Administrator as of December 31, 2008 shall be effective for the period from April 1, 2009 to March 31, 2010).

(3) Rule of Administrative Convenience. Effective beginning with the December 31, 2017 identification date, in addition to the foregoing,

the Plan Administrator shall treat all other employees classified as Leadership Group 6 and above on the applicable identification date prescribed in paragraph (2) as Key Employees effective for the twelve-month period commencing on April 1st of the next following calendar year (however, from the April 1, 2008 effective date through February 25, 2010, Band IV and above applied in lieu of Leadership Group 6 and above); provided that if this would result in counting more than 200 individuals as Key Employees as of any such determination date, then the number treated as Key Employees will be reduced to 200 by eliminating from consideration those employees otherwise added by this paragraph (3) in order by their base compensation, from the lowest to the highest.

(4) Identification of Key Employees Between February 26, 2010 and March 31, 2010. For the period between February 26, 2010 and March 31, 2010, Key Employees shall be identified by combining the lists of Key Employees of all members of the PepsiCo Organization as in effect immediately prior to February 26, 2010. The foregoing method of identifying Key Employees is intended to comply with Treas. Reg. § 1.409A-1(i)(6)(i), which authorizes the use of an alternative method of identifying specified employees that complies with Treas. Reg. §§ 1.409A-1(i)(5) and -1(i)(8) and Section VII.C.4.d of the Preamble to the Final Regulations under Section 409A of the Code, which permits “service recipients to simply combine the pre-transaction separate lists of specified employees where it is determined that such treatment would be administratively less burdensome.”

(5) Identification of Key Employees from April 1, 2010 to March 31, 2018. Notwithstanding the foregoing, for the 12-month periods beginning on the April 1, 2010 effective date through March 31, 2018, Key Employees shall be identified as follows:

(i) For the period that begins on April 1, 2010, and ends on March 31, 2011, an employee shall be a Key Employee (subject to subparagraph (iii) below) if he was classified as at least a Band IV or its equivalent on December 31, 2009. For this purpose, an employee shall be considered to be at least a Band IV or its equivalent as of a date if the employee is classified as one of the following types of employees in the PepsiCo Organization on that date: (i) a Band IV employee or above in a PepsiCo Business, (ii) a Level E7 employee or above in a PBG Business, or (iii) a Salary Grade 19 employee or above at a PAS Business.

(ii) For the twelve-month period that begins on April 1, 2011, and for each twelve-month period that begins on April 1 in subsequent years through March 31, 2017, an employee shall be a Key Employee (subject to subparagraph (iii) below) if the employee was an employee of the PepsiCo Organization who was classified as Band IV or above on the December 31 that immediately precedes such April 1.

(iii) For the period covered by this paragraph (5) notwithstanding the rule of administrative convenience in paragraph (3) above, an employee shall be a Key Employee for the 12-month period that begins on any April 1, if as of the preceding December 31 the

employee would be a specified employee, within the meaning of Treasury Regulation 1.409A-1(i), or any successor, by applying as of such December 31 the default rules that apply under such regulation for determining the minimum number of a service recipient's specified employees. If the preceding sentence and the methods for identifying Key Employees set forth in subparagraph (i) or (ii) above, taken together, would result in more than 200 individuals being counted as Key Employees as of any December 31 determination date, then the number of individuals treated as Key Employees pursuant to subparagraph (i) or (ii), who are not described in the first sentence of this subparagraph (iii), shall be reduced to 200 by eliminating from consideration those employees otherwise added by such subparagraph in order of their base compensation, from the lowest base compensation to the highest.

(iv) For purposes of this paragraph (5), "PAS Business" means each employer, division of an employer or other organizational subdivision of an employer that the Company classifies as part of the PAS business; "PBG Business" means each employer, division of an employer or other organizational subdivision of an employer that the Company classifies as part of the PBG business; and "PepsiCo Business" means each employer, division of an employer or other organizational subdivision of an employer that the Company classifies as part of the PepsiCo business.

The method for identifying Key Employees set forth in this definition is intended as an alternative method of identifying Key Employees under Treas. Reg. § 1.409A-1(i)(5), and

is adopted herein and shall be interpreted and applied consistently with the rules applicable to such alternative arrangements.

Late 409A Retirement Pension: The 409A Retirement Pension available to a Participant under Section 4.4.

Late Retirement Date: The Late Retirement Date shall be the first day of the month coincident with or immediately following a Participant's actual Retirement Date occurring after his Normal Retirement Age.

Normal 409A Retirement Pension: The Retirement Pension available to a Participant under Section 4.1.

Normal Retirement Age: The Normal Retirement Age under the Plan is age 65 or, if later, the age at which a Participant first has 5 Years of Elapsed Time Service.

Normal Retirement Date: A Participant's Normal Retirement Date shall be the first day of the month coincident with or immediately following a Participant's Normal Retirement Age.

Participant: An Employee participating in the Plan in accordance with the provisions of Section 3.1.

Pension: One or more payments that are payable by the Plan to a person who is entitled to receive benefits under the Plan. The term "409A Pension" shall be used to refer to the portion of a Pension that is derived from the 409A Program. The term "Pre-409A Pension" shall be used to refer to the portion of a Pension that is derived from the Pre-409A Program.

PepsiCo Administration Committee or PAC: The committee that has the responsibility for the administration and operation of the Plan, as set forth in the Plan, as well as any other duties set forth therein. As of any time, the Chair of the PAC shall be the person who is then the Company's Senior Vice President, Total Rewards, but if such position is vacant or eliminated, the Chair shall be the person who is acting to fulfill the majority of the duties of the position (or plurality of the duties, if no one is fulfilling a majority), as such duties existed immediately prior to the vacancy or the position elimination. The Chair shall appoint the other members of the PAC, applying the principles set forth in the Guiding Principles Regarding Benefit Plan Committee Appointments and acting promptly from time to time to ensure that there are four other members of the PAC, each of whom shall have experience and expertise relevant to the responsibilities of the PAC. At least two times each year, the PAC shall prepare a written report of its significant activities that shall be available to any U.S.-based executive of the Company who is at least a senior vice president.

PepsiCo Organization: The controlled group of organizations of which the Company is a part, as defined by Code section 414 and regulations issued thereunder. An entity shall be considered a member of the PepsiCo Organization only during the period it is one of the group of organizations described in the preceding sentence.

Plan: The PepsiCo Pension Equalization Plan, the Plan set forth herein and in the Pre-409A Program document(s), as the Plan may be amended from time to time (subject to the limitations on amendment that are applicable hereunder and under

the Pre-409A Program). The Plan is also sometimes referred to as PEP, or as the PepsiCo Pension Benefit Equalization Plan.

Plan Administrator: The PAC, or its delegate or delegates. The Plan Administrator shall have authority to administer the Plan as provided in Article VII.

Plan Year: The 12-month period commencing on January 1 and ending on December 31.

Pre-409A Program: The portion of the Plan that governs deferrals that are not subject to Section 409A. The terms of the Pre-409A Program are set forth in a separate document (or separate set of documents).

Pre-Retirement Domestic Partner's Pension: The Pension available to an Eligible Domestic Partner under the Plan. The term "Pre-Retirement Domestic Partner's 409A Pension" shall be used to refer to the Pension available to an Eligible Domestic Partner under Section 4.12 of this document.

Pre-Retirement Spouse's Pension: The Pension available to an Eligible Spouse under the Plan. The term "Pre-Retirement Spouse's 409A Pension" shall be used to refer to the Pension available to an Eligible Spouse under Section 4.6 of this document.

Primary Social Security Amount: In determining Pension amounts, Primary Social Security Amount shall mean:

- (1) For purposes of determining the amount of a Retirement, Vested, Pre-Retirement Spouse's Pension or Pre-Retirement Domestic Partner's Pension, the Primary Social Security Amount shall be the estimated monthly amount that may be payable to a Participant commencing at age 65 as an old-

age insurance benefit under the provisions of Title II of the Social Security Act, as amended. Such estimates of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the following assumptions:

(i) That the Participant's social security wages in any year prior to Retirement or Separation from Service are equal to the Taxable Wage Base in such year, and

(ii) That he will not receive any social security wages after Retirement or Separation from Service.

However, in computing a Vested Pension under Formula A of Section 5.2, the estimate of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the assumption that he continued to receive social security wages until age 65 at the same rate as the Taxable Wage Base in effect at his Separation from Service. For purposes of this subsection, "social security wages" shall mean wages within the meaning of the Social Security Act.

(2) For purposes of determining the amount of a Disability Pension, the Primary Social Security Amount shall be (except as provided in the next sentence) the initial monthly amount actually received by the disabled Participant as a disability insurance benefit under the provisions of Title II of the Social Security Act, as amended and in effect at the time of the Participant's Retirement due to disability. Notwithstanding the preceding sentence, for any period that a Participant receives a Disability Pension before receiving a

disability insurance benefit under the provisions of Title II of the Social Security Act, then the Participant's Primary Social Security Amount for such period shall be determined pursuant to paragraph (1) above.

(3) For purposes of paragraphs (1) and (2), the Primary Social Security Amount shall exclude amounts that may be available because of the spouse or any dependent of the Participant or any amounts payable on account of the Participant's death. Estimates of Primary Social Security Amounts shall be made on the basis of the Social Security Act as in effect at the Participant's Separation from Service, without regard to any increases in the social security wage base or benefit levels provided by such Act which take effect thereafter.

Prohibited Misconduct: Any of the following activities engaged in, directly or indirectly, by a Participant shall constitute Prohibited Misconduct:

(1) The Participant accepting any employment, assignment, position or responsibility, or acquiring any ownership interest, which involves the Participant's "Participation" (as defined below) in a business entity that markets, sells, distributes or produces "Covered Products" (as defined below), unless such business entity makes retail sales or consumes Covered Products without in any way competing with the PepsiCo Organization.

(2) The Participant, directly or indirectly (including through someone else acting on the Participant's recommendation, suggestion, identification or advice), soliciting any PepsiCo Organization employee to leave the PepsiCo Organization's employment or to accept any position with any other entity.

(3) The Participant using or disclosing to anyone any confidential information regarding the PepsiCo Organization other than as necessary in his or her position with the PepsiCo Organization. Such confidential information shall include all non-public information the Participant acquired as a result of his or her positions with the PepsiCo Organization. Examples of such confidential information include non-public information about the PepsiCo Organization's customers, suppliers, distributors and potential acquisition targets; its business operations and structure; its product lines, formulas and pricing; its processes, machines and inventions; its research and know-how; its financial data; and its plans and strategies.

(4) The Participant engaging in any acts that are considered to be contrary to the PepsiCo Organization's best interests, including violating the Company's Code of Conduct, engaging in unlawful trading in the securities of the Company or of any other company based on information gained as a result of his or her employment with the PepsiCo Organization, or engaging in any other activity which constitutes gross misconduct.

(5) The Participant engaging in any activity that constitutes fraud.

Notwithstanding the foregoing and for the avoidance of doubt, nothing in this Plan shall prohibit the Participant from communicating with government authorities concerning any possible legal violations without notice to the Company, participating in government investigations, and/or receiving any applicable award for providing information to government authorities. The Company nonetheless asserts and does not waive its

attorney-client privilege over any information appropriately protected by the privilege. Further, pursuant to the Defend Trade Secrets Act, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order. For purposes of this subsection, "Participation" shall be construed broadly to include: (i) serving as a director, officer, employee, consultant or contractor with respect to such a business entity; (ii) providing input, advice, guidance or suggestions to such a business entity; or (iii) providing a recommendation or testimonial on behalf of such a business entity or one or more products it produces. For purposes of this subsection, "Covered Products" shall mean any product that falls into one or more of the following categories, so long as the PepsiCo Organization is producing, marketing, selling or licensing such product anywhere in the world – beverages, including without limitation carbonated soft drinks, tea, water, juice drinks, sports drinks, coffee drinks and value-added dairy drinks; juices and juice products; snacks, including salty snacks, sweet snacks meat snacks, granola and cereal bars, and cookies; hot cereals; pancake mixes; value-added rice products;

pancake syrups; value-added pasta products; ready-to-eat cereals; dry pasta products; or any product or service that the Participant had reason to know was under development by the PepsiCo Organization during the Participant's employment with the PepsiCo Organization.

Qualified Joint and Survivor Annuity: An Annuity which is payable to the Participant for life with 50 percent of the amount of such Annuity payable after the Participant's death to his surviving Eligible Spouse or Eligible Domestic Partner for life. If the Eligible Spouse or Eligible Domestic Partner (as applicable) predeceases the Participant, no survivor benefit under a Qualified Joint and Survivor Annuity shall be payable to any person. The amount of a Participant's monthly payment under a Qualified Joint and Survivor Annuity shall be reduced to the extent provided in Sections 5.1 and 5.2, as applicable.

Retirement: Separation from Service for reasons other than death after a Participant has fulfilled the requirements for either a Normal, Early, Late, or Disability Retirement Pension under Article IV.

Retirement Date: The date immediately following the Participant's Retirement.

Retirement Pension: The Pension payable to a Participant upon Retirement under the Plan. The term "409A Retirement Pension" shall be used to refer to the portion of a Retirement Pension that is derived from the 409A Program. The term "Pre-409A Retirement Pension" shall be used to refer to the portion of a Retirement Pension that is derived from the Pre-409A Program.

Salaried Plan: The program of pension benefits set forth in Part B of the PSERP Component of both the PepsiCo Employees Retirement Plan A (“PERP-A”) the PepsiCo Employees Retirement Plan I (“PERP-I”), and the PepsiCo Employees Retirement Plan H (“PERP-H”), as it may be amended from time to time, and as it was set forth prior to January 1, 2017 in predecessor plans to PERP-A and PERP-I.

Section 409A: Section 409A of the Code.

Separation from Service: A Participant’s separation from service with the PepsiCo Organization, within the meaning of Section 409A(a)(2)(A)(i). The term may also be used as a verb (*i.e.*, “Separates from Service”) with no change in meaning. Notwithstanding the preceding sentence, a Participant’s transfer to an entity owned 20% or more by the Company will not constitute a Separation of Service to the extent permitted by Section 409A. A Participant’s “Final Separation from Service” is the date of his Separation from Service that most recently precedes his Annuity Starting Date; provided, however, that to the extent a Participant is reemployed after an Annuity Starting Date, he will have a new Final Separation from Service with respect to any benefits to which he becomes entitled as a result of his reemployment. The following principles shall generally apply in determining when a Separation from Service occurs:

- (1) A Participant separates from service with the Company if the Employee dies, retires, or otherwise has a termination of employment with the Company. Whether a termination of employment has occurred is determined based on whether the facts and circumstance indicate that the Company and the Employee reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services

the Employee would perform after such date (as an employee or independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period in which the Employee provided services to the Company if the Employee has been providing services for less than 36 months).

(2) An Employee will not be deemed to have experienced a Separation from Service if such Employee is on military leave, sick leave, or other bona fide leave of absence, to the extent such leave does not exceed a period of six months or, if longer, such longer period of time during which a right to re-employment is protected by either statute or contract. If the period of leave exceeds six months and the individual does not retain a right to re-employment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence may be substituted for such six-month period.

(3) If an Employee provides services both as an employee and as a member of the Board of Directors of the Company, the services

provided as a Director are generally not taken into account in determining whether the Employee has Separated from Service as an Employee for purposes of the Plan, in accordance with final regulations under Section 409A.

Service: The period of a Participant's employment calculated in accordance with Section 3.2 for purposes of determining his entitlement to benefits under the Plan.

Single Life Annuity: A level monthly Annuity payable to a Participant for his life only, with no survivor benefits to his Eligible Spouse or any other person.

Single Lump Sum: The distribution of a Participant's total 409A Pension in the form of a single payment, which payment shall be the Actuarial Equivalent of the Participant's 409A Pension as of the Participant's Normal Retirement Date (or Late Retirement Date, if applicable), but not less than the Actuarial Equivalent of the Participant's 409A Pension as of the Participant's Early Retirement Date, in the case of a Participant who is entitled to an immediate Early 409A Retirement Pension.

Social Security Act: The Social Security Act of the United States, as amended, an enactment providing governmental benefits in connection with events such as old age, death and disability. Any reference herein to the Social Security Act (or any of the benefits provided thereunder) shall be taken as a reference to any comparable governmental program of another country, as determined by the Plan Administrator, but only to the extent the Plan Administrator judges the computation of those benefits to be administratively feasible.

Taxable Wage Base: The contribution and benefit base (as determined under section 230 of the Social Security Act) in effect for the Plan Year.

Vested Pension: The Pension available to a Participant under Section 4.3.

The term “409A Vested Pension” shall be used to refer to the portion of a Vested Pension that is derived from the 409A Program. The term “Pre-409A Vested Pension” shall be used to refer to the portion of a Vested Pension that is derived from the Pre-409A Program.

2.2 **Construction**: The terms of the Plan shall be construed in accordance with this section.

(a) **Gender and Number**: Unless the context clearly indicates to the contrary, (i) a reference to one or more genders shall include a reference to all the other genders, and (ii) the singular may include the plural, and the plural may include the singular.

(b) **Compounds of the Word “Here”**: The words “hereof”, “hereunder” and other similar compounds of the word “here” shall mean and refer to the entire Plan, not to any particular provision or section.

(c) **Examples**: Whenever an example is provided or the text uses the term “including” followed by a specific item or items, or there is a passage having a similar effect, such passages of the Plan shall be construed as if the phrase “without limitation” followed such example or term (or otherwise applied to such passage in a manner that avoids limits on its breadth of application).

(d) **Subdivisions of the Plan Document**: This Plan document is divided and subdivided using the following progression: articles, sections, subsections, paragraphs, subparagraphs, clauses, and sub-clauses. Articles are designated by capital roman numerals. Sections are designated by Arabic numerals containing a decimal

point. Subsections are designated by lower-case letters in parentheses. Paragraphs are designated by Arabic numerals in parentheses. Subparagraphs are designated by lower-case roman numerals in parentheses. Clauses are designated by upper-case letters in parentheses. Sub-clauses are designated by upper-case roman numerals in parentheses. Any reference in a section to a subsection (with no accompanying section reference) shall be read as a reference to the subsection with the specified designation contained in that same section. A similar rule shall apply with respect to paragraph references within a subsection and subparagraph references within a paragraph.

ARTICLE III

Participation and Service

3.1 Participation: An Employee shall be a Participant in the Plan during the period:

- (a) When he would be currently entitled to receive a Pension under the Plan if his employment terminated at such time, or
- (b) When he would be so entitled but for the vesting requirement of Section 4.7.

It is expressly contemplated that an Employee, who is entitled to receive a Pension under the Plan as of a particular time, may subsequently cease to be entitled to receive a Pension under the Plan. An individual's entitlement to receive a Pension under the Plan is subject to all exclusions from eligibility that apply under the Salaried Plan and, therefore, all such exclusions shall be given effect in determining eligibility under the Plan.

3.2 Service: A Participant's entitlement to a Pension or, in the event the Participant dies before commencing a benefit hereunder, either a Pre-Retirement Spouse's Pension for his Eligible Spouse or a Pre-Retirement Domestic Partner's Pension for his Eligible Domestic Partner, shall be determined under Article IV based upon his period of Service. A Participant's period of Service shall be determined under Article III of Part B of the Salaried Plan, except as provided in (a) below.

(a) Inpats. Any Salaried Plan provision which results in disregarding for certain purposes the pre-transfer Service of certain inpats who transfer to the United States, shall not

apply to this Plan before January 1, 2015, unless such earlier application avoids duplication of benefits.

(b) Leaves of Absence. If a Participant's period of Service (as so determined) would extend beyond the Participant's Separation from Service date because of a leave of absence, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such Service were taken into account under the Plan.

3.3 Credited Service: Subject to the next two sentences, the amount of a Participant's Pension, Pre-Retirement Spouse's Pension or Pre-Retirement Domestic Partner's Pension shall be based upon the Participant's period of Credited Service, as determined under Article III of Part B of the Salaried Plan.

(a) Inpats. Any provision in Section 3.5 of Part B of the Salaried Plan which resulted in disregarding the pre-transfer Credited Service of certain inpats who transferred to the United States shall not apply under this Plan in the case of such inpats who transfer to the United States before October 1, 2014, unless such earlier application avoids duplication of benefits under the Salaried Plan.

(b) Leaves of Absence. If a Participant's period of Credited Service (as so determined) would extend beyond the Participant's Separation from Service date because of a leave of absence, the Plan Administrator may provide for determining the Participant's 409A Pension at Separation from Service by projecting the benefit the Participant would have if all such Service were taken into account under the Plan.

ARTICLE IV

Requirements for Benefits

A Participant shall be eligible to receive a Pension and a surviving Eligible Spouse or surviving Eligible Domestic Partner, as applicable, shall be eligible for certain survivor benefits as provided in this Article. The amount of any such Pension or survivor benefit shall be determined in accordance with Article V.

4.1 Normal 409A Retirement Pension: A Participant shall be eligible for a Normal 409A Retirement Pension if he Separates from Service after attaining Normal Retirement Age.

4.2 Early 409A Retirement Pension: A Participant shall be eligible for an Early 409A Retirement Pension if he Separates from Service prior to attaining Normal Retirement Age but after attaining at least age 55 and completing 10 or more years of Elapsed Time Service.

4.3 409A Vested Pension: A Participant who is vested under Section 4.7 shall be eligible to receive a 409A Vested Pension if he Separates from Service before he is eligible for a Normal 409A Retirement Pension or an Early 409A Retirement Pension. A Participant who terminates employment prior to satisfying the vesting requirement in Section 4.7 shall not be eligible to receive a Pension under this Plan.

4.4 Late 409A Retirement Pension: A Participant who continues without a Separation from Service after his Normal Retirement Age shall not receive a Pension until his Late Retirement Date. Thereafter, a Participant shall be eligible for a Late Retirement Pension determined in accordance with Section 4.4 of Part B of the Salaried Plan (but without regard to

any requirement for notice of suspension under ERISA section 203(a)(3)(B) or any adjustment as under Section 5.7(d) of Part B of the Salaried Plan).

4.5 409A Disability Pension: A Participant shall be eligible for a 409A Disability Pension if he meets the requirements for a Disability Pension under Part B of the Salaried Plan. A Participant's 409A Disability Pension, if any, shall generally be comprised of two parts. The first part shall represent the benefits with respect to a disabled Participant's Credited Service through the day of the Participant's Separation from Service (*i.e.*, the Participant's "Pre-Separation Accruals"). In the event the disabled Participant continues to receive Credited Service related to the disability after such Separation from Service, the Participant's 409A Disability Pension shall have a second part, which shall represent all benefits accrued with respect to Credited Service from the date immediately following the Participant's Separation from Service until the earliest of the Participant's (i) attainment of age 65, (ii) benefit commencement date under Part B of the Salaried Plan or (iii) recovery from the disability (*i.e.*, the Participant's "Post-LTD Accruals").

4.6 Pre-Retirement Spouse's 409A Pension: A Pre-Retirement Spouse's 409A Pension is payable under this section only in the event the Participant dies prior to his Annuity Starting Date. Any Pre-Retirement Spouse's 409A Pension payable on behalf of a Participant shall commence as of the first day of the month following the later of (i) the Participant's death and, (ii) the date the Participant attains or would have attained age 55. Subject to Section 4.9, any Pre-Retirement Spouse's 409A Pension shall continue monthly for the life of the Eligible Spouse.

(a) Active, Disabled and Retired Employees: A Pre-Retirement Spouse's 409A Pension shall be payable under this subsection to a Participant's Eligible

Spouse (if any) who is entitled under Part B of the Salaried Plan to the pre-retirement spouse's pension for survivors of active, disabled and retired employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3 (with the 409A Pension, if any, determined after application of Section 5.6).

(b) Vested Employees: A Pre-Retirement Spouse's 409A Pension shall be payable under this subsection to a Participant's Eligible Spouse (if any) who is entitled under Part B the Salaried Plan to the pre-retirement spouse's pension for survivors of vested terminated Employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.3 (with the 409A Pension, if any, determined after application of Section 5.6). If pursuant to this Section 4.6(b) a Participant has Pre-Retirement Spouse's coverage in effect for his Eligible Spouse, any Pension calculated for the Participant under Section 5.2(b) shall be reduced for each year such coverage is in effect by the applicable percentage set forth below (based on the Participant's age at the time the coverage is in effect) with a pro rata reduction for any portion of a year. No reduction shall be made for coverage in effect within the 90-day period following a Participant's termination of employment.

<u>Attained Age</u>	<u>Annual Charge</u>
Up to 35	.0%
35 – 39	.075%
40 – 44	.1%
45 – 49	.175%
50 – 54	.3%
55 – 59	.5%
60 – 64	.5%

4.7 Vesting: Subject to Section 8.7 (Section 457A), a Participant shall be fully vested in, and have a nonforfeitable right to, his Accrued Benefit at the time he becomes fully vested in his accrued benefit under Part B of the Salaried Plan.

4.8 Time of Payment: The distribution of a Participant's 409A Pension shall commence as of the time specified in Section 6.1, subject to Section 6.6. Any increase in a Participant's 409A Pension or Pre-409A Pension for interest due to a delay in payment, by application of Section 3.1(e) of Part A of the Salaried Plan (delay in payment) when calculating either portion of the Participant's Pension, shall accrue entirely under the 409A Program and be paid (subject to the last sentence of this Section) at the same time and in the same form that the Participant's 409A Pension is paid. Accordingly, if a Participant is entitled to an interest adjustment for a delay in payment of his Pre-409A Pension, such interest adjustment shall be limited to that which may be paid as part of the Participant's 409A Pension, consistent with 409A's payment rules and the limitation in the next sentence. Notwithstanding any provision of the Salaried Plan to the contrary, including such Section 3.1(e) of Part A, a Participant shall not receive interest for any delay in payment of his 409A Pension or Pre-409A Pension to the extent the delay is caused by the Participant or interest is prohibited by the terms of an Internal Revenue Service correction program regarding compliance with Code section 409A.

4.9 Cashout Distributions: Notwithstanding the availability or applicability of a different form of payment under Article VI, the following rules shall apply in the case of certain small benefit Annuity payments:

(a) Distribution of Participant's 409A Pension: If at a Participant's Annuity Starting Date the Actuarial Equivalent lump sum value of the Participant's 409A Pension is equal to or less than the Cashout Limit, the Plan Administrator shall distribute

to the Participant such lump sum value of the Participant's 409A Pension.

Notwithstanding the preceding sentence, for Annuity Starting Dates prior to December 1, 2012, a Participant shall be cashed out under this subsection if, at the Participant's Annuity Starting Date, the Actuarial Equivalent lump sum value of the Participant's PEP Pension is equal to or less than \$15,000.

(b) Distribution of Pre-Retirement Spouse's 409A Pension: If at the time payments are to commence to an Eligible Spouse under Section 4.6, the Actuarial Equivalent lump sum value of the PEP Pre-Retirement Spouse's 409A Pension to be paid is equal to or less than the Cashout Limit, the Plan Administrator shall distribute to the Eligible Spouse such lump sum value of the PEP Pre-Retirement Spouse's Pension that is subject to Section 409A. Notwithstanding the preceding sentence, for Annuity Starting Dates prior to December 1, 2012, an Eligible Spouse shall be cashed out under this subsection if the Actuarial Equivalent lump sum value of the Eligible Spouse's PEP Pre-Retirement Spouse's Pension is equal to or less than \$15,000.

(c) Special Cashout of 409A Vested Pensions: Notwithstanding subsection (a) above, the Plan Administrator shall have discretion under this subsection to cash out a 409A Vested Pension in a single lump sum prior to the date that would apply under subsection (a).

(1) The Plan Administrator shall have discretion under this subsection to cash out in a single lump sum any 409A Vested Pension that, as of December 1, 2012 – (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute

(as determined pursuant to the exercise of the Plan Administrator's discretion), with such cashout being made on December 1, 2012.

(2) The Plan Administrator shall also have discretion under this subsection to cash out in a single lump sum any 409A Vested Pension that, as of the first day of any month in 2013 or a later year specified by the Plan Administrator pursuant to the exercise of its discretion – (i) has not otherwise had its Annuity Starting Date occur, (ii) has an Actuarial Equivalent lump sum value that is equal to or less than the Cashout Limit as of such date, and (iii) is practicable to calculate and distribute (as determined pursuant to the exercise of the Plan Administrator's discretion), with such cashout being made on the first day of the month specified.

Not later than November 30, the Plan Administrator shall memorialize in writing the exercise of its discretion under this subsection to select Vested Pensions for cashout on December 1, 2012, through the creation of a written list (in either hard copy or electronic form) of Participants with 409A Vested Pensions who will be cashed out. In addition, not later than the day before the date specified pursuant to paragraph (2) above, the Plan Administrator shall memorialize in writing the exercise of its discretion under this subsection to select Vested Pensions for cashout on the specified date, through the creation of a written list (in either hard copy or electronic form) of Participants with 409A Vested Pensions who will be cashed out.

(d) Distribution of Pre-Retirement Domestic Partner's 409A Pension.

If at the time payments are to commence to an Eligible Domestic Partner under Section 4.12, the Actuarial Equivalent lump sum value of the Pre-Retirement Domestic Partner's

409A Pension to be paid is equal to or less than the Cashout Limit, the Plan Administrator shall distribute to the Eligible Domestic Partner such Actuarial Equivalent lump sum value of the Pre-Retirement Domestic Partner's Pension that is subject to Section 409A.

(e) Exceptions to the Availability of Cashout. Effective January 1, 2018, a cashout shall not be available with respect to a Participant who is eligible for either a "PEP Kicker" or a "Qualified Kicker" under a "Severance Program". For purposes of this Section 4.9, the quoted terms in the prior sentence shall have the meanings that they are assigned in Appendix Article E.

Any lump sum distributed under this section shall be in lieu of the Pension that otherwise would be distributable to the Participant, Eligible Spouse or Eligible Domestic Partner hereunder. The cashout provisions described in subsections (a) through (d) above are intended to be "limited cashout" features within the meaning of Treasury Regulation § 1.409A-3(j)(4)(v), and they shall be interpreted and applied consistently with this regulation. Accordingly, in determining if an applicable dollar limit is satisfied, a Participant's entire benefit under this Plan that is subject to Section 409A and all benefits subject to Section 409A under all other nonaccount balance plans (within the meaning of Treasury Regulation § 1.409A-1(c)(2)(i)(C)) shall be taken into account (the "accountable benefit"), and a Participant's entire accountable benefit must be cashed out as of the time in question as a condition to any payout under this Section. In addition, a cashout under this Section shall not cause an accountable benefit to be paid out before completing any applicable six-month delay (see, *e.g.*, Section 6.6). No Participant, Eligible Spouse or Eligible Domestic Partner shall be given a direct or indirect election with respect to whether the Participant's Vested Pension, Pre-Retirement Spouse's

409A Pension or Pre-Retirement Eligible Domestic Partner's 409A Pension will be cashed out under this section.

4.10 Reemployment of Certain Participants: In the case of a current or former Participant who is receiving his Pension as an Annuity under Section 6.1(b), and who is reemployed and is eligible to re-participate in Part B of the Salaried Plan after his Annuity Starting Date, payment of his 409A Pension will continue to be paid in the same form as it was paid prior to his reemployment. Any additional 409A Pension that is earned by the Participant shall be paid based on the Separation from Service that follows the Participant's re-employment.

4.11 Forfeiture of Benefits: Effective beginning with benefits accrued after December 31, 2008 ("Post-2008 Accruals"), and notwithstanding any other provision of this Plan to the contrary, if the Plan Administrator determines that a Participant has engaged in Prohibited Misconduct at any time prior to the second anniversary of his or her Separation from Service, the Participant shall forfeit all Post-2008 Accruals (whether paid previously, being paid currently or payable in the future), and his or her 409A Pension shall be adjusted to reflect such forfeiture and previously paid Post-2008 Accruals shall be recovered.

4.12 Pre-Retirement Domestic Partner's 409A Pension: A Pre-Retirement Domestic Partner's 409A Pension is payable under this section only in the event the Participant dies prior to his Annuity Starting Date under either the 409A Program or the Pre-409A Program. Any Pre-Retirement Domestic Partner's 409A Pension payable on behalf of a Participant shall commence on the first day of the month following the later of (i) the Participant's death and, (ii) the date the Participant attains or would have attained age 55. Subject to Section 4.9, any Pre-

Retirement Domestic Partner's 409A Pension shall continue monthly for the life of the Eligible Domestic Partner.

(a) Active, Disabled and Retired Employees: A Pre-Retirement Domestic Partner's 409A Pension shall be payable under this subsection to a Participant's Eligible Domestic Partner (if any) who is entitled under Part B of the Salaried Plan to the pre-retirement domestic partner's pension for survivors of active, disabled and retired employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.8 (with the 409A Pension, if any, determined after application of Section 5.6).

(b) Vested Employees: A Pre-Retirement Domestic Partner's 409A Pension shall be payable under this subsection to a Participant's Eligible Domestic Partner (if any) who is entitled under Part B of the Salaried Plan to the pre-retirement domestic partner's pension for survivors of vested terminated Employees. The amount (if any) of such Pension shall be determined in accordance with the provisions of Section 5.8 (with the 409A Pension, if any, determined after application of Section 5.6). If, pursuant to this Section 4.12(b), a Participant has Pre-Retirement Domestic Partner's Pension coverage in effect for his Eligible Domestic Partner, any Pension calculated for the Participant under Section 5.2(b) shall be reduced for each year such coverage is in effect by the applicable percentage set forth below (based on the Participant's age at the time the coverage is in effect) with a pro rata reduction for any portion of a year. No reduction shall be made for coverage in effect within the 180-day period following a Participant's termination of employment.

Attained Age	Annual Charge
Up to 35	.0%
35-39	.075%
40-44	.1%
45-49	.175%
50-54	.3%
55-59	.5%
60-64	.5%

ARTICLE V

Amount of Retirement Pension

When a 409A Pension becomes payable to or on behalf of a Participant under this Plan, the amount of such 409A Pension shall be determined under Section 5.1 or 5.3 (whichever is applicable), subject to any adjustments required under Sections 4.6(b) and 5.4 and subject to the freeze of the Plan described in Article I.

5.1 Participant's 409A Pension: Subject to Section 8.7 (Section 457A), a Participant's 409A Pension shall be determined as follows –

(a) Calculating the 409A Pension: A Participant's 409A Pension shall be calculated as follows (on the basis specified in subsection (b) below and using the definitions appearing in subsection (c) below):

(1) His Total Pension, reduced by

(2) His Salaried Plan Pension, and then further reduced by

(but not below zero)

(3) His Pre-409A Pension.

(b) Basis for Determining: The 409A Pension amount in subsection (a) above shall be determined on a basis that (i) takes into account applicable reductions for early or late commencement as of the Annuity Starting Date of the 409A Pension, (ii) reflects, if applicable and customary, the relative value of forms of payment, and (iii) otherwise adjusts the reductions in (a)(2) and (3) above to their Actuarial Equivalent, in each such respect as appropriate and customary under the circumstances and in accordance with rules authorized by the Plan Administrator, including to take account the time and form of any prior payments and to eliminate all duplication of benefits as

determined by the Plan Administrator, and (iii) effective for Annuity Starting Dates after December 31, 2018, allows a Participant's 409A Pension to provide a makeup (as appropriate under the circumstances under rules authorized by the Plan Administrator) for the application of early commencement reduction factors to the Participant's Pre-409A Pension that apply a greater early commencement reduction to such Pre-409A Pension than would apply under the 2019 Salaried Plan Factors (including with respect to any portion of the Participant's Pre-409A Pension that is derived from the PEP Guarantee).

(c) Definitions: The following definitions apply for purposes of this section.

(1) A Participant's "Total Pension" means the greater of:

(i) The amount of the Participant's pension determined under the terms of Part B of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.7(d) of Part B of the Salaried Plan (relating to benefits that are deferred beyond the Participant's Normal Retirement Date); or

(ii) The amount (if any) of the Participant's PEP Guarantee determined under Section 5.2.

As necessary to ensure the Participant's receipt of a "greater of" benefit, the foregoing comparison shall be made by reflecting, as applicable, the relative value of forms of payment.

(2) A Participant's "Salaried Plan Pension" means the amount of the Participant's pension determined under the terms of Part B of the Salaried Plan.

(3) A Participant's "Pre-409A Pension" means the amount of the Participant's pension determined under Section 5.6.

5.2 PEP Guarantee: A Participant who is eligible under subsection (a) below shall be entitled to a PEP Guarantee benefit determined under subsection (b) below. In the case of other Participants, the PEP Guarantee shall not apply.

(a) Eligibility: A Participant shall be covered by this section if the Participant has 1988 pensionable earnings from an Employer of at least \$75,000. For purposes of this section, "1988 pensionable earnings" means the Participant's remuneration for the 1988 calendar year, within the meaning of the Salaried Plan as in effect in 1988. "1988 pensionable earnings" does not include remuneration from an entity attributable to any period when that entity was not an Employer.

(b) PEP Guarantee Formula: The amount of a Participant's PEP Guarantee shall be determined under the applicable formula in paragraph (1), subject to the special rules in paragraph (2).

(1) Formulas: The amount of a Participant's Pension under this paragraph shall be determined in accordance with subparagraph (i) below. However, if the Participant was actively employed by the PepsiCo Organization in a classification eligible for the Salaried Plan prior to July 1, 1975, the amount of his Pension under this paragraph shall be the greater of the amounts

determined under subparagraphs (i) and (ii), provided that subparagraph (ii)(B) shall not apply in determining the amount of a Vested Pension.

(i) Formula A: The Pension amount under this subparagraph shall be:

(A) 3 percent of the Participant's Highest Average Monthly Earnings for the first 10 years of Credited Service, plus

(B) 1 percent of the Participant's Highest Average Monthly Earnings for each year of Credited Service in excess of 10 years, less

(C) 1-2/3 percent of the Participant's Primary Social Security Amount multiplied by years of Credited Service not in excess of 30 years.

In determining the amount of a Vested Pension under this Formula A, the Pension shall first be calculated on the basis of (I) the Credited Service the Participant would have earned had he remained in the employ of the Employer until his Normal Retirement Age, and (II) his Highest Average Monthly Earnings and Primary Social Security Amount at his Separation from Service, and then shall be reduced by multiplying the resulting amount by a fraction, the numerator of which is the Participant's actual years of Credited Service on his Separation from Service and the denominator of which is the years of Credited Service he would have

earned had he remained in the employ of an Employer until his Normal Retirement Age.

(ii) Formula B: The Pension amount under this subparagraph shall be the greater of (A) or (B) below:

(A) 1-1/2 percent of Highest Average Monthly Earnings times the number of years of Credited Service, less 50 percent of the Participant's Primary Social Security Amount, or

(B) 3 percent of Highest Average Monthly Earnings times the number of years of Credited Service up to 15 years, less 50 percent of the Participant's Primary Social Security Amount.

In determining the amount of a Disability Pension under Formula A or B above, the Pension shall be calculated on the basis of the Participant's Credited Service (determined in accordance with Section 3.3(c)(3) of Part B of the Salaried Plan), and his Highest Average Monthly Earnings and Primary Social Security Amount at the date of disability.

(2) Calculation: The amount of the PEP Guarantee shall be determined pursuant to paragraph (1) above, subject to the following special rules:

(i) Surviving Eligible Spouse's or Eligible Domestic Partner's Annuity: Subject to subparagraph (iii) below and the last sentence of this subparagraph, if the Participant has an Eligible Spouse or Eligible Domestic Partner, the Participant's Eligible Spouse or Eligible

Domestic Partner shall be entitled to receive a survivor annuity equal to 50 percent of the Participant's Annuity under this section, with no corresponding reduction in such Annuity for the Participant. Annuity payments to a surviving Eligible Spouse or Eligible Domestic Partner shall begin on the first day of the month coincident with or following the Participant's death and shall end with the last monthly payment due prior to the Eligible Spouse's or Eligible Domestic Partner's death. If the Eligible Spouse or Eligible Domestic Partner is more than 10 years younger than the Participant, the survivor benefit payable under this subparagraph shall be adjusted as provided below.

(A) For each full year more than 10 but less than 21 that the surviving Eligible Spouse or Eligible Domestic Partner is younger than the Participant, the survivor benefit payable to such Eligible Spouse or Eligible Domestic Partner shall be reduced by 0.8 percent.

(B) For each full year more than 20 that the surviving Eligible Spouse or Eligible Domestic Partner is younger than the Participant, the survivor benefit payable to such Eligible Spouse or Eligible Domestic Partner shall be reduced by an additional 0.4 percent.

(ii) Reductions: The following reductions shall apply in determining a Participant's PEP Guarantee.

(A) If the Participant will receive an Early Retirement Pension, the payment amount shall be reduced by 3/12ths of 1 percent for each month by which the benefit commencement date precedes the date the Participant would attain his Normal Retirement Date.

(B) If the Participant is entitled to a Vested Pension, the payment amount shall be reduced to the actuarial equivalent of the amount payable at his Normal Retirement Date (if payment commences before such date), and the Section 4.6(b) reductions for any Pre-Retirement Spouse's coverage and Section 4.12(b) reductions for any Pre-Retirement Domestic Partner's coverage shall apply.

(C) This clause applies if the Participant will receive his Pension in a form that provides an Eligible Spouse or Eligible Domestic Partner benefit, continuing for the life of the surviving Eligible Spouse or surviving Eligible Domestic Partner, that is greater than that provided under subparagraph (i). In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the actuarial equivalent of the Pension otherwise payable under the foregoing provisions of this section.

(D) This clause applies if the Participant will receive his Pension in a form that provides a survivor annuity for a

beneficiary who is not his Eligible Spouse or Eligible Domestic Partner. In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the actuarial equivalent of a Single Life Annuity for the Participant's life.

(E) This clause applies if the Participant will receive his Pension in an Annuity form that includes inflation protection described in Section 6.2(b). In this instance, the Participant's Pension under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the actuarial equivalent of the elected Annuity without such protection.

(iii) Lump Sum Conversion: The amount of the Retirement Pension determined under this section for a Participant whose Retirement Pension will be distributed in the form of a lump sum shall be the actuarial equivalent of the Participant's PEP Guarantee determined under this section, taking into account the value of any survivor benefit under subparagraph (i) above and any early retirement reductions under subparagraph (ii)(A) above.

For purposes of this paragraph (2), actuarial equivalence shall be determined taking into account the PEP Guarantee's purpose to preserve substantially the value of a benefit under the pre-1989 terms of the Plan and the 409A Plan's design that offers alternative annuities that are considered actuarial equivalent

for purposes of Section 409A (taking into account, without limitation, the special rule for subsidized joint and survivor annuities in Treasury Regulation § 1.409A-3(b)(ii)(C)).

5.3 Amount of Pre-Retirement Spouse's 409A Pension: The monthly amount of the Pre-Retirement Spouse's 409A Pension payable to a surviving Eligible Spouse under Section 4.6 shall be determined under subsection (a) below.

(a) Calculation: An Eligible Spouse's Pre-Retirement Spouse's 409A Pension shall be equal to:

(1) The Eligible Spouse's Total Pre-Retirement Spouse's Pension, reduced by

(2) The Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension, and then further reduced by (but not below zero)

(3) The Eligible Spouse's Pre-Retirement Spouse's Pension derived from the Pre-409A Program.

(b) Basis for Determining: The Pre-Retirement Spouse's 409A Pension amount in subsection (a) above shall be determined on a basis (i) that takes into account applicable reductions for early or late commencement, and (ii) otherwise adjusts the reductions in (a)(2) and (3) above to their Actuarial Equivalent as appropriate under the circumstances and pursuant to rules of the Plan Administrator, including to take account the time and form of any prior payments.

(c) Definitions: The following definitions apply for purposes of this section.

(1) An Eligible Spouse's "Total Pre-Retirement Spouse's Pension" means the greater of:

(i) The amount of the Eligible Spouse's pre-retirement spouse's pension determined under the terms of Part B of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.7(d) of Part B of the Salaried Plan; or

(ii) The amount (if any) of the Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension determined under subsection (c).

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall be calculated as if payable as of what would be the Normal Retirement Date of the Participant related to the Eligible Spouse. The greater benefit determined under the prior sentence shall then be reduced/increased for commencement before/after, as applicable, such Normal Retirement Date.

(2) An "Eligible Spouse's Salaried Plan Pre-Retirement Spouse's Pension" means the amount of the Eligible Spouse's Pre-Retirement Spouse's Pension determined under the terms of the Salaried Plan.

(3) An "Eligible Spouse's Pre-Retirement Spouse's Pension derived from the Pre-409A Program" means the amount of the Eligible Spouse's Pre-Retirement Spouse's Pension determined under the terms of the Pre-409A Program.

(c) PEP Guarantee Pre-Retirement Spouse's Pension: An Eligible Spouse's PEP Guarantee Pre-Retirement Spouse's Pension shall be determined in accordance with paragraph (1) or (2) below, whichever is applicable, with reference to the PEP Guarantee (if any) that would have been available to the Participant under Section 5.2.

(1) Normal Rule: The Pre-Retirement Spouse's Pension payable under this paragraph shall be equal to the amount that would be payable as a survivor annuity, under a Qualified Joint and Survivor Annuity, if the Participant had:

(i) Separated from Service on the date of death (or, if earlier, his actual Separation from Service);

(ii) Commenced a Qualified Joint and Survivor Annuity on the same date payments of the Qualified Pre-Retirement Spouse's Pension are to commence; and

(iii) Died on the day immediately following such commencement.

(2) Special Rule for Active and Disabled Employees: Notwithstanding paragraph (1) above, the Pre-Retirement Spouse's Pension paid on behalf of a Participant described in Section 4.6(a) shall not be less than an amount equal to 25 percent of such Participant's PEP Guarantee determined under Section 5.2. For this purpose, Credited Service shall be determined as provided in Section 3.3(c)(2) of Part B the Salaried Plan, and the deceased Participant's Highest Average Monthly Earnings, Primary Social Security Amount

and Covered Compensation shall be determined as of his date of death. A Pre-Retirement Spouse's Pension under this paragraph is not reduced for early commencement.

Principles similar to those applicable under – (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-Retirement Spouse's 409A Pension under this section.

5.4 Certain Adjustments: Pensions determined under the foregoing sections of this Article are subject to adjustment as provided in this section. For purposes of this section, "specified plan" shall mean the Salaried Plan or a nonqualified pension plan similar to this Plan. A nonqualified pension plan is similar to this Plan if it is sponsored by a member of the PepsiCo Organization and if its benefits are not based on participant pay deferrals.

(a) Adjustments for Rehired Participants: This subsection shall apply to a current or former Participant who is reemployed after his Annuity Starting Date and whose benefit under the Salaried Plan is recalculated based on an additional period of Credited Service. In the event of any such recalculation, the Participant's PEP Pension shall also be recalculated hereunder to the maximum extent permissible under Section 409A. For this purpose and to the maximum extent permissible under Section 409A, the PEP Guarantee under Section 5.2 is adjusted for in-service distributions and prior distributions in the same manner as benefits are adjusted under the Salaried Plan, but by taking into account benefits under this Plan and any specified plans.

(b) Adjustment for Increased Pension Under Other Plans: If the benefit paid under a specified plan on behalf of a Participant is increased after PEP benefits on his behalf have been determined (whether the increase is by order of a

court, by agreement of the plan administrator of the specified plan, or otherwise), then the PEP benefit for the Participant shall be recalculated to the maximum extent permissible under Section 409A. If the recalculation identifies an overpayment hereunder, the Plan Administrator shall take such steps as it deems advisable to recover the overpayment. It is specifically intended that there shall be no duplication of payments under this Plan and any specified plans to the maximum extent permissible under Section 409A.

(c) No Benefit Offsets That Would Violate Section 409A. Effective as of January 1, 2009, if a Participant has earned a benefit under a plan maintained by a member of the PepsiCo Organization that is a “qualifying plan” for purposes of the “Non-Duplication” rule in Section 3.8 of Part A of the Salaried Plan and the “Transfers and Non-Duplication” rule in Section 3.5 of Part B of the Salaried Plan, such Transfers and Non-Duplication rules shall apply when calculating the Participant’s Total Pension under Section 5.1(c)(1) above only to the extent the application of such rule to the Participant’s 409A Pension will not result in a change in the time or form of payment of such pension that is prohibited by Section 409A. For purposes of the limit on offsets in the preceding sentence, it is the Company’s intent to undertake to make special arrangements with respect to the payment of the benefit under the qualifying plan that are legally permissible under the qualifying plan and compliant with Section 409A, in order to avoid such a change in time or form of payment to the maximum extent possible; to the extent that Section 409A compliant special arrangements are timely put into effect in a particular situation, the limit on offsets in the prior sentence will not apply.

5.5 Excludable Employment: An executive who has signed a written agreement with the Company pursuant to which the individual either (i) waives eligibility under the Plan (even if the individual otherwise meets the definition of Employee under the Plan), or (ii) agrees not to participate in the Plan, shall not thereafter become entitled to a benefit or to any increase in benefits in connection with such employment (whichever applies). Written agreements may be entered into either before or after the executive becomes eligible for or begins participation in the Plan, and such written agreement may take any form that is deemed effective by the Company. This Section 5.5 shall apply with respect to agreements that are entered into on or after January 1, 2009.

5.6 Pre-409A Pension: A Participant's Pre-409A Pension is the portion of the Participant's Pension that is grandfathered under Treasury Regulation § 1.409A-6(a)(3)(i) and (iv). Principles similar to those applicable under – (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-409A Pension under this section.

5.7 Offsets: Notwithstanding any other provision of the Plan, the Company may reduce the amount of any payment or benefit that is or would be payable to or on behalf of a Participant by the amount of any obligation of the Participant to the Company that is or becomes due and payable, provided that (1) the obligation of the Participant to the Company was incurred during the employment relationship, (2) the reduction during any Plan Year may not exceed the amount allowed under Code Section 409A and (3) the reduction is made at the same time and in the same amount as the obligation otherwise would have been due and collectable from the Participant. In addition, in the event a Participant has earned a 409A Benefit (a "Prior 409A Benefit") that was paid before, or will become payable either before or under different payment terms than, an additional 409A Benefit for the Participant, the

calculation of the Participant's additional 409A Benefit shall include an offset for the Prior 409A Benefit. This offset shall be determined as of the Annuity Starting Date of the additional 409A Benefit on a basis that (i) takes into account applicable reductions for early or late commencement as of the Annuity Starting Date of the additional 409A Pension, (ii) reflects, if applicable and customary, the relative value of forms of payment, and (iii) otherwise adjusts the offset to its Actuarial Equivalent, in each such respect as appropriate and customary under the circumstances and in accordance with rules authorized by the Plan Administrator. Therefore, by way of example, but not by way of limitation, when pursuant to Section 4.5 a Participant is entitled to Post-Disability Accruals after having become entitled to Pre-Separation Accruals, such an offset of the Pre-Separation Accruals will apply in determining the Post-Disability Accruals.

5.8 Amount of Pre-Retirement Domestic Partner's Pension: The monthly amount of the Pre-Retirement Domestic Partner's 409A Pension payable to a surviving Eligible Domestic Partner under Section 4.12 shall be determined under subsection (a) below.

(a) Calculation: An Eligible Domestic Partner's Pre-Retirement Domestic Partner's 409A Pension shall be equal to:

(1) The Eligible Domestic Partner's Total Pre-Retirement Domestic Partner's Pension, reduced by

(2) The Eligible Domestic Partner's Salaried Plan Pre-Retirement Domestic Partner's Pension, and then further reduced by (but not below zero)

(3) The Eligible Domestic Partner's Pre-Retirement Domestic Partner's Pension derived from the Pre-409A Program.

(b) Basis for Determining: The Pre-Retirement Domestic Partner's 409A Pension amount in subsection (a) above shall be determined on a basis (i) that takes into account applicable reductions for early or late commencement, and (ii) otherwise adjusts the reductions in (a)(2) and (3) above to their Actuarial Equivalent as appropriate under the circumstances and pursuant to rules of the Plan Administrator, including to take account the time and form of any prior payments.

(c) Definitions: The following definitions apply for purposes of this section:

(1) An Eligible Domestic Partner's "Total Pre-Retirement Domestic Partner's Pension" means the greater of:

(i) The amount of the Eligible Domestic Partner's pre-retirement domestic partner's pension determined under the terms of the Salaried Plan, but without regard to: (A) the limitations imposed by sections 401(a)(17) and 415 of the Code (as such limitations are interpreted and applied under the Salaried Plan), and (B) the actuarial adjustment under Section 5.7(d) of Part B of the Salaried Plan, or

(ii) The amount (if any) of the Eligible Domestic Partner's PEP Guarantee Pre-Retirement Domestic Partner's 409A Pension determined under subsection (c).

In making this comparison, the benefits in subparagraphs (i) and (ii) above shall be calculated as if payable as of what would be the Normal Retirement Date of the Participant related to the Eligible Domestic Partner. The greater benefit

determined under the prior sentence shall then be reduced/increased for commencement before/after, as applicable, such Normal Retirement Date.

(2) An “Eligible Domestic Partner’s Salaried Plan Pre-Retirement Domestic Partner’s Pension” means the amount of the Eligible Domestic Partner’s Pre-Retirement Domestic Partner’s Pension determined under the terms of the Salaried Plan.

(3) An “Eligible Domestic Partner’s Pre-Retirement Domestic Partner’s Pension derived from the Pre-409A Program” means the amount of the Eligible Domestic Partner’s Pre-Retirement Domestic Partner’s Pension determined under the terms of the Pre-409A Program

(c) PEP Guarantee Pre-Retirement Domestic Partner’s Pension: An Eligible Domestic Partner’s PEP Guarantee Pre-Retirement Domestic Partner’s 409A Pension shall be determined in accordance with paragraph (1) or (2) below, whichever is applicable, with reference to the PEP Guarantee (if any) that would have been available to the Participant under Section 5.2.

(1) Normal Rule: The Pre-Retirement Domestic Partner’s 409A Pension payable under this paragraph shall be equal to the amount that would be payable as a survivor annuity, under a Qualified Joint and Survivor Annuity, if the Participant had:

(i) Separated from Service on the date of death (or, if earlier, his actual Separation from Service);

(ii) Commenced a Qualified Joint and Survivor Annuity on the same date payments of the Qualified Pre- Retirement Domestic Partner's Pension are to commence; and

(iii) Died on the day immediately following such commencement.

(2) Special Rule for Active and Disabled Employees:

Notwithstanding paragraph (1) above, the Pre-Retirement Domestic Partner's 409A Pension paid on behalf of a Participant described in Section 4.6(a) shall not be less than an amount equal to 25 percent of such Participant's PEP Guarantee determined under Section 5.2. For this purpose, Credited Service shall be determined as provided in Section 3.3(c)(2) of the Salaried Plan, and the deceased Participant's Highest Average Monthly Earnings, Primary Social Security Amount and Covered Compensation shall be determined as of his date of death. A Pre-Retirement Domestic Partner's 409A Pension under this paragraph is not reduced for early commencement.

Principles similar to those applicable under (i) Section 5.1(b), and (ii) the last sentence of Section 5.2(b)(2) shall apply in determining the Pre-Retirement Domestic Partner's 409A Pension under this section.

ARTICLE VI

Distribution of Benefits

The terms of this Article govern (i) the distribution of benefits to a Participant who becomes entitled to a 409A Pension, and (ii) the continuation of benefits (if any) to such Participant's beneficiary following the Participant's death. A Pre-Retirement Spouse's Pension or Pre-Retirement Domestic Partner's Pension derived from the 409A Program shall be payable as an Annuity for the life of the Eligible Spouse or Eligible Domestic Partner, as applicable, in all cases, subject to Section 4.9 (cashout distributions). The distribution of a Pre-409A Pension is governed by the terms of the Pre-409A Program.

6.1 Form and Timing of Distributions: Benefits under the 409A Program shall be distributed as follows:

(a) 409A Retirement Pension: The following rules govern the distribution of a Participant's 409A Retirement Pension:

(1) Generally: A Participant's 409A Retirement Pension shall be distributed as a Single Lump Sum on the first day of the month that is coincident with or next follows the Participant's Retirement Date, subject to paragraph (2) and Section 6.6 (delay for Key Employees).

(2) Prior Payment Election: Notwithstanding paragraph (1), a Participant who is entitled to a 409A Retirement Pension and who made an election (i) up to and including December 31, 2007, and (ii) at least six months prior to and in a calendar year prior to the Participant's Annuity Starting Date shall receive his benefit in accordance with such payment election. A payment election allowed a Participant to choose either (i) to receive a distribution of his

benefit in an Annuity form, (ii) to commence distribution of his benefit at a time other than as provided in paragraph 6.1(a)(1), or both (i) and (ii). A payment election made by a Participant who is only eligible to receive a Vested Pension on his Separation from Service shall be disregarded. Subject to Section 4.9 (cashouts), a Participant who has validly elected to receive an Annuity shall receive his benefit as a Qualified Joint and Survivor Annuity if he is married or as a Single Life Annuity if he is unmarried, unless he elects one of the optional forms of payment described in Section 6.2 in accordance with the election procedures in Section 6.3(a). A Participant shall be considered married if he is married on his Annuity Starting Date (with such Annuity Starting Date determined taking into account any election applicable under this subsection). To the extent a Participant's benefit commences later than it would under paragraph 6.1(a)(1) as a result of an election under this paragraph 6.1(a)(2), the Participant's benefit will be increased for earnings at the interest rate used to compute the Actuarial Equivalent lump sum value through the date the check for payment is prepared, which interest shall be paid at the time elected by the Participant under this paragraph 6.1(a)(2).

(b) 409A Vested Pension: Subject to Section 4.9, Section 6.6 and subsection (c) below, a Participant's 409A Vested Pension shall be distributed in accordance with paragraph (1) or (2) below, unless, in the case of a Participant who is married (as determined under the standards in paragraph 6.1(a)(2), above) or has an Eligible Domestic Partner on his Annuity Starting Date, he elects one of the optional

forms of payment distributions in Section 6.2 in accordance with the election procedures in Section 6.3(a):

(1) Separation Prior to Age 55: In the case of a Participant who Separates from Service with at least five years of Service prior to attaining age 55, the Participant's 409A Vested Pension shall be distributed as an Annuity commencing on the first of the month that is coincident with or immediately follows the date he attains age 55, which shall be the Annuity Starting Date of his 409A Vested Pension. A distribution under this subsection shall be in the form of a Qualified Joint and Survivor Annuity if the Participant is married or as a Single Life Annuity if he is not married; provided that an unmarried Participant who has an Eligible Domestic Partner may elect a 50% Survivor Annuity or 75% Survivor Annuity with his Eligible Domestic Partner as his beneficiary as provided in Section 6.2. A Participant shall be considered married or to have an Eligible Domestic Partner for purposes of this paragraph if he is married or has an Eligible Domestic Partner on the Annuity Starting Date of his 409A Vested Pension.

(2) Separation at Ages 55 Through 64: In the case of a Participant who Separates from Service with at least five years but less than ten years of Service and on or after attaining age 55 but prior to attaining age 65, the Participant's 409A Vested Pension shall be distributed as an Annuity (as provided in paragraph (1) above) commencing on the first of the month that follows his Separation from Service.

(c) Disability Pension: The portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals shall be paid on the first day of the month following the later of (i) the Participant's attainment of age 55 and (ii) the Participant's Separation from Service. The available forms of payment for the portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals (as defined in Section 4.5) shall be those forms available to a Participant who is entitled to a Vested Pension or a Retirement Pension, as set forth in Section 6.2, below (including, to the extent applicable, the different forms available to a married Participant / Participant with a domestic partner versus a single Participant). The portion of a Participant's 409A Disability Pension representing Post-LTD Accruals shall be paid on the first day of the month following the Participant's attainment of age 65 in a lump sum.

6.2 Available Forms of Payment: This section sets forth the payment options available to a Participant who is entitled to a Retirement Pension under paragraph 6.1(a)(2) above or a Vested Pension under subsection 6.1(b) above.

(a) Basic Forms: A Participant who is entitled to a Retirement Pension may choose one of the following optional forms of payment by making a valid election in accordance with the election procedures in Section 6.3(a). A Participant who is entitled to a Vested Pension and who is married on his Annuity Starting Date may choose one of the optional forms of payment available under paragraph (1), (2)(ii) or (2)(iii) below with his Eligible Spouse as his beneficiary (and no other optional form of payment available under this subsection (a) shall be permitted to such a Participant). A Participant who is entitled to a Vested Pension, who is not married and who has an Eligible Domestic Partner on his Annuity Starting Date may choose one of the optional

forms available under paragraph (2)(ii) or (2)(iii) below with his Eligible Domestic Partner as his beneficiary (and no other optional forms of payment available under this subsection shall be permitted to such a Participant). A Participant who is entitled to a Vested Pension and who is not married and does not have an Eligible Domestic Partner on his Annuity Starting Date shall receive a Single Life Annuity. Each optional annuity is the actuarial equivalent of the Single Life Annuity:

(1) Single Life Annuity Option: A Participant may receive his 409A Pension in the form of a Single Life Annuity, which provides monthly payments ending with the last payment due prior to his death.

(2) Survivor Options: A Participant may receive his 409A Pension in accordance with one of the following survivor options:

(i) 100 Percent Survivor Option: The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the same reduced amount shall continue after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(ii) 75 Percent Survivor Option: The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 75 percent of such reduced 409A Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of

the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death.

(iii) 50 Percent Survivor Option: The Participant shall receive a reduced 409A Pension payable for life, ending with the last monthly payment due prior to his death. Payments in the amount of 50 percent of such reduced 409A Pension shall be continued after the Participant's death to his beneficiary for life, beginning on the first day of the month coincident with or following the Participant's death and ending with the last monthly payment due prior to the beneficiary's death. A 50 percent survivor option under this paragraph shall be a Qualified Joint and Survivor Annuity if the Participant's beneficiary is his Eligible Spouse.

(iv) Ten Years Certain and Life Option: The Participant shall receive a reduced 409A Pension which shall be payable monthly for his lifetime but for not less than 120 months. If the retired Participant dies before 120 payments have been made, the monthly 409A Pension amount shall be paid for the remainder of the 120 month period to the Participant's primary beneficiary (or if the primary beneficiary has predeceased the Participant, the Participant's contingent beneficiary).

(b) Inflation Protection: The following levels of inflation protection may be provided to any Participant who elects to receive all or a part of his 409A Retirement Pension as an Annuity:

(1) 5 Percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 5 percent. The amount of the increase shall be the difference between inflation in the prior year and 5 percent.

(2) 7 Percent Inflation Protection: A Participant's monthly benefit shall be initially reduced, but thereafter shall be increased if inflation in the prior year exceeds 7 percent. The amount of the increase shall be the difference between inflation in the prior year and 7 percent.

Benefits shall be subject to increase in accordance with this subsection each January 1, beginning with the second January 1 following the Participant's Annuity Starting Date. The amount of inflation in the prior year shall be determined based on inflation in the 12-month period ending on September 30 of such year, with inflation measured in the same manner as applies on the Effective Date for adjusting Social Security benefits for changes in the cost of living. Inflation protection that is in effect shall carry over to any survivor benefit payable on behalf of a Participant, and shall increase the otherwise applicable survivor benefit as provided above. Any election by a Participant to receive inflation protection shall be irrevocable by such Participant or his surviving beneficiary.

6.3 Procedures for Elections: This section sets forth the procedures for making Annuity Starting Date elections (*i.e.*, elections under Section 6.2). Subsection (a) sets forth the procedures for making a valid election of an optional form of payment under Section 6.2 and subsection (b) includes special rules for Participants with multiple Annuity Starting Dates. An election under this Article VI shall be treated as received on a particular day if it is: (i) postmarked that day, or (ii) actually received by the Plan Administrator on that day.

Receipt under (ii) must occur by the close of business on the date in question, which time is to be determined by the Plan Administrator. Spousal consent is not required for an election to be valid.

(a) Election of an Optional Form of Payment: To be valid, an election of an optional form of Annuity under Section 6.2, for (i) a Participant's 409A Retirement Pension (if a proper election was made under paragraph 6.1(a)(2)) or (ii) a Participant's 409A Vested Terminated Pension, must be in writing, signed by the Participant, and received by the Plan Administrator at least one day prior to the Annuity Starting Date that applies to the Participant's Pension in accordance with Section 6.1. In addition, an election under this subsection must specify one of the optional forms of payment available under Section 6.2 and a beneficiary, if applicable, in accordance with Section 6.5 below. To the extent permitted by the Plan Administrator, an election made through electronic media shall be considered to satisfy the requirement for a written election, and an electronic affirmation of such an election shall be considered to satisfy the requirement for a signed election.

(b) Multiple Annuity Starting Dates: When amounts become payable to a Participant in accordance with Article IV, they shall be payable as of the Participant's Annuity Starting Date and the election procedures (in this section and Sections 6.1 and 6.5) shall apply to all of the Participant's unpaid accruals as of such Annuity Starting Date, with the following exception. In the case of a Participant who is rehired after his initial Annuity Starting Date and who (i) is currently receiving an Annuity that remained in pay status upon rehire, or (ii) was previously paid a lump sum distribution (other than a cashout distribution described in Section 4.9(a)), the

Participant's subsequent Annuity Starting Date (as a result of his subsequent Separation from Service), and the election procedures at such subsequent Annuity Starting Date, shall apply only to the portion of his benefit that accrues after his rehire. Any prior accruals that remain to be paid as of the Participant's subsequent Annuity Starting Date shall continue to be payable in accordance with the elections made at his initial Annuity Starting Date.

(c) Determination of Marital Status. Effective January 1, 2014, in any case in which the form of payment of a Participant's 409A Pension is determined by his marital status on his Annuity Starting Date, the Plan Administrator shall assume the Participant is unmarried on his Annuity Starting Date unless the Participant provides notice to the Plan prior to his Annuity Starting Date, which is deemed sufficient and satisfactory by the Plan Administrator, that he is married. The Participant shall give such notification to the Plan Administrator when he makes the election described in subsection (a) above or in accordance with such other procedures that are established by the Plan Administrator for this purpose (if any). Notwithstanding the two prior sentences, the Plan Administrator may adopt rules that provide for a different outcome than specified above.

6.4 Special Rules for Survivor Options: The following special rules shall apply for the survivor options available under Section 6.2.

(a) Effect of Certain Deaths: If a Participant makes an election under Section 6.3(a) to receive his 409A Retirement Pension in the form of an optional Annuity that includes a benefit for a surviving beneficiary under Section 6.2 and the Participant or his beneficiary (beneficiaries in the case of the optional form of payment in Section

6.2(a)(2)(iv)) dies prior to the Annuity Starting Date of such Annuity, the election shall be disregarded. If the Participant dies after this Annuity Starting Date but before his 409A Retirement Pension actually commences, the election shall be given effect and the amount payable to his surviving Eligible Spouse, Eligible Domestic Partner or other beneficiary (as applicable) shall commence on the first day of the month following his death (any back payments due the Participant shall be payable to his estate). In the case of a Participant who has elected the form of payment described in Section 6.2(a)(2)(iv), if such Participant: (i) dies after his Annuity Starting Date, (ii) without a surviving primary or contingent beneficiary, and (iii) before receiving 120 payments under the form of payment, then the remaining payments due under such form of payment shall be paid to the Participant's estate. If payments have commenced under such form of payment to a Participant's primary or contingent beneficiary and such beneficiary dies before payments are completed, then the remaining payments due under such form of payment shall be paid to such beneficiary's estate.

(b) Beneficiary Who Is Not an Eligible Spouse or Eligible Domestic

Partner: If a Participant's beneficiary is not his Eligible Spouse or Eligible Domestic Partner, he may not elect:

- (1) The 100 percent survivor option described in Section 6.2(a)(2)(i) if his beneficiary is more than 10 years younger than he is, or
- (2) The 75 percent survivor option described in Section 6.2(a)(2)(ii) if his beneficiary is more than 19 years younger than he is.

6.5 Designation of Beneficiary: A Participant who has elected under Section 6.2 to receive all or part of his Retirement Pension in a form of payment that includes a survivor

option shall designate a beneficiary who will be entitled to any amounts payable on his death. Such designation shall be made on the election form used to choose such optional form of payment or an approved election form filed under the Salaried Plan, whichever is applicable. In the case of the survivor option described in Section 6.2(a)(2)(iv), the Participant shall be entitled to name both a primary beneficiary and a contingent beneficiary. A Participant (whether active or former) shall have the right to change or revoke his beneficiary designation at any time prior to his Annuity Starting Date. The designation of any beneficiary, and any change or revocation thereof, shall be made in accordance with rules adopted by the Plan Administrator. A beneficiary designation shall not be effective unless and until filed with the Plan Administrator. If no beneficiary is properly designated and a Participant's elects a survivor's option described in Section 6.2(a)(2), the Participant's beneficiary shall be his Eligible Spouse or Eligible Domestic Partner, as applicable. A Participant entitled to a Vested Pension does not have the right or ability to name a beneficiary; if the Participant is permitted under Section 6.2 to elect an optional form of payment, then his beneficiary shall be his Eligible Spouse or Eligible Domestic Partner, as applicable, on his Annuity Starting Date.

6.6 Required Delay for Key Employees: Notwithstanding Section 6.1 above, if a Participant is classified as a Key Employee upon his Separation from Service (or at such other time for determining Key Employee status as may apply under Section 409A), then distributions to the Participant shall commence as follows:

(a) Distribution of a Retirement Pension: In the case of a Key Employee Participant who is entitled to a 409A Retirement Pension, distributions shall commence on the earliest first of the month that is at least six months after the date the Participant Separates from Service (or, if earlier, the Participant's death). For periods

before 2009, commencement of distributions, however, shall not be delayed under the preceding sentence if the Participant's 409A Retirement Pension commences at the same time as his pension under the Salaried Plan in accordance with Section 6.1(b)(3)(i).

(b) Distribution of a Vested Pension. In the case of a Participant who is entitled to a 409A Vested Pension, distributions shall commence as provided in Section 6.1(b), or if later, on the earliest first of the month that is at least six months after the Participant's Separation from Service (or, if earlier, the Participant's death). For periods before 2009, commencement of distributions, however, shall not be delayed under the preceding sentence if the Participant's 409A Vested Pension commences at the same time as his pension under the Salaried Plan in accordance with Section 6.1(b)(3)(i).

(c) Interest Paid for Delay. Any payments to the Participant that are delayed in accordance with the provisions of this Section 6.6 shall be increased for earnings at the interest rate used to compute the Actuarial Equivalent lump sum value through the date the check for payment is prepared, with such delayed payment and accumulated interest paid as a lump sum payment to the Participant on the date payment occurs in accordance with subsection (a) or (b) above, whichever is applicable. If a Participant's beneficiary or estate is paid under subsection (a) or (b) above as a result of his death, then any payments that would have been made to the Participant and that were delayed in accordance with the provisions of this Section 6.6 shall be paid as otherwise provided in the Plan, with interest at the rate specified in the preceding sentence through the date the check for payment is prepared.

6.7 Payment of FICA and Related Income Taxes: As provided in subsections (a) through (c) below, a portion of a Participant's 409A Pension shall be paid as a single lump sum and remitted directly to the Internal Revenue Service ("IRS") in satisfaction of the Participant's FICA Amount and the related withholding of income tax at source on wages (imposed under Code Section 3401 or the corresponding withholding provisions of the applicable state, local or foreign tax laws as a result of the payment of the FICA Amount) and the additional withholding of income tax at source on wages that is attributable to the pyramiding of wages and taxes.

(a) Timing of Payment: As of the date that the Participant's FICA Amount and related income tax withholding are due to be deposited with the IRS, a lump sum payment equal to the Participant's FICA Amount and any related income tax withholding shall be paid from the Participant's 409A Pension and remitted to the IRS (or other applicable tax authority) in satisfaction of such FICA Amount and income tax withholding related to such FICA Amount. The classification of a Participant as a Key Employee (as defined in Section 2.1) shall have no effect on the timing of the lump sum payment under this subsection (a).

(b) Reduction of 409A Pension. To reflect the payment of a Participant's FICA Amount and any related income tax liability, the Participant's 409A Pension shall be reduced, effective as of the date for payment of the lump sum in accordance with subsection (a) above, with such reduction being the Actuarial Equivalent of the lump sum payment used to satisfy the Participant's FICA Amount and related income tax withholding. It is expressly contemplated that this reduction may

occur effective as of a date that is after the date payment of a Participant's 409A Pension commences.

(A) No Effect on Commencement of 409A Pension. The Participant's 409A Pension shall commence in accordance with the terms of this Plan. The lump sum payment to satisfy the Participant's FICA Amount and related income tax withholding shall not affect the time of payment of the Participant's actuarially reduced 409A Pension, including not affecting any required delay in payment to a Participant who is classified as a Key Employee.

ARTICLE VII

Administration

7.1 Authority to Administer Plan: The Plan shall be administered by the Plan Administrator, which shall have the authority to interpret the Plan and issue such regulations as it deems appropriate. The Plan Administrator shall maintain Plan records and make benefit calculations, and may rely upon information furnished it by the Participant in writing, including the Participant's current mailing address, age and marital status. The Plan Administrator's interpretations, determinations, regulations and calculations shall be final and binding on all persons and parties concerned. Neither the Company nor the Plan Administrator shall be a fiduciary of the Plan, and any restrictions that might apply to a party in interest under section 406 of ERISA shall not apply under the Plan, including with respect to the Company or the Plan Administrator.

7.2 Facility of Payment: Whenever, in the Plan Administrator's opinion, a person entitled to receive any payment of a benefit or installment thereof hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Plan Administrator may make payments to such person or to the legal representative of such person for his benefit, or the Plan Administrator may apply the payment for the benefit of such person in such manner as it considers advisable. Any payment of a benefit or installment thereof in accordance with the provisions of this section shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

7.3 Claims Procedure: The Plan Administrator, or a party designated by the Plan Administrator, shall have the exclusive discretionary authority to construe and to interpret

the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits. As a result, benefits under this Plan will be paid only if the Plan Administrator decides in its discretion that the Participant (or other applicant) is entitled to them. Any decisions or determinations hereunder shall be made in the absolute and unrestricted discretion of the Plan Administrator, even if (i) such discretion is not expressly granted by the Plan provisions in question, or (ii) a decision or determination is not expressly called for by the Plan provisions in question, and even though other Plan provisions expressly grant discretion or expressly call for a decision or determination. All decisions and determinations made by the Plan Administrator will be final, conclusive, and binding on all parties. The Plan Administrator may consider the intent of the Company with respect to a Plan provision in making any determination with respect to the provision, notwithstanding the provisions set forth in any document that arguably do not contemplate considering such intent. The Plan Administrator's discretion is absolute, and in any case where the breadth of the Plan Administrator's discretion is at issue, it is expressly intended that the Plan Administrator (or its delegate) be accorded the maximum possible discretion. Any exercise by the Plan Administrator of its discretionary authority shall be reviewed by a court under the arbitrary and capricious standard (i.e., abuse of discretion). If, pursuant to this discretionary authority, an assertion of any right to a benefit by or on behalf of a Participant or beneficiary (a "claimant") is wholly or partially denied, the Plan Administrator, or a party designated by the Plan Administrator, will provide such claimant within the 90-day period following the receipt of the claim by the Plan Administrator, a comprehensible written notice setting forth:

- (a) The specific reason or reasons for such denial;

(b) Specific reference to pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to submit to perfect the claim and an explanation of why such material or information is necessary; and

(d) A description of the Plan's claim review procedure (including the time limits applicable to such process and a statement of the claimant's right to bring a civil action under ERISA following a further denial on review).

If the Plan Administrator determines that special circumstances require an extension of time for processing the claim it may extend the response period from 90 to 180 days. If this occurs, the Plan Administrator will notify the claimant before the end of the initial 90-day period, indicating the special circumstances requiring the extension and the date by which the Plan Committee expects to make the final decision. The claim review procedure is available upon written request by the claimant to the Plan Administrator, or the designated party, within 60 days after receipt by the claimant of written notice of the denial of the claim. Upon review, the Plan Administrator shall provide the claimant a full and fair review of the claim, including the opportunity to submit to the Plan Administrator comments, document, records and other information relevant to the claim and the Plan Administrator's review shall take into account such comments, documents, records and information regardless of whether it was submitted or considered at the initial determination. The decision on review will be made within 60 days after receipt of the request for review, unless circumstances warrant an extension of time not to exceed an additional 60 days. If this occurs, notice of the extension will be furnished to the claimant before the end of the initial 60-day period, indicating the special circumstances

requiring the extension and the date by which the Plan Administrator expects to make the final decision. The final decision shall be in writing and drafted in a manner calculated to be understood by the claimant; include specific reasons for the decision with references to the specific Plan provisions on which the decision is based; and provide that the claimant is entitled to receive, upon request ad free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim for benefits.

Any claim under the Plan that is reviewed by a court, arbitrator or any other tribunal shall be reviewed solely on the basis of the record before the Plan Administrator at the time it made its determination. In addition, any such review shall be conditioned on the claimant's having fully exhausted all rights under this section as is more fully explained in Section 7.5. Any notice or other notification that is required to be sent to a claimant under this section may be sent pursuant to any method approved under Department of Labor Regulation Section 2520.104b-1 or other applicable guidance.

7.4 Effect of Specific References: Specific references in the Plan to the Plan Administrator's discretion shall create no inference that the Plan Administrator's discretion in any other respect, or in connection with any other provision, is less complete or broad.

7.5 Claimant Must Exhaust the Plan's Claims Procedures Before Filing in Court: Before filing any Claim (including a suit or other action) in court or in another tribunal, a Claimant must first fully exhaust all of the Claimant's rights under the claims procedures of Section 7.3.

(a) Upon review by any court or other tribunal, the exhaustion requirement of this Section 7.5 is intended to be interpreted to require exhaustion in as

many circumstances as possible (and any steps necessary to clarify or effect this intent may be taken).

(b) In any action or consideration of a Claim in court or in another tribunal following exhaustion of the Plan's claims procedure as described in this Section 7.5, the subsequent action or consideration shall be limited, to the maximum extent permissible, to the record that was before Plan Administrator in the claims procedure.

(c) The exhaustion requirement of this Section 7.5 shall apply: (i) regardless of whether other Disputes that are not Claims (including those that a court might consider at the same time) are of greater significance or relevance, (ii) to any rights the Plan Administrator may choose to provide in connection with novel Disputes or in particular situations, (iii) regardless of whether the rights are actual or potential and (iv) even if the Plan Administrator has not previously defined or established specific claims procedures that directly apply to the submission and consideration of such Claim (in which case the Plan Administrator (upon notice of the Claim) shall either promptly establish such claims procedures or shall apply (or act by analogy to) the claims procedures of Section 7.3 that apply to claims for benefits).

(d) The Plan Administrator may make special arrangements to consider a Claim on a class basis or to address unusual conflicts concerns, and such minimum arrangements in these respects shall be made as are necessary to maximize the extent to which exhaustion is required.

(e) For example, exhaustion may not be excused (i) for failure to respond to a claim unless the purported Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the purported Claimant was

submitting a claim with respect to the Plan, or (ii) for failure to fulfill a request for documents unless (A) the Claimant is lawfully entitled to receive a copy of the requested document from the Plan Administrator at the time and in the form requested, (B) the Claimant requests such documents in a writing that is addressed to and actually received by the Plan Administrator, (C) the Plan Administrator fails to provide the requested documents within 6 months after the date the request is received, or within such longer period as may be reasonable under the facts and circumstances, (D) the Claimant took steps that were sufficient to make it reasonably clear to the Plan Administrator that the requestor was actually entitled to receive the requested documents at the time and in the form requested (i.e., generally the Claimant must provide sufficient information to place the Plan Administrator on notice of a colorable claim for benefits), and (E) the documents requested and not provided are material to the determination of one or more colorable claims of which the Claimant has informed the Plan Administrator.

(f) For purposes of this Section 7.5, the following definitions apply.

(i) A "Dispute" is any claim, dispute, issue, action or other matter.

(ii) A "Claim" is any Dispute that implicates in whole or in part any one or more of the following –

(A) The interpretation of the Plan

(B) The interpretation of any term or condition

of the Plan

(C) The interpretation of the Plan (or any of its terms or conditions) in light of applicable law;

(D) Whether the Plan or any term or condition under the Plan has been validly adopted or put into effect;

(E) The administration of the Plan;

(F) Whether the Plan, in whole or in part, has violated any terms, conditions or requirements of ERISA or other applicable law or regulation, regardless of whether such terms, conditions or requirements are, in whole or in part, incorporated into the terms, conditions or requirements of the Plan;

(G) A request for Plan benefits or an attempt to recover Plan benefits;

(H) An assertion that any entity or individual has breached any fiduciary duty; or

(I) Any Claim that: (i) is deemed similar to any of the foregoing by the Plan Administrator, or (ii) relates to the Plan in any way.

(iii) A "Claimant" is any Employee, former Employee, Participant, former Participant, beneficiary (or the spouse, former spouse, domestic partner, estate, heir or representative of any of the foregoing individuals), or any other individual, person, entity with a relationship to any of the foregoing individuals or the Plan, as well as any group of one or more of the foregoing, who has a Claim.

7.6 Limitations on Actions: Any claim filed under section 7.3 and any action filed in state or federal court by or on behalf of a former or current Employee, Participant, beneficiary or any other individual, person or entity (collectively, a “Petitioner”) for the alleged wrongful denial of Plan benefits or for the alleged interference with or violation of ERISA-protected rights must be brought within two years of the date the Petitioner’s cause of action first accrues.

(a) For purposes of this subsection, a cause of action with respect to a Petitioner’s benefits under the Plan shall be deemed to accrue not later than the earliest of (i) when the Petitioner has received the calculation of the benefits that are the subject of the claim or legal action, (ii) the date identified to the Petitioner by the Plan Administrator on which payments shall commence, (iii) when the Petitioner has actual or constructive knowledge of the acts or failures to act (or the other facts) that are the basis of his claim, or (iv) the date when the benefit was first paid, provided, or denied.

(b) For purposes of this subsection, a cause of action with respect to the alleged interference with ERISA-protected rights shall be deemed to accrue when the claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to constitute interference with ERISA-protected rights.

(c) For purposes of this subsection, a cause of action with respect to any other claim, action or suit not covered by subsection (a) or (b) above must be brought within two years of the date when the claimant has actual or constructive knowledge of the acts or failures to act (or the other facts) that are alleged to give rise to the claim, action or suit.

Failure to bring any such claim or cause of action within this two-year time frame shall preclude a Petitioner, or any representative of the Petitioner, from filing the claim or cause of action. Correspondence or other communications pursuant to or following the mandatory appeals process described in Section 7.3 shall have no effect on this two-year time frame.

7.7 Restriction on Venue: Any claim or action filed in court or any other tribunal in connection with the Plan by or on behalf of a Petitioner (as defined in Section 7.6 above) shall only be brought or filed in the United States District Court for the Southern District of New York, effective for claims or actions filed on or after January 1, 2011.

ARTICLE VIII

Miscellaneous

8.1 Nonguarantee of Employment: Nothing contained in this Plan shall be construed as a contract of employment between an Employer and any Employee, or as a right of any Employee to be continued in the employment of an Employer, or as a limitation of the right of an Employer to discharge any of its Employees, with or without cause.

8.2 Nonalienation of Benefits: Benefits payable under the Plan or the right to receive future benefits under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, including any assignment or alienation in connection with a divorce, separation, child support or similar arrangement, shall be null and void and not binding on the Company. The Company shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

8.3 Unfunded Plan: The Company's obligations under the Plan shall not be funded, but shall constitute liabilities by the Company payable when due out of the Company's general funds. To the extent the Participant or any other person acquires a right to receive benefits under this Plan, such right shall be no greater than the rights of any unsecured general creditor of the Company.

8.4 Action by the Company: Any action by the Company under this Plan may be made by the Board of Directors of the Company or by the Compensation Committee of the

Board of Directors, with a report of any actions taken by it to the Board of Directors. In addition, such action may be made by any other person or persons duly authorized by resolution of said Board to take such action.

8.5 Indemnification: Unless the Board of Directors of the Company shall determine otherwise, the Company shall indemnify, to the full extent permitted by law, any employee acting in good faith within the scope of his employment in carrying out the administration of the Plan.

8.6 Compliance with Section 409A:

(a) General: It is the intention of the Company that the Plan shall be construed in accordance with the applicable requirements of Section 409A. Further, in the event that the Plan shall be deemed not to comply with Section 409A, then neither the Company, the Board of Directors, the Plan Administrator nor its or their designees or agents shall be liable to any Participant or other person for actions, decisions or determinations made in good faith.

(b) Non-duplication of benefits: In the interest of clarity, and to determine benefits in compliance with the requirements of Section 409A, provisions have been included in this 409A Document describing the calculation of benefits under certain specific circumstances, for example, provisions relating to the inclusion of salary continuation during certain window severance programs in the calculation of Highest Average Monthly Earnings, as specified in Appendix B. Notwithstanding this or any similar provision, no duplication of benefits may at any time occur under the Plan. Therefore, to the extent that a specific provision of the Plan provides for recognizing a benefit determining element (such as pensionable earnings or service) and this same

element is or could be recognized in some other way under the Plan, the specific provision of the Plan shall govern and there shall be absolutely no duplicate recognition of such element under any other provision of the Plan, or pursuant to the Plan's integration with the Salaried Plan. This provision shall govern over any contrary provision of the Plan that might be interpreted to support duplication of benefits.

8.7 Section 457A: To avoid the application of Code section 457A ("Section 457A") to a Participant's Pension, the following shall apply to a Participant who transfers to a work location outside of the United States to provide services to a member of the PepsiCo Organization that is neither a United States corporation nor a pass-through entity that is wholly owned by a United States corporation ("Covered Transfer"):

(a) The Participant shall automatically vest in his or her Pension as of the last business day before the Covered Transfer;

(b) From and after the Covered Transfer, any benefit accruals or other increases or enhancements to the Participant's Pension relating to –

(1) Service, or

(2) The attainment of a specified age while in the

employment of the PepsiCo Organization ("age attainment"),

(collectively, "Benefit Enhancement") will not be credited to the Participant until the last day of the Plan Year in which the Participant renders the Service or has the age attainment that results in such Benefit Enhancement, and then only to the extent permissible under subsection (c) below at that time; and

(c) The Participant shall have no legal right to (and the Participant shall not receive) any Benefit Enhancement that relates to Service or age attainment

from and after the Covered Transfer to the extent such Benefit Enhancement would constitute compensation that is includable in income under Section 457A.

Notwithstanding the foregoing, subsection (a) above shall not apply to a Participant who has a Covered Transfer if, prior to the Covered Transfer, the Company provides a written communication (either to the Participant individually, to a group of similar Participants, to Participants generally, or in any other way that causes the communication to apply to the Participant – *i.e.*, an “applicable communication”) that these subsections do not apply to the Covered Transfer in question. Subsection (b) shall cease to apply as of the earlier of – (i) the date the Participant returns to service for a member of the PepsiCo Organization that is a United States corporation or a pass-through entity that is wholly owned by a United States corporation, or (ii) the effective date for such cessation that is stated in an applicable communication.

8.8 Authorized Transfers: If a Participant transfers to an entity that is not part of the PepsiCo Organization, the liability for any benefits accrued while the Participant was employed by the PepsiCo Organization shall remain with the Company, except as otherwise expressly provided by an agreement between the Company and the Participant’s new employer.

8.9 Electronic Signatures: The words “signed,” “signature,” and words of like import in or related to this Plan or any other document or record to be signed in connection with or related to this Plan by the Company, Plan Administrator, Employee or other individual shall be deemed to include electronic signatures and the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually

executed signature or the use of a paper-based recordkeeping system, as the case may be, to the fullest extent permissible under applicable law.

ARTICLE IX

Amendment and Termination

This Article governs the Company's right to amend and or terminate the Plan. The Company's amendment and termination powers under this Article shall be subject, in all cases, to the restrictions on amendment and termination in Section 409A and shall be exercised in accordance with such restrictions to ensure continued compliance with Section 409A. The Company's rights under this Article IX shall be as broad as permissible under applicable law.

9.1 Continuation of the Plan: While the Company and the Employers intend to continue the Plan indefinitely, they assume no contractual obligation as to its continuance. In accordance with Section 8.4, the Company hereby reserves the right, in its sole discretion, to amend, terminate, or partially terminate the Plan at any time provided, however, that no such amendment or termination shall adversely affect the amount of benefit to which a Participant or his beneficiary is entitled under Article IV on the date of such amendment or termination, unless the Participant becomes entitled to an amount equal to such benefit under another plan or practice adopted by the Company (except as necessary to comply with Section 409A). Specific forms of payment are not protected under the preceding sentence.

9.2 Amendments: The Company may, in its sole discretion, make any amendment or amendments to this Plan from time to time, with or without retroactive effect, including any amendment necessary to ensure continued compliance with Section 409A. An Employer (other than the Company) shall not have the right to amend the Plan.

9.3 Termination: The Company may terminate the Plan, (i) either as to its participation or as to the participation of one or more Employers, (ii) with respect to a group of

Employees who experience a change in control in accordance with Treasury Regulation §1.409A-3(j)(4)(ix)(B), or (iii) as otherwise permitted under Code Section 409A. If the Plan is terminated with respect to fewer than all of the Employers, the Plan shall continue in effect for the benefit of the Employees of the remaining Employers. Upon termination, the distribution of Participants' 409A Pensions shall be subject to restrictions applicable under Section 409A.

9.4 Change in Control: The Company intends to have the maximum discretionary authority to terminate the Plan and make distributions in connection with a Change in Control (defined as provided in Section 409A), and the maximum flexibility with respect to how and to what extent to carry this out following a Change in Control as is permissible under Section 409A. The previous sentence contains the exclusive terms under which a distribution shall be made in connection with any Change in Control in the case of benefits that are derived from this 409A Program.

ARTICLE X

ERISA Plan Structure

This Plan document in conjunction with the plan document(s) for the Pre-409A Program encompasses three separate plans within the meaning of ERISA, as are set forth in subsections (a), (b) and (c). This division into separate plans became effective as of July 1, 1996; previously the plans set forth in subsections (b) and (c) were a single plan within the meaning of ERISA.

(a) Excess Benefit Plan: An excess benefit plan within the meaning of section 3(36) of ERISA, maintained solely for the purpose of providing benefits for Salaried Plan participants in excess of the limitations on benefits imposed by section 415 of the Code.

(b) Excess Compensation Top Hat Plan: A plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. The plan provides benefits for Salaried Plan participants in excess of the limitations imposed by section 401(a)(17) of the Code on benefits under the Salaried Plan (after taking into account any benefits under the Excess Benefit Plan). For ERISA reporting purposes, this portion of PEP may be referred to as the PepsiCo Pension Equalization Plan I.

(c) Preservation Top Hat Plan: A plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2) and 401(a)(1) of ERISA. The plan provides preserves benefits for those Salaried Plan

participants described in section 5.2(a) hereof, by preserving for them the pre-1989 level of benefit accrual that was in effect before the Salaried Plan's amendment effective January 1, 1989 (after taking into account any benefits under the Excess Benefit Plan and Excess Compensation Top Hat Plan). For ERISA reporting purposes, this portion of PEP shall be referred to as the PepsiCo Pension Equalization Plan II.

Benefits under this Plan shall be allocated first to the Excess Benefit Plan, to the extent of benefits paid for the purpose indicated in (a) above; then any remaining benefits shall be allocated to the Excess Compensation Top Hat Plan, to the extent of benefits paid for the purpose indicated in (b) above; then any remaining benefits shall be allocated to the Preservation Top Hat Plan. These three plans are severable for any and all purposes as directed by the Company.

In addition to the above, to the extent that lump sum termination benefits are paid under this Plan in connection with a severed employee's Special Early Retirement (as defined in Appendix Article D) under a temporary severance program sponsored by the Company, this portion of the Plan shall be a component of the Company's unfunded severance plan that includes the temporary program of severance benefits in question. As a component of a severance plan, the lump sum termination benefits are welfare benefits, and this portion is part of a "welfare benefit plan" under ERISA section 3(1). This severance plan component shall exist solely (i) for the duration of the temporary severance program in question, and (ii) for the purpose of paying severance benefits. As a portion of an ERISA welfare plan, any such temporary severance benefits hereunder shall not be subject to the reporting requirements for top hat plans under ERISA or any of the ERISA requirements for pension plans.

ARTICLE XI

Applicable Law

The provisions of this Plan shall be construed and administered according to, and its validity and enforceability shall be governed by, enforced in accordance with, and determined under (1) ERISA and any other applicable federal law as would be applied in cases that arise in the United States District Court for the Southern District of New York, and (2) to the extent ERISA does not preempt state law, the internal laws of the state of New York.

If any provision of this Plan is, or is hereafter declared to be, void, voidable, invalid or otherwise unlawful, the remainder of the Plan shall not be affected thereby.

ARTICLE XII

Signature

The PepsiCo Pension Equalization Plan, 409A Program, as amended and restated, is hereby adopted as of this 20th day of December, 2021, to be effective as of January 1, 2022 or as otherwise stated herein.

PEPSICO, INC.

By: /s/ Ronald Schellekens
Ronald Schellekens
Executive Vice President and
Chief Human Resources Officer

APPROVED

By: /s/ Jeffrey Arnold
Jeffrey Arnold
Legal Director, Employee Benefits Counsel
Law Department

By: /s/ Christine Griff
Christine Griff
Vice President, Tax Counsel
Tax Department

APPENDIX

The following Appendix articles modify particular terms of the Plan. Except as specifically modified in the Appendix, the foregoing main provisions of the Plan shall fully apply in determining the rights and benefits of Participants and beneficiaries (and of any other individual claiming a benefit through or under the foregoing). In the event of a conflict between the Appendix and the foregoing main provision of the Plan, the Appendix shall govern.

APPENDIX ARTICLE A -

Transition Provisions

A.1 Scope.

This Article A provides the transition rules for the Plan that were effective at some time during the period beginning January 1, 2005 and ending December 31, 2008 (the “Transition Period”). The time period during which each provision in this Article A was effective is set forth below.

A.2 Transition Rules for Article II (Definitions).

(a) **Actuarial Equivalent.** In addition to the provisions provided in Article II for determining actuarial equivalence under the Plan, for the duration of the Transition Period, to determine the amount of a Pension payable in the form of a Qualified Joint and Survivor Annuity or optional form of survivor annuity, as an annuity with inflation protection, or as a Single Life Annuity, the Plan Administrator used the actuarial factors under the Salaried Plan.

(b) **Key Employee.** In addition to the provisions provided in Article II for identifying Key Employees, the following operating rules were in effect for the indicated time periods –

(1) **Operating Rules for 2005.** To ensure that the Company did not fail to identify any Key Employees, in the case of Separation from Service distributions during the 2005 Plan Year, the Company treated as Key Employees all Participants (and former Participants) classified (or grandfathered) for any portion of the 2005 Plan Year as Band IV and above.

(2) Operating Rules for 2006 and 2007. To ensure that the Company did not fail to identify any Key Employees, in the case of Separation from Service distributions during the 2006 Plan Year and 2007 Plan Year, the Company treated as Key Employees for such applicable Plan Year of their Separation from Service those individuals who met the provisions of (3) or (4) below (or both).

(3) The Company shall treat as Key Employees all Participants (and former Participants) who are classified (or grandfathered) as Band IV and above for any portion of the Plan Year prior to the Plan Year of their Separation from Service; and

(4) The Company shall treat as a Key Employee any Participant who would be a Key Employee as of his or her Separation from Service date based on the standards in this paragraph (4). For purposes of this paragraph (4), the Company shall determine Key Employees based on compensation (as defined in Code Section 415(c)(3)) that is taken into account as follows:

(A) If the determination is in connection with a Separation from Service in the first calendar quarter of a Plan Year, the determination shall be made using compensation earned in the calendar year that is two years prior to the current calendar year (*e.g.*, for a determination made in the first quarter of 2006, compensation earned in the 2004 calendar year shall be used); and

(B) If the determination is in connection with a Separation from Service in the second, third or fourth calendar quarter of a Plan Year, the determination shall be made using the compensation earned in

the prior calendar year (*e.g.*, for a determination made in the second quarter of 2006, compensation earned in the 2005 calendar year shall be used).

A.3 Transition Rules for Article VI (Distributions):

409A Pensions that would have been paid out during the Transition Period under the provisions set forth in the main body of the Plan (but for the application of permissible transition rules under Section 409A) shall be paid out on March 1, 2009.

A.4 Transition Rules for Article VII (Administration):

Effective during the Transition Period, the language of Section 8.6(a) shall be replaced in its entirety with the following language:

“8.6(a) Compliance with Section 409A:

At all times during each Plan Year, this Plan shall be operated (i) in accordance with the requirements of Section 409A, and (ii) to preserve the status of deferrals under the Pre-409A Program as being exempt from Section 409A, i.e., to preserve the grandfathered status of the Pre-409A Program. Any action that may be taken (and, to the extent possible, any action actually taken) by the Plan Administrator or the Company shall not be taken (or shall be void and without effect), if such action violates the requirements of Section 409A or if such action would adversely affect the grandfather of the Pre-409A Program. If the failure to take an action under the Plan would violate Section 409A, then to the extent it is possible thereby to avoid a violation of Section 409A, the rights and effects under the Plan shall be altered to avoid such violation. A corresponding rule shall apply with respect to a failure to take an action that would adversely affect the grandfather of the Pre-409A Program. Any provision in this Plan

document that is determined to violate the requirements of Section 409A or to adversely affect the grandfather of the Pre-409A Program shall be void and without effect. In addition, any provision that is required to appear in this Plan document to satisfy the requirements of Section 409A, but that is not expressly set forth, shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provision were expressly set forth. A corresponding rule shall apply with respect to a provision that is required to preserve the grandfather of the Pre-409A Program. In all cases, the provisions of this Section shall apply notwithstanding any contrary provision of the Plan that is not contained in this Section.”

A.5 Transition Rules for Severance Benefits.

Effective during the Transition Period, the following provisions shall apply according to their specified terms.

(a) Definitions:

(1) Where the following words and phrases, in boldface and underlined, appear in this Section A.5 with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context. Any terms used in this Article A of the Appendix with initial capitals and not defined herein shall have the same meaning as in the main Plan, unless a different meaning is plainly required by the context.

(2) **“Special Early Retirement”** shall mean the Participant’s attainment of at least age 50 but less than age 55 with 10 years of Elapsed Time Service as of the date of his Retirement, provided, however, that with respect to the 2008 Severance at Section A.5(d), for purposes of determining whether a

Participant has met the age and service requirements, a Participant's age and years of Elapsed Time Service are rounded up to the nearest whole year.

(b) **2005 Severance:**

(1) Non-Retirement Eligible Employees: With respect to any Participant who terminated in 2005 as a result of a severance window program and who was not eligible for Retirement as of the date of his Separation from Service, the Participant's 409A Pension shall be paid as a Vested Pension under Section 6.1(b) of the Plan document, provided, however, that the Participant's 409A Pension will be paid at the same time as his Salaried Plan benefit. The available forms of payment shall be those forms available to a Participant who is entitled to a Vested Pension, as set forth in Section 6.2 of the Plan document.

(2) Non-Retirement Eligible Employees with Payments in 2007: With respect to any Participant who terminated in 2005 as a result of a severance window program, who was not eligible for Retirement as of the date of his Separation from Service, and whose 409A Pension Payment would otherwise be paid during 2007, the Participant's 409A Pension shall be paid as a Vested Pension under Section 6.1(b) of the Plan document, provided, however, that the Participant's 409A Pension will be paid at the later of (i) January 1, 2007 or (ii) when the Participant attained age 55. The available forms of payment shall be those forms available to a Participant who is entitled to a Vested Pension, as set forth in Section 6.2 of the Plan document.

(3) Retirement Eligible Employees: With respect to any Participant who terminated in 2005 as a result of a severance window program and who

fulfilled the requirements for either a Normal or Early Retirement Pension under Article IV of the Plan document as of February 5, 2006, the Participant's 409A Pension shall be paid on the first day of the month following the Participant's Separation from Service in a lump sum.

(4) Retirement Eligible Employees (With Credit): With respect to any Participant who terminated in 2005 as a result of a severance window program and who fulfilled the requirements for either a Normal or Early Retirement Pension under Article IV of the Plan document as of his Separation from Service as a result of being provided additional Credited Service time by the Company, the Participant's 409A Pension shall be paid on the first day of the month following the Participant's Separation from Service in a lump sum.

(5) Special Early Retirement Eligible: With respect to any Participant who terminated in 2005 as a result of a severance window program and who fulfilled the requirements to be eligible for Special Early Retirement as of his Separation from Service, the Participant's 409A Pension shall be paid on the first day of the month following the Participant's Separation from Service in a lump sum.

(c) 2007 Severance:

(1) Non-Retirement Eligible Employees: With respect to any Participant who terminated in 2007 as a result of a severance window program and who was not eligible for Retirement as of the date of his Separation from Service, the Participant's 409A Pension shall be paid as a Vested Pension under Section 6.1(b) of the Plan document. The available forms of payment shall be

those forms available to a Participant who is entitled to a Vested Pension, as set forth in Section 6.2 of the Plan document.

(2) Retirement Eligible Employees: With respect to any Participant who terminated in 2007 as a result of a severance window program and who fulfilled the requirements for either a Normal or Early Retirement Pension under Article IV of the Plan document as of his Separation from Service, the Participant's 409A Pension shall be paid on the first day of the month following the Participant's Separation from Service in a lump sum; provided, however, that if a Participant made a valid Prior Payment Election under Section 6.1(a)(2) of the Plan document, his 409A Pension shall be paid according to such election.

(3) Employee Who Become Retirement Eligible:

(i) 409A Pension: With respect to any Participant who terminated in 2007 as a result of a severance window program and who fulfilled the requirements for either a Normal or Early Retirement Pension under Article IV of the Plan document between his Separation from Service and the last day of his paid leave of absence (if any), the Participant's 409A Pension shall be paid on the first day of the month following the later of (i) Participant's attainment of age 55 and (ii) his Separation from Service; the 409A Pension shall be paid as a Vested Pension under Section 6.1(b) of the Plan document. The available forms of payment shall be those forms available to a Participant who is entitled to a Vested Pension, as set forth in Section 6.2 of the Plan document.

(ii) PEP Kicker: Any amount paid to a Participant otherwise described under this paragraph (3) as a replacement for benefits that the Participant could have earned under the Plan but for his Separation from Service shall be paid as a single lump sum, provided, however, that if a Participant made a valid Prior Payment Election under Section 6.1(a)(2) of the Plan document, the amounts described in this subparagraph (ii) shall be paid according to such election. All amounts to be paid shall be paid on the first day of the month following the later of (i) the Participant's attainment of age 55 or (ii) the Participant's Separation from Service.

(4) Special Retirement Eligible Employees:

(i) 409A Pension: With respect to any Participant who terminated in 2007 as a result of a severance window program and who fulfilled the requirements to be eligible for Special Early Retirement as of his Separation from Service, the Participant's 409A Pension shall be paid on the first day of the month following the Participant's attainment of age 55 as a Vested Pension under Section 6.1(b) of the Plan document. The available forms of payment shall be those forms available to a Participant who is entitled to a Vested Pension, as set forth in Section 6.2 of the Plan document.

(ii) PEP Kicker: Any amount paid to a Participant otherwise described under this paragraph (4) as a replacement for benefits that the Participant could have earned under the Plan but for his Separation from Service shall be paid as a single lump sum, provided, however, that if a

Participant made a valid Prior Payment Election under Section 6.1(a)(2) of the Plan document, the amounts described in this subparagraph (ii) shall be paid according to such election. All amounts to be paid shall be paid on the first day of the month following the Participant's attainment of age 55.

(5) Employees Who Become Special Retirement Eligible:

(i) 409A Pension: With respect to any Participant who terminated in 2007 as a result of a severance window program and who fulfilled the requirements to be eligible for Special Early Retirement during the period between his Separation from Service and the last day of his paid leave of absence (if any), the Participant's 409A Pension shall be paid on the first day of the month following the Participant's attainment of age 55 as a Vested Pension under Section 6.1(b) of the Plan document. The available forms of payment shall be those forms available to a Participant who is entitled to a Vested Pension, as set forth in Section 6.2 of the Plan document.

(ii) PEP Kicker: Any amount paid to a Participant otherwise described under this paragraph (5) as a replacement for benefits that the Participant could have earned under the Plan but for his Separation from Service shall be paid as a single lump sum, provided, however, that if a Participant made a valid Prior Payment Election under Section 6.1(a)(2) of the Plan document, the amounts described in this subparagraph (ii) shall be paid according to such election. All amounts to be paid shall be paid

on the first day of the month following the Participant's attainment of age 55.

(d) 2008 Severance:

(1) Non-Retirement Eligible Employees: With respect to any Participant who terminated in 2008 as a result of a severance window program and who was not eligible for Retirement as of the date of his Separation from Service, the Participant's 409A Pension shall be paid as a Vested Pension under Section 6.1(b) of the Plan document. The available forms of payment shall be those forms available to a Participant who is entitled to a Vested Pension, as set forth in Section 6.2 of the Plan document.

(2) Retirement Eligible Employees: With respect to any Participant who terminated in 2008 as a result of a severance window program and who fulfilled the requirements for either a Normal or Early Retirement Pension under Article IV of the Plan document as of his Separation from Service, the Participant's 409A Pension shall be paid on the first day of the month following the Participant's Separation from Service in a lump sum; provided, however, that if a Participant made a valid Prior Payment Election under Section 6.1(a)(2) of the Plan document, his 409A Pension shall be paid according to such election.

(3) Employee Who Become Retirement Eligible:

(i) 409A Pension: With respect to any Participant who terminated in 2008 as a result of a severance window program and who fulfilled the requirements for either a Normal or Early Retirement Pension under Article IV of the Plan document between his Separation

from Service and the last day of his paid leave of absence (if any), the Participant's 409A Pension shall be paid on the first day of the month following the later of (i) Participant's attainment of age 55 and (ii) his Separation from Service; the 409A Pension shall be paid as a Vested Pension under Section 6.1(b) of the Plan document. The available forms of payment shall be those forms available to a Participant who is entitled to a Vested Pension, as set forth in Section 6.2 of the Plan document.

(ii) PEP Kicker: Any amount paid to a Participant otherwise described under this paragraph (3) as a replacement for benefits that the Participant could have earned under the Plan but for his Separation from Service shall be paid as a single lump sum, provided, however, that if a Participant made a valid Prior Payment Election under Section 6.1(a)(2) of the Plan document, the amounts described in this subparagraph (ii) shall be paid according to such election. All amounts to be paid shall be paid on the first day of the month following the later of (i) Participant's attainment of age 55 or (ii) the Participant's Separation from Service.

(4) Employees Who Are or Become Special Retirement Eligible:

(i) 409A Pension: With respect to any Participant who terminated in 2008 as a result of a severance window program and who fulfilled the requirements to be eligible for Special Early Retirement as of his Separation from Service or during the period between his Separation from Service and the last day of his paid leave of absence (if any), the Participant's 409A Pension shall be paid on the first day of the month

following the Participant's attainment of age 55 as a Vested Pension under Section 6.1(b) of the Plan document. The available forms of payment shall be those forms available to a Participant who is entitled to a Vested Pension, as set forth in Section 6.2 of the Plan document.

(ii) PEP Kicker: Any amount paid to a Participant otherwise described under this paragraph (4) as a replacement for benefits that the Participant could have earned under the Plan but for his Separation from Service shall be paid as a single lump sum, provided, however, that if a Participant made a valid Prior Payment Election under Section 6.1(a)(2) of the Plan document, the amounts described in this subparagraph (ii) shall be paid according to such election. All amounts to be paid shall be paid on the first day of the month following the Participant's attainment of age 55.

(e) Delay for Key Employees: To the extent that a Participant is a Key Employee (as defined in Section A.2(b), above) with respect to any payment provided under this Section A.5, and to the extent that payment of his 409A Pension is on account of his Separation from Service, his 409A Pension shall be subject to the delay in payment provided under Section 6.6 of the main Plan document.

(f) Compliance with 19(c): All payments that are to be made under this Section A.5 were scheduled to be made during the calendar year in which the Participant terminated employment, with payments to be made as provided herein. All elections made by the Company with respect to such payments were made in compliance with Notice 2005-1 and other provisions of Code Section 409A.

A.6 Certain Participants

The following transition rules shall apply only with respect to the following described Participants:

(a) A Participant's PEP Credited Service shall be deemed to be five years if the Participant terminates employment in 2005 while classified as Band VI (or equivalent), and his employment with an Employer was for a limited duration assignment of less than five years. A Participant shall be deemed to be vested for purposes of this Plan if the Participant terminates employment in 2005 while classified as Band VI (or equivalent), and his employment with an Employer was for a limited duration assignment of less than five years.

(b) In the case of a Participant who on October 9, 2007 selects an Annuity Starting Date of November 1, 2007 for the Participant's Pension under the Salaried Plan which is payable in a single lump sum (after taking into account the special rule in Section 6.3(a)(2), if necessary), the portion of the Participant's benefit under the Plan that is not subject to Section 409A of the Code shall be paid in a single lump sum six months after the Participant's Annuity Starting Date under the Salaried Plan.

(c) In the case of a Participant who on September 3, 2004 selects a fixed date of payment of February 1, 2005 for the Participant's Pension under the Plan, the following provisions shall apply:

(1) Such fixed date shall be the commencement date for the Participant's benefit under the Plan, and

(2) The calculation of the Participant's benefit under the Plan shall be made taking into account service to be performed during any period for which

the Participant is to provide consulting services to the Company, even if such services are to be performed after the payment date specified in paragraph (1).

A.7 Transition Rules for Article VI (409A Disability Pension Pre-Separation Accruals):

(a) Distribution: The portion of a Participant's 409A Disability Pension representing Pre-Separation Accruals that would have been paid out during the Transition Period under the provisions set forth in the main body of the Plan (but for the application of permissible transition rules under Section 409A) shall commence on March 1, 2009. The available forms of payment of a Participant's 409A Disability Pension representing Pre-Separation Accruals shall be those forms available to a Participant who is entitled to a Vested Pension, as set forth in Section 6.2 of the Plan (including the different forms available to a married versus an unmarried Participant).

(b) Additional Benefit: If a Participant who is paid the Pre-Separation Accruals of his 409A Disability Pension under the provisions of subsection A.7(a) of this Appendix Article A dies prior to his expected mortality date (based on the mortality table specified by Schedule 1 of Section 2.1(b) (Actuarial Equivalent) of the Plan document as of January 1, 2009), his beneficiary shall be paid the lump sum actuarial equivalent of the annuity payments that would have been made from the date of the Participant's death until his expected mortality date (had the Participant not died). The payment to the beneficiary shall be made within 30 days following the Participant's death. Notwithstanding anything else in Section 6.5 of the Plan, a Participant subject to this subsection shall be permitted to name a beneficiary (in a form and manner acceptable to the Plan Administrator) for purposes of receiving the additional benefit described in this subsection. If the Participant fails to name a beneficiary for this

purpose, his beneficiary shall be the beneficiary selected under Section 6.5 of the Plan, or if none, then his Eligible Spouse or Eligible Domestic Partner (as applicable). If the Participant does not have an Eligible Spouse or Eligible Domestic Partner as of the date of his death, then his beneficiary shall be his estate.

APPENDIX ARTICLE B -

Computation of Earnings and Service During Certain Severance Windows

B.1 Definitions:

Where the following words and phrases, in boldface and underlined, appear in this Appendix B with initial capitals they shall have the meaning set forth below, unless a different meaning is plainly required by the context. Any terms used in this Article B of the Appendix with initial capitals and not defined herein shall have the same meaning as in the main Plan, unless a different meaning is plainly required by the context.

(a) **“Severance Program”** shall mean a program providing certain severance benefits that are paid while the program’s participants are on a severance leave of absence that is determined by the Plan Administrator to qualify for recognition as Service under Section B.3 and Credited Service under Section B.4 of Article B.

(b) **“Eligible Bonus”** shall mean an annual incentive payment that is payable to the Participant under the Severance Program and that is identified under the terms of the Severance Program as eligible for inclusion in determining the Participant’s Highest Average Monthly Earnings.

B.2 Inclusion of Salary and Eligible Bonus:

The Plan Administrator may specify that, pursuant to a Participant’s participation in a severance window program provided by the Company, if a Participant receives a severance benefit pursuant to a Severance Program, all salary continuation and any Eligible Bonus earned or to be earned during the first 12 months of a leave of absence period provided to the Participant under such Severance Program will be counted toward the Participant’s Highest Average Monthly Earnings, even if such salary or other earnings are to be received after a

Participant's Separation from Service. In particular, if payment of a Participant's 409A Pension is to be made at Separation from Service and prior to the Participant's receipt of all of the salary continuation or Eligible Bonus that is payable to the Participant from the Severance Program, the Participant's Highest Average Monthly Earnings shall be determined by taking into account the full salary continuation and eligible bonus that is projected to be payable to the Participant during the first 12 months of a period of leave of absence that is granted to the Participant under the Severance Program.

B.3 Inclusion of Credited Service:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit under a Severance Program, all Credited Service earned or to be earned during the first 12 months of the period of severance will be counted toward the Participant's Credited Service for purposes of determining the Participant's Pension and a Pre-Retirement Spouse's Pension or Pre-Retirement Eligible Domestic Partner's Pension, even if the period of time counted as Credited Service under the Severance Program occurs after a Participant's Separation from Service.

B.4 Inclusion of Service:

The Plan Administrator may specify that, pursuant to a Participant's participation in a severance window program provided by the Company, if a Participant receives a severance benefit under a Severance Program, all Service earned or to be earned during the first 12 months of the period of severance will be counted toward the Participant's Service for purposes of determining the Participant's Pension and a Pre-Retirement Spouse's Pension or Pre-

Retirement Eligible Domestic Partner's Pension, even if the period of time counted as Service under the Severance Program occurs after a Participant's Separation from Service.

B.5 Reduction to Reflect Early Payment:

If the Participant receives either (1) additional Credited Service or (2) additional earnings that are included in Highest Average Monthly Earnings under Sections B.2 or B.3 of this Article B, as a result of a severance benefit provided under a Severance Program and such additional Credited Service or earnings are included in the calculation of the Participant's Pension prior to the time that the Credited Service is actually performed by the Participant, or the earnings are actually paid to the Participant, the Pension paid to the Participant shall be adjusted actuarially to reflect the receipt of the portion of the Pension attributable to such Credited Service or earnings received on account of the Severance Program prior to the time such Credited Service is performed or such earnings are actually paid to the Participant. For purposes of determining the adjustment to be made, the Plan shall use the rate provided under the Salaried Plan for early payment of benefits.

APPENDIX ARTICLE C

International and PIRP Transfer Participants

C.1 Scope:

This Article provides special rules for calculating the benefit of an individual who is either an “International Transfer Participant” under Section C.2 below or a “PIRP Transfer Participant” under Section C.4 below. The benefit of an International Transfer Participant shall be determined under Section C.3 below, subject to Section C.6 below. The benefit of a PIRP Transfer Participant shall be determined under Section C.5 below. Once a benefit is determined for an International Transfer Participant or a PIRP Transfer Participant under this Article, such benefit shall be subject to the Plan’s normal conditions and shall be paid in accordance with the Plan’s normal terms. All benefits paid under this Article are subject to Code section 409A, including any accrued prior to January 1, 2005. The provisions of this Article relating to International Transfer Participants are effective April 1, 2007. The provisions of this Article relating to PIRP Transfer Participants are effective January 1, 2016 (but they may take into account years that precede January 1, 2016).

C.2 International Transfer Participants:

An “International Transfer Participant” is a Participant who is:

(a) General Rule: An individual who, following a transfer to an April 2007 Foreign Subsidiary (as defined in paragraph (5) of the Employer definition in Section 2.1 of Part B of the Salaried Plan, as in effect on January 1, 2014)), would qualify as an Employee within the meaning of paragraph (2)(vi) of the Employee definition in Section 2.1 of Part B of the Salaried Plan, as in effect on January 1, 2014 (U.S. citizen or resident alien on qualifying temporary international assignment) but for the fact that his

assignment with the April 2007 Foreign Subsidiary is in a position of employment that is classified as Band 4 (or its equivalent) or higher; or

(b) Special Rule for Certain Permanent Assignments to Mexico:

Notwithstanding subsection (a) above, an International Transfer Participant also includes an individual who was transferred to an April 2007 Foreign Subsidiary based in Mexico, and who would qualify as an Employee within the meaning of paragraph (2)(vi) of the Employee definition in Section 2.1 of Part B of the Salaried Plan, as in effect on January 1, 2014 (U.S. citizen or resident alien on qualifying temporary international assignment) but for the fact that:

(1) His assignment with the April 2007 Foreign Subsidiary is in a position that is classified as Band 4 (or its equivalent) or higher;

(2) Mexico is his home country on the records of the Expat Centre for Excellence group or its successor (in accordance with such paragraph (2)(vi)); and

(3) The duration of his assignment with the April 2007 Foreign Subsidiary in Mexico is not limited to 5 years or less.

An individual described in subsection (a) or (b) above may still qualify as an International Transfer Participant if his transfer to an April 2007 Foreign Subsidiary occurred prior to April 1, 2007 (the effective date of this Article), provided he satisfied the terms of subsection (a) or (b) above on the date of his transfer.

C.3 Benefit Formula for International Transfer Participants:

Except as provided in this Section C.3, an International Transfer Participant's benefit under the Plan shall be determined using a calculation methodology that is substantially similar to that which applies under Section 5.1 of the Plan.

(a) Total Pension for International Transfer Participant: Notwithstanding the preceding sentence, an International Transfer Participant's "Total Pension" (as defined in Section 5.1(c)(1) of the Plan) shall be calculated as if he continued to receive Credited Service and Earnings under the Salaried Plan while working for the April 2007 Foreign Subsidiary to which he transferred following his employment with an Employer based in the United States, without regard to the actual date on which he ceased receiving Credited Service and Earnings under the Salaried Plan. However, the Total Pension of an International Transfer Participant whose transfer to an April 2007 Foreign Subsidiary occurred prior to 1992 shall not take into account Credited Service and Earnings for employment with the April 2007 Foreign Subsidiary prior to 1992.

(b) Calculation of International Transfer Participant's Benefit: The International Transfer Participant's benefit under the Plan shall be calculated by reducing his Total Pension as determined under subsection (a) above (expressed as a lump sum as of his benefit commencement date under the Plan) by the following amounts:

- (1) The amount of his actual benefit under the Salaried Plan (expressed as a lump sum amount on his benefit commencement date), and
- (2) Any amounts paid to him from a "qualifying plan" as that term is defined under Section 3.5(c)(4) of Part B of the Salaried Plan (Transfers and Non-Duplication) with respect to his assignment with the April 2007 Foreign Subsidiary (with such amounts expressed as a lump sum on his benefit commencement date under this Plan).

C.4 Definitions Related to PIRP Transfer Participants:

The following definitions apply for purposes of Sections C.1, C.4 and C.5 of this Article.

(a) “Accrued Benefit” is the benefit payable to a PIRP Transfer Participant, under PIRP-DB or this Plan, in the form of a single-life annuity and payable on the first of the month that is coincident with or next following the PIRP Transfer Participant’s 65th birthday.

(b) “PIRP-DB” is the portion of the PepsiCo International Retirement Program that provides a program of defined benefits.

(c) “PIRP-DB Employer” is the Company or an affiliate of the Company that is an “Employer” under the terms of PIRP-DB.

(d) “PIRP-DB Pensionable Service” is service that qualifies as “Pensionable Service” under the terms of PIRP-DB.

(e) “PIRP-DB Salary” is compensation that qualifies as “Salary” under the terms of PIRP-DB.

(f) A “PIRP Transfer Participant” is an individual who is described in paragraph (1) or (2) below.

(1) Incoming PIRP Transfer Participant: An individual – (i) who is employed during a year (including a year preceding 2016) by a PIRP-DB Employer in a position that is eligible to accrue benefits under PIRP-DB (or would be eligible if Section 9.14 of PIRP-DB did not apply), (ii) who is then transferred by the Company during the year from such position to a position that is eligible to accrue benefits under the Salaried Plan, (iii) whose PIRP-DB accrual for the Year of Transfer is blocked by Section 9.14 of PIRP-DB, (iv) who would otherwise be entitled to a PIRP-DB benefit enhancement for the Year of Transfer that relates

to PIRP-DB Salary or PIRP-DB-Pensionable Service for the year of the transfer, and (v) whose PIRP-DB benefit was not already paid out by December 1, 2016 (but disregarding any such paid-out PIRP-DB benefit for this purpose that the PIRP-DB Vice President determines should be treated under this clause as if it had not been paid out).

(2) Outgoing PIRP Transfer Participant: An individual – (i) who is employed during a year (including a year preceding 2016) by an Employer in a position that is eligible to accrue benefits under the Salaried Plan, (ii) who is then transferred by the Company during the year from such position to a position that is eligible to accrue benefits under PIRP-DB (or would be eligible if Section 9.14 of PIRP-DB did not apply), (iii) whose PIRP-DB accrual for the Year of Transfer is blocked by Section 9.14 of PIRP-DB, (iv) who would otherwise be entitled to a PIRP-DB benefit enhancement for the Year of Transfer that relates to PIRP-DB Salary or PIRP-DB Pensionable Service for the year of the transfer, and (v) whose PIRP-DB benefit was not already paid out by December 1, 2016 (but disregarding any such paid-out PIRP-DB benefit for this purpose that the PIRP-DB Vice President determines should be treated under this clause as if it had not been paid out).

(g) The “PIRP-DB Vice President” is the Company executive who has the role of the “Vice President” under the terms of PIRP-DB.

(h) A “U.S. Person” is an individual who is classified as a “U.S. Person” under the terms of PIRP-DB.

(i) “Year of Transfer” is the year in which a transfer described in subsection (f) above occurs.

C.5 Benefit Formula for PIRP Transfer Participants:

Except as provided in this Section C.5, a PIRP Transfer Participant’s benefit under the Plan shall be determined using a calculation methodology that is substantially similar to that which applies under Section 5.1 of the Plan.

(a) Total Pension for PIRP Transfer Participant: Notwithstanding the preceding sentence, a PIRP Transfer Participant’s “Total Pension” (as defined in Section 5.1(c)(1) of the Plan) shall be calculated as provided in paragraphs (1) and (2) below.

(1) First, a PIRP Transfer Participant’s Total Pension shall be calculated as if he were an eligible employee under the Salaried Plan for the entire Year of Transfer, and as if he received Credited Service and Earnings under the Salaried Plan for the Year of Transfer equal to – (i) his actual Credited Service and Earnings under the Salaried Plan for the Year of Transfer, increased by (ii) any other compensation and service for the Year of Transfer that would have been recognized as PIRP-DB Salary and PIRP DB Pensionable Service, if Section 9.14 of PIRP-DB did not apply for the Year of Transfer.

(2) If (during a year a PIRP Transfer Participant is otherwise accruing benefits under this Plan) the PIRP Transfer Participant would be credited with PIRP-DB Salary that cannot be recognized under PIRP as a result of Section 9.14 of PIRP-DB, and if this PIRP-DB Salary would be considered for accrual purposes under PIRP-DB in connection with PIRP-DB Pensionable Service that is not recognized under this Plan, the increase in the PIRP Transfer Participant’s

Accrued Benefit under PIRP that is related to this PIRP-DB Pensionable Service and that is blocked by Section 9.14 of PIRP-DB shall be added to the PIRP Transfer Participant's Accrued Benefit under this Plan. In the case of a PIRP Transfer Participant who has a Separation from Service on or after January 1, 2017, this increase in the PIRP Transfers Participant's Accrued Benefit under this Plan shall result in an appropriate increase, determined in the Company's discretion, in the Total Pension determined under paragraph (1) above.

Notwithstanding the foregoing, in determining Credited Service and Earnings under this subsection (a), no compensation or service shall be taken into account more than once, and a PIRP Transfer Participant's Total Pension shall be determined in a way that avoids any duplication of benefits that will be provided to or on behalf of the PIRP Transfer Participant under PIRP-DB (after applying Section 9.14 of PIRP-DB) or another plan maintained or contributed to by the Company or an affiliate, but without applying any offset that would violate Code Section 409A.

(b) Calculation of PIRP Transfer Participant's Benefit: The PIRP Transfer Participant's benefit under the Plan shall be calculated by reducing his Total Pension as determined under subsection (a) above by the reductions that are normally applicable under Article V. In addition, in the case of a PIRP Transfer Participant who has a Separation from Service on or after January 1, 2017, if (during a year a PIRP Transfer Participant is otherwise accruing benefits under this Plan) the value of the PIRP Transfer Participant's benefit under PIRP-DB would increase (if Section 9.14 of PIRP-DB did not apply) as a result of the PIRP Transfer Participant becoming eligible for early retirement

under PIRP-DB, then the projected increase in value of the PIRP-DB benefit at the PIRP Transfer Participant's retirement under PIRP-DB, which will be blocked by Section 9.14 of PIRP, shall result in an appropriate increase, determined in the Company's discretion, in the Participant's benefit under this Plan that is payable at the time and in the form applicable under this Plan. The appropriate increase shall be determined net of any expected increase in the value of the benefit under this Plan related to becoming eligible for Early Retirement under this Plan. In addition, a PIRP Transfer Participant's appropriate increase shall be determined in a way that avoids any duplication of benefits that will be provided to or on behalf of the PIRP Transfer Participant under PIRP-DB (after applying Section 9.14 of PIRP-DB) or another plan maintained or contributed to by the Company or an affiliate, but without applying any offset that would violate Code Section 409A.

C.6 Alternative Arrangements Permitted:

Notwithstanding any provision of this Article or the Plan to the contrary, the Company and a Participant who would qualify as an International Transfer Participant under Section C.2 above may agree in writing to disregard the provisions of this Article in favor of another mutually agreed upon benefit arrangement under the Plan that complies with Code Section 409A, in which case this Article shall not apply.

APPENDIX ARTICLE D

Band 4 or Higher Rehired Yum Participants

D.1 Scope:

Effective May 1, 2009, this Article provides special rules for calculating the benefit of a transferred Participant whose transfer would be an Eligible Transfer under Section TRI.2(e) of the Part B of the Salaried Plan but for the fact that such individual is reemployed by the Company on or after May 1, 2009, into a position that is classified as Band 4 (or its equivalent) or higher. For purposes of determining such Participant's Total Pension within the meaning of Section 5.1(c)(1), but not for purposes of determining such Participant's Salaried Plan Pension within the meaning of Section 5.1(c)(2), such Participant's position on reemployment will be deemed to be classified as below Band 4 (or its equivalent), so that the Participant's transfer is eligible to be treated as an Eligible Transfer (subject to the other conditions thereof) and the Participant is eligible for the imputed service provisions of Section TRI.4(b) and (c). Such Participant's benefit otherwise shall be subject to the Plan's usual conditions and shall be paid in accordance with the Plan's usual terms. All benefits paid under this Article are subject to Code section 409A.

APPENDIX ARTICLE E -

Time and Form of Payment for Benefits Paid During Severance Windows

E.1 Scope.

This Article E sets forth the time and form of payment provisions that apply to benefits under the Plan that are paid to a Covered Participant (as defined in Section E.2 below). This Article is effective for Participants who are terminated in a Severance Program or under circumstances that qualify them for an Individual Severance Agreement (each as defined in Section E.2 below) on or after January 1, 2009 (or in the case of Participants covered by Appendix Article PBG, on or after January 1, 2012). Nothing in this Article E shall make any of the additional benefits that are made available under the Plan in any Severance Program or pursuant to any Individual Severance Agreement a permanent feature of the Plan.

E.2 Definitions:

Where the following words and phrases appear in this Appendix E with initial capitals, they shall have the meaning set forth below unless a different meaning is plainly required by the context. Any terms used in this Article E of the Appendix with initial capitals and not defined herein shall have the same meaning as in the main Plan, unless a different meaning is plainly required by the context.

(a) “Applicable Summary Plan Description” means the summary plan description that sets forth the terms and conditions of a particular Severance Program.

(b) “Covered Participant” means a Participant whose employment with the Company is terminated and who is eligible for Special Early Retirement either (i) under a Severance Program and pursuant to the terms of the Applicable Summary Plan Description, or (ii) pursuant to the terms of an Individual Severance Agreement.

(c) “Individual Severance Agreement” means an agreement between the Company and a Covered Participant that – (i) sets forth the terms and conditions of the Covered Participant’s termination of employment and (ii) expressly provides that the termination qualifies the Covered Participant for Special Early Retirement under PEP.

(d) “Kicker” means the Special Early Retirement benefit that is provided to a Covered Participant pursuant to the terms of an Applicable Summary Plan Description or an Individual Severance Agreement and that is equal to the following: (i) the Participant’s benefit under the Salaried Plan and this Plan as of his Termination Date, determined based on the benefit formulas and early retirement reduction factors for Early Retirement Pensions under each plan, minus (ii) the Participant’s Vested Pension under the Salaried Plan and this Plan as of the Termination Date, determined based on the benefit formulas and reduction factors for Vested Pensions under each plan. The Kicker shall be divided into the following components:

(1) The “PEP Kicker,” which is the portion of the Kicker paid under the Plan as a replacement for benefits that the Participant could have earned under the Plan but for his Separation from Service (either in a Severance Program or pursuant to the terms of an Individual Severance Agreement) prior to attaining Normal or Early Retirement under the Plan; and

(2) The “Qualified Kicker,” which is the portion of the Kicker paid under the Plan as a replacement for benefits that the Participant could have earned under the Salaried Plan but for his termination of employment (either in a Severance Program or pursuant to the terms of an Individual Severance

Agreement) prior to attaining Normal or Early Retirement under the Salaried Plan.

In determining the early retirement reduction factors for ages before 55, the monthly rate of reduction applicable between age 56 and age 55 shall apply unless (i) in the case of a Participant who is eligible for Special Early Retirement under a Severance Program, a different factor is used in the Salaried Plan for employees covered by the same Severance Program in which case such other factor shall be used, and (ii) in the case of a Participant who is eligible for Special Early Retirement pursuant to the terms of an Individual Severance Agreement, a different factor is called for therein, in which case such other factor shall be used.

(e) “Severance Program” has the same meaning that applies to that term under Appendix Section ERW.2(f) of Part B of the Salaried Plan (legacy PepsiCo Appendix).

(f) “Special Early Retirement” means a retirement from the Company that either – (i) satisfies all of the conditions for receiving special early retirement benefits that are set forth in an Applicable Summary Plan Description, or (ii) is expressly recognized as qualifying for special early retirement benefits pursuant to the terms of an Individual Severance Agreement.

(g) “Termination Date” means the later of – (i) the Covered Participant’s Separation from Service, or (ii) date as of which the Covered Participant’s severance leave of absence (if any) is projected to terminate under the terms of the Applicable Summary Plan Description or the Individual Severance Agreement, as applicable. If clause (ii) of the preceding sentence applies, then a Participant’s Termination Date shall

be determined as of the date of the Participant's Separation from Service using the formulas for calculating the severance leave of absence, as such formulas are in effect under the Applicable Summary Plan Description or the Individual Severance Agreement when the legally binding right to special early retirement benefits arises in connection with the Severance Program or pursuant to the Individual Severance Agreement. A Participant's Termination Date, once set in accordance with the prior two sentences, shall not change based on any circumstances or events that follow the date of the Participant's Separation from Service.

E.3 Time and Form of Payment for 409A Pension:

A Covered Participant's 409A Pension (calculated without regard to the Kicker for purposes of this Section E.3) shall be paid as follows:

(a) Non-Retirement Eligible Participants: If a Covered Participant is not eligible for Retirement as of his Separation from Service, the Participant's 409A Pension shall be paid as a Vested Pension under Section 6.1(b) according to the form of payment provisions applicable to Vested Pensions under Section 6.2.

(b) Retirement Eligible Participants:

(1) If the Covered Participant is eligible for a Normal, Early or Late Retirement Pension under Article IV as of his Separation from Service, the Participant's 409A Pension shall be paid as a Retirement Pension under Section 6.1(a)(1); provided, however, that if the Participant made a valid prior payment election under Section 6.1(a)(2), his 409A Pension shall be paid as a Retirement Pension in accordance with such election.

(2) If the Covered Participant becomes eligible for a Normal or Early Retirement Pension after his Separation from Service, including during the period between his Separation from Service and the last day of his paid leave of absence (if any), the Participant's 409A Pension shall be paid as a Vested Pension under Section 6.1(b) according to the form of payment provisions applicable to Vested Pensions under Section 6.2.

(c) Special Early Retirement Eligible Participants: If a Covered Participant is eligible for Special Early Retirement as of his Separation from Service or becomes so eligible during the period between his Separation from Service and the last day of his paid leave of absence (if any), the Participant's 409A Pension shall be paid as a Vested Pension under Section 6.1(b) according to the form of payment provisions applicable to Vested Pensions under Section 6.2.

E.4 Time and Form of Payment of Kicker Benefits:

A Covered Participant's PEP Kicker and Qualified Kicker shall be paid as follows:

(a) PEP Kicker: A Participant's PEP Kicker shall be paid as a single lump sum on the first day of the month following the later of (i) the Participant's 55th birthday, or (ii) the Participant's Separation from Service; provided, however, that if the Participant made a valid Prior Payment Election under Section 6.1(a)(2), the Participant's PEP Kicker shall be paid according to such election (even in cases where the Participant's 409A Pension is paid according to Section E.3(b)(2) above). In the event the Participant dies after meeting the requirements for a PEP Kicker but before it is paid, the PEP Kicker shall be paid to his Surviving Spouse or surviving Eligible Domestic Partner in a single lump

sum 60 days following his death, and if there is no Surviving Spouse or surviving Eligible Domestic Partner, then to the Participant's estate.

(b) Qualified Kicker: A Participant's Qualified Kicker shall be paid based on his Separation from Service as a single lump sum on the first day of the month coincident or next following his Termination Date; provided, however, that if the Applicable Summary Plan Description or Individual Severance Agreement that creates the Participant's legally binding right to the Qualified Kicker expressly provides for a different time and/or form of payment, the provisions of this subsection (b) shall not apply, and the Participant's Qualified Kicker shall be paid as provided in the Applicable Summary Plan Description or Individual Severance Agreement, as applicable. In the event the Participant dies after meeting the requirements for a Qualified Kicker but before it is paid, the Qualified Kicker shall be paid to his Surviving Spouse or surviving Eligible Domestic Partner in a single lump sum 60 days following his death, and if there is no Surviving Spouse or surviving Eligible Domestic Partner, then to the Participant's estate.

E.5 Delay for Key Employees:

Notwithstanding any provision of this Appendix E to the contrary, if a Participant is determined to be a Key Employee, any payment under this Article E that is made on account of his Separation from Service shall be subject to the required delay in payment for Key Employees under Section 6.6, except to the extent that the payment qualifies for an exemption from the application of Section 409A.

APPENDIX ARTICLE F -

U.K. Supplementary Appendix Participants with U.S. Service

F.1 Scope:

This Article applies to “Covered U.K. Employees” as defined in Section F.2 below. The benefit of a Covered U.K. Employee shall be determined as provided in Section F.3 below. Once a benefit is determined for a Covered U.K. Employee under this Article, it shall be paid in accordance with the Plan’s normal terms regarding the time and form of payment. All benefits payable under this Article are subject to Code section 409A. This Article has been restated effective January 1, 2016 (the original version of this Article was effective January 1, 2011, and it applied, in accordance with its prior terms, to periods of service before January 1, 2016).

F.2 “Covered U.K. Employee” Defined:

A “Covered U.K. Employee” is a participant in the PepsiCo U.K. Pension Plan (“U.K. Participant”) who – (i) becomes subject to United States income taxes, *e.g.*, by transferring to a position with the Company in the United States or otherwise (hereinafter referenced as “Engages in U.S. Service”), (ii) continues to accrue benefits under the PepsiCo U.K. Pension Plan after he Engages in U.S. Service, (iii) would have also accrued a benefit under the U.K. Supplementary Pension Appendix for such period following when he Engages in U.S. Service (except for the unavailability of accruals under such Appendix for the period a U.K. Participant Engages in U.S. Service), (iv) subsequently either – (A) is localized in the United States as an employee of the PepsiCo Organization, or (B) terminates employment with the PepsiCo Organization (provided this occurs before the date the U.K. Participant commences an assignment with the PepsiCo Organization that is located outside the United States, as defined in the Code), and (v) only after fully satisfying all of the preceding clauses, is then designated by

the Company (in its completely unfettered discretion) as a Covered U.K. Employee and thereby granted a legally binding right to a benefit under this Article F at the time of the designation. The period that a U.K. Participant Engages in U.S. Service shall begin on the first day that he becomes subject to United States income taxes (his “U.S. Commencement Date”), and it shall end on the date he is no longer subject to U.S. income taxes or, if earlier, the date his Plan benefits under this Article F commence (his “U.S. Cessation Date”).

F.3 Benefit for Covered U.K. Employees:

A Covered U.K. Employee’s benefit under the Plan shall be determined by calculating, as of his Modified U.S. Cessation Date, his “Total U.K. Supplementary Benefit” and then subtracting from this amount his “Frozen U.K. Supplementary Benefit.” For this purpose, a Covered U.K. Employee’s—

(a) “Modified U.S. Cessation Date” is the earliest of the following – (i) the date he is no longer subject to U.S. income taxes, (ii) the date he first satisfies clause (iv) of Section F.2, (iii) the date he commences an assignment with the PepsiCo Organization that is located outside the United States (as defined in the Code), or (iv) the date his Plan benefits under this Article F commence.

(b) “Total U.K. Supplementary Benefit” is equal to the total benefit that he would have under the terms of the U.K. Supplementary Pension Appendix, calculated based on all service and compensation with the Company through his Modified U.S. Cessation Date that is counted in the calculation of his benefit under the PepsiCo U.K. Pension Plan (or that would be counted but for a limitation applicable to the plan under U.K. law), and with such total benefit expressed in the form of a single lump sum that is payable as of the date his benefits under this Article F commence, and

(c) “Frozen U.K. Supplementary Benefit” is equal to the total benefit that he had under the terms of the U.K. Supplementary Pension Appendix as of immediately before his U.S. Commencement Date, and with such total benefit expressed in the form of a single lump sum that is payable as of the date his benefits under this Article F commence.

The calculation provided for in the preceding sentence shall be made in accordance with the operating rules set forth in Section F.4 below.

F.4 Operating Rules:

The following operating rules apply to the calculation in Section F.3. above.

(a) In general, accruals under the PepsiCo U.K. Pension Plan for the period after a Covered U.K. Employee’s U.S. Cessation Date shall not reduce the benefit under this Article F determined under Section F.3. Notwithstanding the prior sentence and anything in Section F.3 to the contrary, to the extent a Covered U.K. Employee’s accruals under the PepsiCo U.K. Pension Plan for the period after a Covered U.K. Employee’s U.S. Cessation Date have more than fully offset the Covered U.K. Employee’s accruals under the U.K. Supplementary Pension Appendix (and the excess would have been offset against the benefit under this Article F had such benefit accrued under the U.K. Supplementary Appendix), then any such excess as of the date benefits under this Article F commence (expressed as a lump sum as of such date) shall be offset against the benefits under this Article F to the extent such offset would not violate Code Section 409A.

(b) In determining the value of a lump sum under this Article F, the actuarial assumptions that are used shall be actuarial assumptions that comply with Section

417(e) of the Code and, specifically, are the Code Section 417(e) assumptions that would be used under the Salaried Plan to pay a retirement lump sum as of the date applicable that the lump sum in question is to be determined under this Article F.

(c) A Covered U.K. Employee's Frozen U.K. Supplementary Benefit shall be determined on the basis of assuming that the Covered U.K. employee voluntarily terminated employment and any other service relationship with the PepsiCo Organization as of immediately before his U.S. Commencement Date.

(d) This subsection applies if the terms of the PepsiCo U.K. Pension Plan or the U.K. Supplementary Pension Appendix are amended during a year in a way that would change the results under the Section F.3 calculation, and such amendment otherwise applies earlier than the immediately following year. In this case, to the extent that doing is necessary to comply with Code Section 409A, the calculation in Section F.3 shall be made by delaying the application of the amendment so that it is prospectively effective starting with the immediately following year.

(e) In the event a Covered U.K. Employee (i) has earned a benefit under this Article F, (ii) has reached his U.S. Cessation Date, and (iii) then again Engages in U.S. Service and meets all of the requirements to be a Covered U.K. Employee when he again Engages in U.S. Service, the foregoing terms shall be applied again to determine if he earns a benefit for the new period that he Engages in U.S. Service, except that any resulting benefit from this new period shall be reduced by the lump sum value of any prior benefit under this Article F (as necessary to completely avoid any duplication of benefits).

(f) In the event a Covered U.K. Employee (i) has earned a benefit under this Article F, (ii) has reached his U.S. Cessation Date, and (iii) then is employed by the PepsiCo Organization in a classification that would be eligible for an accrual under the provisions of the Plan other than this Article F (the "Other Provisions"), then the Other Provisions shall be applied to determine if he earns a benefit under the Other Provisions for the new period of service, except that any resulting benefit from this new period of service shall be reduced by the lump sum value of any prior benefit under this Article F (as necessary to completely avoid any duplication of benefits).

F.5 No Other Benefits:

A Covered U.K. Employee shall not be entitled to any other benefits under this Plan or the Salaried Plan while he is a Covered U.K. Employee (or while he would be a Covered U.K. Employee if clauses (iv) and (v) of Section F.2. were not included in the definition of Covered U.K. Employee). In addition, prior to the time that an individual has satisfied all of the requirements to be considered a Covered U.K. Employee, the individual has no legally binding right to a benefit under this Article F. Accordingly, for the avoidance of doubt, at any point before such time, the Company may take action that prevents the individual from becoming entitled to a benefit under this Article F (e.g., by deciding that it will not designate the individual as a Covered U.K. Employee, in an unfettered exercise of the Company's discretion), regardless of the services performed or other actions taken by the individual through this point in time, and regardless of any other factor.

APPENDIX ARTICLE G -

Delay Election For Certain Pre-2018 Terminees

G.1 Scope:

This Article provides an opportunity for certain Participants, who Separated from Service before January 1, 2018 and who are eligible to receive a 409A Vested Pension, to make a one-time election to delay the distribution of their 409A Vested Pension as permitted by Code section 409A(a)(4)(C). This opportunity is referred to in this Appendix G as a Delay Election. This Article is effective as of January 1, 2018.

G.2 Eligibility for Making a Delay Election.

To be eligible to make a Delay Election, a Participant must:

- (a) Have Separated from Service before January 1, 2018,
- (b) Be eligible for a 409A Vested Pension for which the scheduled payment date under the regular terms of the Plan, as determined by the Plan Administrator, (the “Scheduled Payment Date”) is at least 12 months after the date the Participant will make the election, and
- (c) Be selected and notified by the Company, in its sole discretion, for the opportunity to make a Delay Election.

G.3 Requirements for Making a Delay Election

To be effective, a request for a Delay Election must:

- (a) Become fully effective and irrevocable at least 12 months in advance of the Scheduled Payment Date that was previously in effect, and
- (b) Specify a new scheduled date for payment commencement that is at least 5 years later than the Participant’s Scheduled Payment Date (but that is not later

than the first of the month coincident with or immediately following the Participant's 65th birthday) (the "New Scheduled Payment Date").

G.4 No Change in Form

A Participant is not permitted to use a Delay Election to change the form of payment of his or her distribution, except that:

(a) The Participant's marital status as of the New Scheduled Payment Date shall determine the form of annuity payable under the Delay Election (with such marital status determined as of the New Scheduled Payment Date in accordance with Section 6.3(c) ("Determination of Marital Status")), and

(b) Any reduction for early commencement (as applicable under Section 5.1(b) ("Basis for Determining")) of the benefit, which is subject to the Delay Election, shall be determined with reference to the New Scheduled Payment Date.

G.5 Cashout Provisions Not Superseded.

A benefit to which an effective Delay Election applies remains subject to the cashout distribution provisions in Section 4.9.

APPENDIX ARTICLE H –

Definitions of Eligible Domestic Partner Applicable Prior to January 1, 2019

H.1 Scope.

This Article H provides the definition of Eligible Domestic Partner for periods prior to January 1, 2019.

H.2 Definition of Eligible Domestic Partner.

Paragraphs a, b, c and d are effective for the dates indicated in the paragraph.

Paragraph e sets forth general rules. Paragraph f sets forth defined terms.

a) January 1, 2016 through December 31, 2018 Provisions For applicable dates from January 1, 2016 through December 31, 2018, “Eligible Domestic Partner” status is not recognized under the Plan, in light of the Supreme Court’s 2015 decision that the Constitution guarantees the right to same-sex marriage.

1. Limited Exception for 2016 Plan Year. Notwithstanding the foregoing, and solely for applicable dates in 2016, in the case of a Participant who (i) has a relationship with an individual on December 31, 2015 that is recognized as an eligible domestic partner or civil union relationship under paragraph (2) below and (ii) on any date during the 2015 Plan Year, is either an Employee who is actively employed or on an Authorized Leave of Absence from the PepsiCo Organization or a Participant, Eligible Domestic Partner means the individual with whom the Participant has entered into such an arrangement that was valid on the applicable date.

b) June 26, 2013 through December 31, 2015 Provisions.

1. Civil Unions. If on the applicable date the Participant resides in a state that does not permit same-sex marriage and the Participant has entered

into a same-sex civil union that is valid on the applicable date in the state in which it was entered into, the Participant's Eligible Domestic Partner (if any) is the individual with whom the Participant has entered into such a same-sex civil union. If a Participant resides in a state that does not permit same-sex marriage but does permit same-sex civil unions, the Participant is not eligible to have an Eligible Domestic Partner unless the Participant is in a valid same-sex civil union.

2. State of Residence Allows Neither Civil Unions Nor Marriage. If the Participant does not have an Eligible Domestic Partner (and is not eligible to have one) pursuant to subsection (a) above, the Participant's Eligible Domestic Partner (if any) is the individual with whom the Participant has executed a legally binding same-sex domestic partner agreement that meets the requirements set forth in writing by the Company with respect to eligibility for domestic partner benefits that is in effect on the applicable date. If such Participant has not entered into such an agreement, the Participant is not eligible to have an Eligible Domestic Partner.

c) January 1, 2013 through June 25, 2013 Provisions. For applicable dates from January 1, 2013 through June 25, 2013, Eligible Domestic Partner means an individual described in paragraph (3) above, and also includes the following: If on the applicable date the Participant has entered into a same-sex marriage that is valid on the applicable date in the state in which it was entered into, the Participant's Eligible Domestic Partner (if any) is the Participant's spouse pursuant to

such same-sex marriage. If the Participant resides in a state that permits same-sex marriage, the Participant is not eligible to have an Eligible Domestic Partner unless either (a) the Participant is in a valid same-sex marriage or (b) such state did not start to permit same-sex marriages until less than 12 months before the applicable date.

- d) Pre-2013 Provisions. For applicable dates before January 1, 2013, “Eligible Domestic Partner” status was not available in the Plan.
- e) Additional Rules. This paragraph (5) applies to the definition of Eligible Domestic Partner for the applicable dates covered by this H notwithstanding any provisions in paragraphs (1), (2),(3) or (4) to the contrary. The term “Eligible Domestic Partner” does not apply to an individual who is of the opposite sex of the Participant. A Participant who lives in a state that permits same-sex marriage is not permitted to have an Eligible Domestic Partner. In the case of applicable dates prior to January 1, 2016, if the Participant’s state started to permit same-sex marriage or same-sex civil unions less than 12 months before the applicable date, the Participant is treated as residing in a state that does not permit same-sex marriage or same-sex civil unions, as the case may be, for purposes of this definition of Eligible Domestic Partner.
- f) Defined Terms. For purposes of the definition of “Eligible Domestic Partner” in this Article H, the following definitions apply: “applicable date” means the earlier of the Participant’s Annuity Starting Date and date of death, and “state” means any domestic or foreign jurisdiction having the legal authority to sanction marriages or civil unions.

APPENDIX ARTICLE I –

409A PEP Makeup for Certain Pre-409A Benefits

I.1 Scope:

To ensure there will be no “material modification” of the Pre-409A Program, this Article provides a makeup benefit under the 409A Program that applies to certain participants in the Pre-409A Program (“Pre-409A Participants”) in lieu of updating the Pre-409A Program’s actuarial factors for early commencement of Vested Pensions to be consistent with the “2019 Salaried Program Factors” (as that term is defined in the definition of Actuarial Equivalent). In the case of participants in the Pre-409A Program who are also Participants in the 409A Program (without regard to this Article), this makeup relating to the early commencement reduction of Vested Pensions payable as annuities is provided under the main text of the Plan. However, this makeup is provided under this Article in the case of affected Pre-409A Participants who are otherwise not entitled to a benefit under the 409A Program.

I.2 Eligibility Under This Article:

To be eligible under this Article, an individual must be a Pre-409A Participant:

- (a) Who is paid a Pre-409A Pension that is (i) a “Vested Pension” under the Pre-409A Program, and (ii) paid in the form of an annuity commencing as of a date prior to the Pre-409A Participant’s Normal Retirement Date but as of on or after January 1, 2019;
- (b) Whose Pre-409A Pension annuity under subsection (a) above is reduced for early commencement under the terms of the Pre-409A Program by more

than it would be if the early commencement reduction were calculated using the 2019 Salaried Plan Factors; and

(c) Who otherwise would not have a 409A Pension that is payable effective as of January 1, 2019 or later because, except as provided in this Article, the only PEP Pension to which the individual is entitled is a Pre-409A Pension, or because his otherwise applicable 409A Pension commenced payment as of prior to January 1, 2019.

An individual who satisfies all of the foregoing eligibility requirements shall be referred to as an “Eligible Person” for purposes of this Article.

I.3 Benefit Amount Under This Article:

The benefit amount for an Eligible Person under this Article shall be the single lump sum that is the Actuarial Equivalent of the difference between:

(a) The Single Life Annuity that would be payable to the Eligible Person under the Pre-409A Program as of the Eligible Person’s Annuity Starting Date under the Pre-409A Program if the 2019 Salaried Program Factors for early commencement applied in calculating such Single Life Annuity (including with respect to any portion of the Participant’s Pre-409A Pension that is derived from the PEP Guarantee), and

(b) The Single Life Annuity that is actually applicable to the Eligible Person under the Pre-409A Program as of the Eligible Person’s Annuity Starting Date under the Pre-409A Program, because of the early commencement factors that

are actually applicable in calculating such Single Life Annuity (including with respect to any portion of the Participant's Pre-409A Pension that is derived from the PEP Guarantee).

Such Actuarial Equivalent lump sum shall be calculated as of the applicable commencement date specified in Section I.4 below; however, if the applicable commencement date is the Section I.4(b) date (*i.e.* December 1, 2019) and the Eligible Person's actual Annuity Starting Date under the Pre-409A Program precedes December 1, 2019, then the Actuarial Equivalent lump sum shall be determined as of such actual Annuity Starting Date and then brought forward with Actuarial Equivalent interest to December 1, 2019. For purposes of subsection (a) above, the 2019 Salaried Program Factors shall be solely the new factors applicable under the Salaried Program as of January 1, 2019 (and no alternative calculation using the factors in effect before January 1, 2019 shall apply).

I.4 Time of Payment Under This Article:

The lump sum benefit calculated under this Appendix shall be payable as of the Eligible Person's applicable commencement date, which is the latest of the following:

- (a) The first of the month following the Eligible Person's Separation from Service,
- (b) December 1, 2019, or

(c) The first of the month following the Eligible Person's attainment of age 55 (except that this subsection (c) shall not apply to the extent that the Eligible Person's benefit is derived from Article PBG of this Appendix).

In the event that the Eligible Person's applicable commencement date is the date in subsection (a) above, then the date of actual payment of the benefit shall be delayed to the extent provided by Section 6.6(a) of the main text of the Plan, and in the case of such a delay, the benefit determined as of such applicable commencement date shall be increased by interest for the period of delay as provided in Section 6.6(c) of the main text of the Plan.

I.5 Non-Duplication of Benefits:

The foregoing Sections of this Article are intended to provide a make-up benefit under the 409A Program for applying an early commencement reduction under the Pre-409A Program using factors that predate the 2019 Salaried Plan Factors, with respect to a Pre-409A Pension that is paid in the form of an annuity and that has an Annuity Starting Date of January 1, 2019 or later. However, no duplication of benefits may occur at any time under the Plan. Therefore, to the extent an Eligible Person has received or will receive a 409A Pension that, without regard to this Article, effectively provides some or all of such makeup (*e.g.*, because the Eligible Person's 409A Pension was reduced for early commencement using Early Retirement reduction factors), or to the extent that the Plan Administrator concludes that providing the makeup under this Article would otherwise result in a duplication of benefits, the makeup benefit under this Article shall be reduced (but not below zero) as the Plan Administrator deems appropriate to eliminate all

duplication of benefits. This provision shall govern over any contrary provision of this Article or the Plan that might be interpreted to support a duplication of benefits.

APPENDIX ARTICLE J -

Certain International Employees Who Are U.S. Persons

J.1 Scope:

This Article applies to “Covered International Employees” as defined in Section J.2 below. The benefit of a Covered International Employee shall be determined as provided in Section J.3 below. A benefit determined for a Covered International Employee under this Article shall be distributed as provided in Section J.4 below.

J.2 Definitions:

Where the following words and phrases appear in this Article J with initial capital letters, they shall have the meaning set forth below, unless a different meaning is plainly required by the context:

- (a) A “Covered International Employee” is an employee of a Designated PepsiCo Affiliate, who—
- (1) Is ineligible to participate in PERP,
 - (2) Would be barred from earning a benefit under PIRP-DB by Section 9.14 of PIRP-DB (based on the employee’s status as a U.S. Person),
 - (3) Is initially selected by the Vice President as eligible to be a Covered International Employee based on the existence of special circumstances regarding his ability to receive retirement benefits, and
 - (4) Is subsequently determined by the Vice President to be entitled to status as a Covered International Employee.

The selection in paragraph (3) above and the determination in paragraph (4) above shall be made in the unfettered discretion of the Vice President. In addition, the

determination in paragraph (4) shall be made in conjunction with a Selected International Employee's Retirement (but not before the year of a Selected International Employee's distribution date under Section J.4). Prior to the time of the determination in paragraph (4) above, a Selected International Employee shall not have a legally binding right (within the meaning of Code Sections 409A and 457A) to a Pension or any distribution under this Article J.

(b) A "Designated PepsiCo Affiliate" is an employing entity that (i) is organized under the laws of a country other than the United States, and (ii) has been designated by the Vice President as eligible to have its employees covered by this Article J.

(c) "PERP" means the PepsiCo Employees Retirement Plan A, PepsiCo Employees Retirement Plan I, PepsiCo Employees Retirement Plan H or any predecessor or successor plan to one or more of the foregoing.

(d) "PIRP-DB" means the PepsiCo International Retirement Plan (DB Program).

(e) A "Selected International Employee" is an employee of a Designated PepsiCo Affiliate who satisfies paragraphs (1), (2) and (3) of subsection (a) above, but who has not yet been determined to be entitled under paragraph (4) of subsection (a) above.

(e) A "U.S. Person" is an individual who is classified as a "U.S. Person" under the terms of PIRP-DB.

(f) The "Vice President" is the Company executive who has the role of the "Vice President" under the terms of PIRP-DB.

J.3 Benefit for Covered International Employees:

A Covered International Employee's benefit under the Plan shall be determined by calculating the Pension to which he would be entitled under the main part of the Plan (which shall include treating the Covered International Employee as a Plan Participant and reflecting the differences in the calculation of a Participant's Pension that is a Vested Pension versus a Retirement Pension), but giving effect to the following modifications.

(a) References in the main part of the Plan to any benefit determining factors that are determined in accordance with the provisions of the Salaried Plan shall be applied as if the Covered International Employee were eligible for the Salaried Plan at all times during his employment by a Designated PepsiCo Affiliate or a member of the PepsiCo Organization (except as modified by giving effect to any applicable modifications in the following subsections).

(b) The reductions to the Covered International Employee's Total Pension that ordinarily apply under Section 5.1(a)(2) and (3) (*i.e.*, the offsets for the Salaried Pension Plan and Pre-409A Pension Plan) shall not apply, unless a "Reduction Amount" is indicated in the "Benefit Information Table" below for the Covered International Employee, and in that case the amount of reduction that is applied shall equal the Reduction Amount.

(c) The PEP Guarantee formula of Section 5.2 shall not apply with respect to a Covered International Employee.

(d) If a "Service Start Date" is indicated in the Benefit Information Table below, such Service Start Date shall be used to determine the Covered International Employee's Pension rather than the Covered International Employee's actual service

commencement date. Accordingly, in such a case, any service by the Covered International Employee before the indicated Service Start Date shall be disregarded in calculating the Covered International Employee’s Pension under this Appendix J.

(e) If an “Earnings Start Date” is indicated in the Benefit Information Table below, such Earnings Start Date shall be used to determine the Covered International Employee’s Pension rather than the Covered International Employee’s actual earnings commencement date. Accordingly, in such a case, any earnings by the Covered International Employee before the indicated Earnings Start Date shall be disregarded in calculating the Covered International Employee’s Pension under this Appendix J.

(f) If a “Minimum Lump Sum” is indicated in the Benefit Information Table below, the Covered International Employee’s Pension, when converted to a Single Lump Sum, shall not be less than the indicated Minimum Lump Sum.

Benefit Information Table

GPID	Reduction Amount	Service Start Date	Earnings Start Date	Minimum Lump Sum
01170077	N/A	N/A	N/A	\$1,126,465

J.4 Time and Form of Distributions:

A Covered International Employee’s Pension under this Appendix J shall be distributed as a Single Lump Sum on the first day of the month that is coincident with or next follows the Participant’s Separation from Service, subject to Section 6.6 of the main part of the Plan (delay for Key Employees).

J.5 Operating Rules:

The following operating rules apply to the calculation of a Covered International Employee's Pension under this Appendix J.

(a) In determining the value of a Single Lump Sum under this Article J, the actuarial assumptions that are used shall be actuarial assumptions that comply with Section 417(e) of the Code and, specifically, are the Code Section 417(e) assumptions that would be used under the Salaried Plan to pay a retirement lump sum as of the date when the Single Lump Sum in question is to be determined under this Article J.

(b) A Covered International Employee's Pension is subject in all respects to the freeze of the Salaried Plan that is effective December 31, 2025, and accruals of (and rights and benefits with respect to) a Covered International Employee's Pension under this Appendix J shall be frozen fully and in all respects to the same extent that Salaried Plan accruals, rights and benefits are frozen as of that date.

J.6 No Other Benefits:

A Designated/Covered International Employee shall not be entitled to any other benefits under this Plan, the Salaried Plan, PIRP-DB or a termination indemnity arrangement while he is a Designated International Employee or a Covered International Employee.

APPENDIX ARTICLE PBG

Effective as of the end of the day on December 31, 2011, the PBG PEP is hereby merged with and into the PepsiCo PEP, with the PepsiCo PEP as the surviving plan after the merger. The following Appendix Article PBG governs PBG PEP benefits that were subject to the 409A PBG PEP Document prior to the merger, except as follows: (i) Articles VII (Administration), VIII (Miscellaneous), IX (Amendment and Termination), X (ERISA Plan Structure) and XI (Applicable Law) of the main section of this document shall govern PBG PEP benefits that were subject to the 409A PBG PEP Document, and (ii) effective for Annuity Starting Dates on or after January 1, 2019, if a Participant elects a survivor, period certain annuity or other death benefit annuity (or an annuity with other optional features), the adjustment of the Single Life Annuity to Actuarial Equivalent optional annuity shall be determined under the provisions of the main section of this document. There shall be no change to the time or form of payment of benefits that are subject to Code section 409A under either the PepsiCo PEP or PBG PEP Document as a result of the plan merger or the revisions made to the 409A PBG PEP Document when it was incorporated into this Appendix.

ARTICLE I TO APPENDIX ARTICLE PBG - HISTORY AND PURPOSE

1.1 ***History of Plan.*** The Pepsi Bottling Group, Inc. (“PBG”) established the PBG Pension Equalization Plan (“PEP” or “Plan”) effective April 6, 1999 for the benefit of salaried employees of the PBG Organization who participate in the PBG Salaried Employees Retirement Plan (“Salaried Plan”). The Plan was initially established as a successor plan to the PepsiCo Pension Equalization Plan, due to PBG’s April 6, 1999 initial public offering, and the Plan included historical PepsiCo provisions which are relevant for eligibility and benefit determinations under the Plan. The Plan provides benefits for eligible employees whose pension benefits under the

Salaried Plan are limited by the provisions of the Internal Revenue Code of 1986, as amended. In addition, the Plan provides benefits for certain eligible employees based on the pre-1989 Salaried Plan formula. Effective April 1, 2009, the Plan also provides benefits for employees whose eligible pay under the Salaried Plan is reduced due to the employees' elective deferrals under the PBG Executive Income Deferral Program and for certain executives who would be "Grandfathered Participants" under the Salaried Plan but for their classification as salary band E3-E8 or MP (or its equivalent, for periods on and after the Effective Time). The Plan is intended as a nonqualified unfunded deferred compensation plan for federal income tax purposes. For purposes of the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan is structured as two plans. The portion of the Plan that provides benefits based on limitations imposed by Section 415 of the Internal Revenue Code (the "Code") is intended to be an "excess benefit plan" as described in Section 4(b)(5) of ERISA. The remainder of the Plan is intended to be a plan described in Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA providing benefits to a select group of management or highly-compensated employees. The Plan has been amended from time to time, most recently in the form of an amendment and complete restatement effective as of April 1, 2009 ("2009 Restatement"). PBG further amended the Plan as a result of the merger of PBG with and into Pepsi-Cola Metropolitan Bottling Company, Inc., a wholly-owned subsidiary of PepsiCo, Inc. (the "Company"), pursuant to the Agreement and Plan of Merger dated as of August 3, 2009 among PBG, the Company and Pepsi-Cola Metropolitan Company, Inc., and to facilitate the Company's assumption of PBG's role as the Plan's sponsor.

1.2 ***Effect of Amendment and Restatement.*** The Plan as in effect on October 3, 2004 is referred to herein as the Prior Plan.

Except as otherwise explicitly provided in Section 6.1(b)(3) of this Plan, a Participant's benefit (including death benefits), determined under the terms of the Plan as in effect on October 3, 2004 as if the Participant had terminated employment on December 31, 2004, without regard to any compensation paid or services rendered after 2004, or any other events affecting the amount of or the entitlement to benefits (other than the Participant's survival or the Participant's election under the terms of the Plan with respect to the time or form of benefit) (the "Grandfathered Benefit") shall be paid at the time and in the form provided by the terms of the Plan as in effect on October 3, 2004.

The benefit of a Participant accrued under this Plan based on all compensation and services taken into account by the Prior Plan and this Plan, less the Participant's Grandfathered Benefit, shall be paid in the times and in the form as provided in this Plan. Except as otherwise explicitly provided in this Plan, this Plan superseded the Prior Plan effective January 1, 2009, with respect to amounts accrued and vested after 2004 by Participants who had not commenced receiving benefits as of January 1, 2009. The Plan was administered in accordance with a good faith interpretation of Section 409A of the Internal Revenue Code and IRS regulations and guidance thereunder from January 1, 2005 through December 31, 2008. Amounts accrued under this Plan after 2004 shall be treated as payable under a separate Plan for purposes of Section 409A of the Internal Revenue Code.

ARTICLE II TO APPENDIX ARTICLE PBG - DEFINITIONS AND CONSTRUCTION

2.1 ***Definitions.*** The following words and phrases, when used in this Plan, shall have the meaning set forth below unless the context clearly indicates otherwise. Unless otherwise expressly qualified by the terms or the context of this Plan, the terms used in this Plan shall have the same meaning as those terms in the Salaried Plan.

(a) **Actuarial Equivalent**. Except as otherwise specifically set forth in the Plan or any Appendix to the Plan with respect to a specific benefit determination, a benefit of equivalent value computed on the basis of the factors applicable for such purposes under the Salaried Plan.

(b) **Annuity**. A Pension payable as a series of monthly payments for at least the life of the Participant.

(c) **Code**. The Internal Revenue Code of 1986, as amended from time to time.

(d) **Company**. PepsiCo, Inc., a corporation organized and existing under the laws of the State of North Carolina or its successor or successors. For periods prior to the Effective Time, "Company" means "The Pepsi Bottling Group, Inc.".

(e) **Compensation Limitation**. Benefits not payable under the Salaried Plan because of the limitations on the maximum amount of compensation which may be considered in determining the annual benefit of the Salaried Plan Participant under Section 401(a)(17) of the Code.

(f) **Effective Date**. The date upon which this Plan was effective, which is April 6, 1999 (except as otherwise provided herein).

(g) **Effective Time**. February 26, 2010.

(h) **EID**. The PBG Executive Income Deferral Program, as amended from time to time.

(i) [Reserved]

(j) **Employee**. An individual who qualifies as an "Employee" as that term is defined in the Salaried Plan.

(k) **Employer**. An entity that qualifies as an “Employer” as that term is defined in the Salaried Plan.

(l) **ERISA**. Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, as amended from time to time.

(m) **Participant**. An Employee participating in the Plan in accordance with the provisions of Section 3.1.

(n) **PepsiCo/PBG Organization**. The controlled group of organizations of which the Company is a part, as defined by Section 414 of the Code and the regulations issued thereunder. An entity shall be considered a member of the PepsiCo/PBG Organization only during the period it is one of the group of organizations described in the preceding sentence. The application of this definition for periods prior to the Effective Time shall take into account the different definition of “Company” that applies before the Effective Time.

(o) **PEP Pension**. One or more payments that are payable to a person who is entitled to receive benefits under the Plan. The term “Grandfather Benefit” shall be used to refer to the portion of a PEP Pension that is payable in accordance with the Plan as in effect October 3, 2004 and is not subject to Section 409A.

(p) **PepsiCo Prior Plan**. The PepsiCo Pension Equalization Plan.

(q) **Plan**. Effective January 1, 2012, Appendix Article PBG to the PepsiCo Pension Equalization Plan, as set forth herein, and as amended from time to time. Prior to January 1, 2012, the PBG Pension Equalization Plan, as amended from time to time. In these documents, the Plan is also sometimes referred to as PEP. For periods before April 6, 1999, references to the Plan refer to the PepsiCo Prior Plan.

(r) **Plan Administrator**. The PepsiCo Administration Committee (PAC), which shall have authority to administer the Plan as provided in Article VII of the main portion of the document.

(s) **Plan Year**. The 12-month period ending on each December 31st.

(t) **Primary Social Security Amount**. In determining Pension amounts, Primary Social Security Amount shall mean:

(1) For purposes of determining the amount of a Retirement, Vested, Pre-Retirement Spouse's Pension, or Pre-Retirement Domestic Partner's Pension, the Primary Social Security Amount shall be the estimated monthly amount that may be payable to a Participant commencing at age 65 as an old-age insurance benefit under the provisions of Title II of the Social Security Act, as amended. Such estimates of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the following assumptions:

(i) That the Participant's social security wages in any year prior to Retirement or severance are equal to the Taxable Wage Base in such year, and

(ii) That he will not receive any social security wages after Retirement or severance.

However, in computing a Vested Pension under Section 4.2, the estimate of the old-age insurance benefit to which a Participant would be entitled at age 65 shall be based upon the assumption that he continued to receive social security wages until age 65 at the same rate as the Taxable Wage Base in effect at the earlier of his severance from employment or the date such participant

ceased to accrue benefits under both the Salaried Plan and this Plan. For purposes of this subsection, “social security wages” shall mean wages within the meaning of the Social Security Act.

(2) For purposes of paragraph (1), the Primary Social Security Amount shall exclude amounts that may be available because of the spouse or any dependent of the Participant or any amounts payable on account of the Participant’s death. Estimates of Primary Social Security Amounts shall be made on the basis of the Social Security Act as in effect at the Participant’s Severance from Service Date, without regard to any increases in the social security wage base or benefit levels provided by such Act which take effect thereafter.

(u) **Salaried Plan**. The PepsiCo Salaried Employees Retirement Plan; as it may be amended from time to time; provided that a Participant’s benefit under this Plan shall be determined solely by reference to Part C of the Salaried Plan.

(v) **Salaried Plan Participant**. An Employee who is a participant in the Salaried Plan.

(w) **Section 409A**. Section 409A of the Code and the applicable regulations and other guidance issued thereunder.

(x) **Section 415 Limitation**. Benefits not payable under the Salaried Plan because of the limitations imposed on the annual benefit of a Salaried Plan Participant by Section 415 of the Code.

(y) **Separation from Service**. A Participant’s separation from service as defined in Section 409A.

(z) **Single Lump Sum**. The distribution of a Participant's total PEP Pension in excess of the Participant's Grandfathered Benefit in the form of a single payment.

(aa) **Specified Employee**. The individuals identified in accordance with principles set forth below.

(1) **General**. Any Participant who at any time during the applicable year is:

(i) An officer of any member of the PBG Organization having annual compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code);

(ii) A 5-percent owner of any member of the PBG Organization; or

(iii) A 1-percent owner of any member of the PBG Organization having annual compensation of more than \$150,000.

For purposes of (i) above, no more than 50 employees identified in the order of their annual compensation shall be treated as officers. For purposes of this section, annual compensation means compensation as defined in Treas. Reg. § 1.415(c)-2(a), without regard to Treasury Reg. §§ 1.415(c)-2(d), 1.415(c)-2(e), and 1.415(c)-2(g). The Plan Administrator shall determine who is a Specified Employee in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith, and provided further that the applicable year shall be determined in accordance with Section 409A and that any modification of the foregoing definition that applies under Section 409A shall be taken into account.

(2) Applicable Year. Except as otherwise required by Section 409A, the Plan Administrator shall determine Specified Employees as of the last day of each calendar year, based on compensation for such year, and such designation shall be effective for purposes of this Plan for the twelve month period commencing on April 1st of the next following calendar year.

(3) Rule of Administrative Convenience. In addition to the foregoing, the Plan Administrator shall treat all other Employees classified as E5 and above on the applicable determination date prescribed in subsection (2) (i.e., the last day of each calendar year) as a Specified Employee for purposes of the Plan for the twelve-month period commencing of the applicable April 1st date. However, if there are at least 200 Specified Employees without regard to this provision, then it shall not apply. If there are less than 200 Specified Employees without regard to this provision, but full application of this provision would cause there to be more than 200 Specified Employees, then (to the extent necessary to avoid exceeding 200 Specified Employees) those Employees classified as E5 and above who have the lowest base salaries on such applicable determination date shall not be Specified Employees.

(4) Identification of Specified Employees Between February 26, 2010 and March 31, 2010. Notwithstanding the foregoing, for the period between February 26, 2010 and March 31, 2010, Specified Employees shall be identified by combining the lists of Specified Employees of all Employers as in effect immediately prior to the Effective Time. The foregoing method of identifying Specified Employees is intended to comply with Treas. Reg. § 1.409A-1(i)(6)(i),

which authorizes the use of an alternative method of identifying Specified Employees that complies with Treas. Reg. §§ 1.409A-1(i)(5) and -1(i)(8) and Section VII.C.4.d of the Preamble to the Final Regulations under Section 409A of the Code, which permits “service recipients to simply combine the pre-transaction separate lists of specified employees where it is determined that such treatment would be administratively less burdensome.”

(5) Identification of Specified Employees on and After April 1, 2010.

Notwithstanding the foregoing, for the periods on after April 1, 2010, Key Employees shall be identified as follows:

(i) For the period that begins on April 1, 2010, and ends on March 31, 2011, an employee shall be a Specified Employee (subject to subparagraph (iii) below) if he was classified as at least a Band IV or its equivalent on December 31, 2009. For this purpose, an employee shall be considered to be at least a Band IV or its equivalent as of a date if the employee is classified as one of the following types of employees in the PepsiCo Organization on that date: (i) a Band IV employee or above in a PepsiCo Business, (ii) a Level E7 employee or above in a PBG Business, or (iii) a Salary Grade 19 employee or above at a PAS Business.

(ii) For the twelve-month period that begins on April 1, 2011, and for each twelve-month period that begins on April 1 in subsequent years, an employee shall be a Specified Employee (subject to subparagraph (iii) below) if the employee was an employee of the PepsiCo Organization who was classified as Band IV or above on the December 31 that immediately precedes such April 1.

(iii) Notwithstanding the rule of administrative convenience in paragraph (3) above, an employee shall be a Specified Employee for the 12-month period that begins on any April 1, if as of the preceding December 31 the employee would be a specified employee, within the meaning of Treasury Regulation 1.409A-1(i), or any successor, by applying as of such December 31 the default rules that apply under such regulation for determining the minimum number of a service recipient's specified employees. If the preceding sentence and the methods for identifying Specified Employees set forth in subparagraph (i) or (ii) above, taken together, would result in more than 200 individuals being counted as Specified Employees as of any December 31 determination date, then the number of individuals treated as Specified Employees pursuant to subparagraph (i) or (ii), who are not described in the first sentence of this subparagraph (iii), shall be reduced to 200 by eliminating from consideration those employees otherwise added by such subparagraph in order of their base compensation, from the lowest base compensation to the highest.

(iv) For purposes of this paragraph (5), "PAS Business" means each employer, division of an employer or other organizational subdivision of an employer that the Company classifies as part of the PAS business; "PBG Business" means each employer, division of an employer or other organizational subdivision of an employer that the Company classifies as part of the PBG business; and "PepsiCo Business" means each employer, division of an employer or other organizational subdivision of an employer that the Company classifies as part of the PepsiCo business.

The method for identifying Specified Employees set forth in this definition is intended as an alternative method of identifying Specified Employees under Treas. Reg. § 1.409A-1(i)(5),

and is adopted herein and shall be interpreted and applied consistently with the rules applicable to such alternative arrangements.

(bb) **Vested Pension**. The PEP Pension available to a Participant who has a vested PEP Pension and is not eligible for a Retirement Pension.

2.2 ***Construction***. The terms of the Plan shall be construed in accordance with this section.

(a) **Gender and Number**. The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates to the contrary.

(b) **Compounds of the Word "Here"**. The words "hereof", "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

ARTICLE III TO APPENDIX ARTICLE PBG - PARTICIPATION

3.1 Each Salaried Plan Participant whose benefit under the Salaried Plan is curtailed by the Compensation Limitation or the Section 415 Limitation, or both, and each other Salaried Plan Participant (i) who is a Grandfathered Employee as defined in Section 3.7 of the Salaried Plan and who made elective deferrals to the EID on or after April 1, 2009 and before January 1, 2011 (inclusively); (ii) who would have been considered a Grandfathered Participant as defined in Section 3.7 of the Salaried Plan during the period April 1, 2009 through December 31, 2010 if the Participant had not been classified by the Employer as salary band E3-E8 or MP on March 31, 2009; or (iii) whose 1988 pensionable "earnings" under the Salaried Plan, as described in Section 4.2(a), were \$75,000 or more, shall participate in this Plan.

ARTICLE IV TO APPENDIX ARTICLE PBG - AMOUNT OF RETIREMENT PENSION

4.1 **PEP Pension.** Subject to Sections 4.5 and 8.7, a Participant's PEP Pension shall equal the amount determined under (a) or (b) of this Section 4.1, whichever is applicable. Such amount shall be determined as of the date of the Participant's Separation from Service.

(a) **Same Form as Salaried Plan.** If a Participant's PEP Pension will be paid in the same form and will commence as of the same time as his pension under the Salaried Plan, then his monthly PEP Pension shall be equal to the excess of:

(1) The greater of:

(i) the monthly pension benefit which would have been payable to such Participant under the Salaried Plan without regard to (I) the Compensation Limitation; (II) the Section 415 Limitation; (III) the exclusion from Earnings of amounts deferred at the election of the Participant under the EID on or after April 1, 2009 and before January 1, 2011; and (IV) the April 1, 2009 through December 31, 2010 exclusion from the Salaried Plan definition of a Grandfathered Participant of a Participant who, as of March 31, 2009, was classified as salary band E3-E8 or MP and had attained age 50 and completed five years of Service or whose sum of his age and years of Service was at least 65; and

(ii) if applicable, the amount determined in accordance with Section 4.2, expressed in such form and payable as of such time; over

(2) The amount of the monthly pension benefit that is in fact payable to such Salaried Plan Participant under the Salaried Plan, expressed in such form and payable as of such time.

The amount of the monthly pension benefit so determined, less the portion of such benefit that is the Participant's Grandfathered Benefit, shall be payable as provided in Section 6.2.

(b) **Different Form than Salaried Plan**. If a Participant's PEP Pension will be paid in a different form (whether in whole or in part) or will commence as of a different time than his pension benefit under the Salaried Plan, his PEP Pension shall be the product of:

(1) The greater of:

(i) the monthly pension benefit which would have been payable to such Participant under the Salaried Plan without regard to (I) the Compensation Limitation; (II) the Section 415 Limitation; (III) the exclusion from Earnings of amounts deferred at the election of the Participant under the EID on or after April 1, 2009 and before January 1, 2011; and (IV) the March 31, 2009 through December 31, 2010 exclusion from the Salaried Plan definition of a Grandfathered Participant of a Participant who, as of such date, was classified as salary band E3-E8 or MP and had attained age 50 and completed five years of Service or whose sum of his age and years of Service was at least 65; and

(ii) if applicable, the amount determined in accordance with Section 4.2, expressed in the form and payable as of such time as applies to his PEP Pension under this Plan, multiplied by

(2) A fraction, the numerator of which is the value of the amount determined in Section 4.1(b)(1), reduced by the value of his pension under the

Salaried Plan, and the denominator of which is the value of the amount determined in Section 4.1(b)(1) (with value determined on a reasonable and consistent basis, in the discretion of the Plan Administrator, with respect to similarly situated employees).

The amount of the monthly pension benefit so determined, less the portion of such benefit that is the Participant's Grandfathered Benefit, shall be payable as provided in Section 6.2.

Notwithstanding the above, in the event any portion of the accrued benefit of a Participant under this Plan or the Salaried Plan is awarded to an alternate payee pursuant to a qualified domestic relations order, as such terms are defined in Section 414(p) of the Code, the Participant's total PEP Pension shall be adjusted, as the Plan Administrator shall determine, so that the combined benefit payable to the Participant and the alternate payee from this Plan and the Salaried Plan is the amount determined pursuant to subsections 4.1(a) and (b) above, as applicable.

4.2 **PEP Guarantee.** Subject to Section 8.7, a Participant who is eligible under subsection (a) below shall be entitled to a PEP Guarantee benefit determined under subsection (b) below, if any.

(a) **Eligibility.** A Participant shall be covered by this section if the Participant has 1988 pensionable earnings from an Employer of at least \$75,000. For purposes of this section, "1988 pensionable earnings" means the Participant's remuneration for the 1988 calendar year that was recognized for benefit accrual received under the Salaried Plan as in effect in 1988. "1988 pensionable earnings" does not include remuneration from an entity attributable to any period when that entity was not an Employer.

(b) **PEP Guarantee Formula.** The amount of a Participant's PEP Guarantee shall be determined under paragraph (1), subject to the special rules in paragraph (2).

(1) Formula. The amount of a Participant's PEP Guarantee under this paragraph shall be determined as follows:

(i) Three percent of the Participant's Highest Average Monthly Earnings for the first 10 years of Credited Service, plus

(ii) One percent of the Participant's Highest Average Monthly Earnings for each year of Credited Service in excess of 10 years, less

(iii) One and two-thirds percent of the Participant's Primary Social Security Amount multiplied by years of Credited Service not in excess of 30 years.

In determining the amount of a Vested Pension, the PEP Guarantee shall first be calculated on the basis of (I) the Credited Service the Participant would have earned had he continued to accrue Credited Service until his Normal Retirement Age, and (II) his Highest Average Monthly Earnings and Primary Social Security Amount at the earlier of his Severance from Service Date or the date such Participant ceased to accrue additional benefits under both the Salaried Plan and this Plan, and then shall be reduced by multiplying the resulting amount by a fraction, the numerator of which is the Participant's actual years of Credited Service on the earlier of his Severance from Service Date or the date such Participant ceased to accrue additional benefits under both the Salaried Plan and this Plan and the denominator of which is the years of Credited Service

he would have earned had he continued to accrue Credited Service until his Normal Retirement Age.

(2) Calculation. The amount of the PEP Guarantee shall be determined pursuant to paragraph (1) above, subject to the following special rules:

(i) Surviving Eligible Spouse's or Eligible Domestic Partner's Annuity: Subject to subparagraph (iii) below and the last sentence of this subparagraph, if the Participant has an Eligible Spouse or Eligible Domestic Partner and has commenced receipt of an Annuity under this section, the Participant's Eligible Spouse or Eligible Domestic Partner shall be entitled to receive a survivor annuity equal to 50 percent of the Participant's Annuity under this section, with no corresponding reduction in such Annuity for the Participant. Annuity payments to a surviving Eligible Spouse or Eligible Domestic Partner shall begin on the first day of the month coincident with or following the Participant's death and shall end with the last monthly payment due prior to the Eligible Spouse's or Eligible Domestic Partner's death. If the Eligible Spouse or Eligible Domestic Partner is more than 10 years younger than the Participant, the survivor benefit payable under this subparagraph shall be adjusted as provided below.

(A) For each full year more than 10 but less than 21 that the surviving Eligible Spouse or Eligible Domestic Partner is younger than the Participant, the survivor benefit payable to such

Eligible Spouse or Eligible Domestic Partner shall be reduced by 0.8 percent.

(B) For each full year more than 20 that the surviving Eligible Spouse or Eligible Domestic Partner is younger than the Participant, the survivor benefit payable to such Eligible Spouse or Eligible Domestic Partner shall be reduced by an additional 0.4 percent.

This subparagraph applies only to a Participant who retires on or after his Early Retirement Date.

(ii) Reductions. The following reductions shall apply in determining a Participant's PEP Guarantee.

(A) If the Participant will receive an Early Retirement Pension, the payment amount shall be reduced by $\frac{3}{12}^{\text{ths}}$ of 1 percent for each month by which the benefit commencement date precedes the date the Participant would attain his Normal Retirement Date.

(B) If the Participant is entitled to a Vested Pension, the payment amount shall be reduced to the Actuarial Equivalent of the amount payable at his Normal Retirement Date (if payment commences before such date), and the reductions set forth in the Salaried Plan for any Pre-Retirement Spouse's coverage or Pre-Retirement Domestic Partner's coverage shall apply.

(C) This clause applies if the Participant will receive his PEP Guarantee in a form that provides an Eligible Spouse or Eligible Domestic Partner benefit, continuing for the life of the surviving spouse or surviving domestic partner, that is greater than that provided under subparagraph (i). In this instance, the Participant's PEP Guarantee under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the Actuarial Equivalent of the PEP Guarantee otherwise payable under the foregoing provisions of this section.

(D) This clause applies if the Participant will receive his PEP Guarantee in a form that provides a survivor annuity for a beneficiary who is not his Eligible Spouse or Eligible Domestic Partner. In this instance, the Participant's PEP Guarantee under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the Actuarial Equivalent of a Single Life Annuity for the Participant's life.

(E) This clause applies if the Participant will receive his PEP Guarantee in an Annuity form that includes inflation protection described in the Salaried Plan. In this instance, the Participant's PEP Guarantee under this section shall be reduced so that the total value of the benefit payable on the Participant's behalf is the Actuarial Equivalent of the elected Annuity without such protection.

(iii) Lump Sum Conversion. The amount of the PEP Guarantee determined under this section for a Participant whose Retirement Pension will be distributed in the form of a lump sum shall be the Actuarial Equivalent of the Participant's PEP Guarantee determined under this section, taking into account the value of any survivor benefit under subparagraph (i) above and any early retirement reductions under subparagraph (ii)(A) above.

(iv) April 1, 2009 Salaried Plan Changes.

(A) The amount of the PEP Guarantee determined under this section for a Participant who, as of March 31, 2009, was classified as salary band E3-E8 or MP and who had attained age 50 and completed five years of Service or (inclusively) whose sum of his age and years of Service was at least 65 shall be determined as if such Participant were a Grandfathered Participant in the Salaried Plan on April 1, 2009 (so that Earnings and Credited Service were not frozen as of March 31, 2009 for the period April 1, 2009 through December 31, 2010).

(B) Highest Average Monthly Earnings shall be determined without regard to the exclusion from Earnings under the Salaried Plan of amounts deferred at the election of the Participant under the EID on or after April 1, 2009 and before January 1, 2011.

4.3 ***Certain Adjustments.*** Pensions determined under the foregoing sections of this Article are subject to adjustment as provided in this section. For purposes of this section, "specified plan" shall mean the Salaried Plan or a nonqualified pension plan similar to this Plan. A nonqualified pension plan is similar to this Plan if it is sponsored by a member of the PBG

Organization and if its benefits are not based on participant pay deferrals (this category of similar plans includes the PepsiCo Prior Plan).

(a) **Adjustments for Rehired Participants.** This subsection shall apply to a current or former Participant who is reemployed after his Annuity Starting Date and (i) whose benefit under the Salaried Plan is recalculated based on an additional period of Credited Service, or (ii) whose benefit under the Salaried Plan would have been recalculated, based on an additional period of Credited Service if the Participant would have been considered a Grandfathered Participant as defined in Section 3.7 of the Salaried Plan if the Participant was not classified by the Employer as salary band E3-E8 or MP. In such event, the Participant's PEP Pension shall be recalculated hereunder. For this purpose, the PEP Guarantee under Section 4.2 is adjusted for in-service distributions and prior distributions in the same manner as benefits are adjusted under the Salaried Plan, but by taking into account benefits under this Plan and any specified plans.

(b) **Adjustment for Increased Pension Under Other Plans.** If the benefit paid under a specified plan on behalf of a Participant is increased after PEP benefits on his behalf have been determined (whether the increase is by order of a court, by agreement of the plan administrator of the specified plan, or otherwise), the PEP benefit for the Participant shall be recalculated. If the recalculation identifies an overpayment hereunder, the Plan Administrator shall take such steps as it deems advisable to recover the overpayment. It is specifically intended that there shall be no duplication of payments under this Plan and any specified plans.

(c) **No Benefit Offsets That Would Violate Section 409A.** If a Participant has earned a benefit under a plan maintained by a member of the PepsiCo/PBG

Organization that is a “qualifying plan” for purposes of the “Non-Duplication” rule in Section 3.8 of Part A of the Salaried Plan and the “Transfers and Non-Duplication” rule in Section 3.6 of Part C of the Salaried Plan, such Transfers and Non-Duplication rules shall apply when calculating the amount determined under Section 4.1(a)(1) or 4.1(b)(1) above (as applicable) only to the extent the application of such rule will not result in a change in the time or form of payment of such pension that is prohibited by Section 409A. For purposes of the limit on offsets in the preceding sentence, it is the Company’s intent to undertake to make special arrangements with respect to the payment of the benefit under the qualifying plan that are legally permissible under the qualifying plan, and compliant with Section 409A, in order to avoid such a change in time or form of payment to the maximum extent possible; to the extent that Section 409A compliant special arrangements are timely put into effect in a particular situation, the limit on offsets in the prior sentence will not apply.

4.4 **Reemployment of Certain Participants.** In the case of a current or former Participant who is reemployed and is eligible to reparticipate in the Salaried Plan after his Annuity Starting Date, payment of his non-Grandfathered PEP Pension will not be suspended. If such Participant accrues an additional PEP Pension for service after such reemployment, his PEP Pension on his subsequent Separation from Service shall be reduced by the present value of PEP benefits previously distributed to such Participant, as determined by the Plan Administrator.

4.5 **Vesting; Misconduct.** Subject to Section 8.7, a Participant shall be fully vested in his Accrued Benefit at the time he becomes fully vested in his accrued benefit under the Salaried Plan. Notwithstanding the preceding, or any other provision of the Plan to the

contrary, a Participant shall forfeit his or her entire PEP Pension if the Plan Administrator determines that such Participant has engaged in "Misconduct" as defined below, determined without regard to whether the Misconduct occurred before or after the Participant's Severance from Service. The Plan Administrator may, in its sole discretion, require the Participant to pay to the Employer any PEP Pension paid to the Participant within the twelve month period immediately preceding a date on which the Participant has engaged in such Misconduct, as determined by the Plan Administrator.

"Misconduct" means any of the following, as determined by the Plan Administrator in good faith: (i) violation of any agreement between the Company or Employer and the Participant, including but not limited to a violation relating to the disclosure of confidential information or trade secrets, the solicitation of employees, customers, suppliers, licensors or contractors, or the performance of competitive services, (ii) violation of any duty to the Company or Employer, including but not limited to violation of the Company's Code of Conduct; (iii) making, or causing or attempting to cause any other person to make, any statement (whether written, oral or electronic), or conveying any information about the Company or Employer which is disparaging or which in any way reflects negatively upon the Company or Employer unless required by law or pursuant to a Company or Employer policy; (iv) improperly disclosing or otherwise misusing any confidential information regarding the Company or Employer; (v) unlawful trading in the securities of the Company or of another company based on information garnered as a result of that Participant's employment or other relationship with the Company; (vi) engaging in any act which is considered to be contrary to the best interests of the Company or Employer, including but not limited to recruiting or soliciting employees of the Employer; or (vii) commission of a felony or other serious crime or engaging in any activity

which constitutes gross misconduct. Notwithstanding the foregoing and for the avoidance of doubt, nothing in this Plan shall prohibit the Participant from communicating with government authorities concerning any possible legal violations. The Company nonetheless asserts and does not waive its attorney-client privilege over any information appropriately protected by the privilege.

ARTICLE V TO APPENDIX ARTICLE PBG - DEATH BENEFITS

5.1 ***Death Benefits.*** Each Participant entitled to a PEP Pension under this Plan who dies before his Annuity Starting Date shall be entitled to a death benefit equal in amount to the additional death benefit to which the Participant would have been entitled under the Salaried Plan if the PEP Pension as determined under Article IV was payable under the Salaried Plan instead of this Plan. The death benefit with respect to a Participant's PEP Pension in excess of the Grandfathered Benefit shall become payable on the Participant's date of death in a Single Lump Sum payment.

Payment of any death benefit of a Participant who dies before his Annuity Starting Date under the Plan shall be made to the persons and in the proportions to which any death benefit under the Salaried Plan is or would be paid (including to a Participant's Eligible Domestic Partner to whom pre-retirement death benefits are payable under the Salaried Plan, if any, with respect to deaths occurring on or after January 1, 2013).

ARTICLE VI TO APPENDIX ARTICLE PBG - DISTRIBUTIONS

The terms of this Article govern the distribution of benefits to a Participant who becomes entitled to payment of a PEP Pension under the Plan.

6.1 ***Form and Timing of Distributions.*** Subject to Section 6.5, this Section shall govern the form and timing of PEP Pensions.

(a) **Time and Form of Payment of Grandfathered Benefit.** The Grandfathered Benefit of a Participant shall be paid in the form and at the time or times provided by the terms of the Plan as in effect on October 3, 2004.

(b) **Time and Form of Payment of Non-Grandfathered Benefit.** Except as provided below, the PEP Pension payable to a Participant in excess of the Grandfathered Benefit shall become payable in a Single Lump Sum on the Separation from Service of the Participant.

(1) **Certain Vested Pensions.** A Participant (i) who incurred a Separation from Service during the period January 1, 2005 through December 31, 2008 (other than a Participant described in (3) below); and (ii) whose Annuity Starting Date has not occurred as of January 1, 2009, shall receive his PEP Pension in excess of his Grandfathered Benefit in a Single Lump Sum which shall become payable on January 1, 2009.

(2) **Annuity Election.** A Participant who (i) attained age 50 on or before January 1, 2009, (ii) on or before December 31, 2008 irrevocably elected to receive a Single Life Annuity, a 50%, 75% or 100% Joint and Survivor Annuity, or a 10 Year Certain and Life Annuity; and (iii) incurs a Termination of Employment on or after July 1, 2009 after either attainment of age 55 and the tenth anniversary of the Participant's initial employment date or attainment of age 65 and the fifth anniversary of the Participant's initial employment date, shall receive his PEP Pension in excess of his Grandfathered Benefit in the form elected commencing on the first day of the month coincident with or next following his Separation from Service. If such Participant Separates from Service

prior to July 1, 2009 or prior to attainment of age 55 and the tenth anniversary of the Participant's employment date, or prior to attainment of age 65 and the fifth anniversary of the Participant's employment, the Participant's PEP Pension in excess of his Grandfathered Pension shall be payable in a Single Lump Sum on the Participant's Separation from Service.

(3) 2008 Reorganization. The entire PEP Pension of a Participant who (i) was involuntarily Separated from Service on or after November 1, 2008 and on or before December 19, 2008; (ii) at the time of Separation from Service had attained age 50 and had not attained age 55, and had 10 or more years of Service; and (iii) is eligible for special retirement benefits as described in the letter agreement executed and not revoked by the Participant, shall become payable in a Single Lump Sum on the last day of the Participant's "Transition Period" as defined in the letter agreement.

(4) Specified Employees. If a Participant is classified as a Specified Employee at the time of the Participant's Separation from Service (or at such other time for determining Specified Employee status as may apply under Section 409A), then no amount shall be payable pursuant to this Section 6.1(b) until at least six (6) months after such a Separation from Service. Any payment otherwise due in such six month period shall be suspended and become payable at the end of such six month period, with interest at the applicable interest rates used for computing a Single Lump Sum payment on the date of Separation from Service.

(5) Actual Date of Payment. An amount payable on a date specified in this Article VI or in Article V shall be paid as soon as administratively feasible after such date; but no later than the later of (a) the end of the calendar year in which the specified date occurs; or (b) the 15th day of the third calendar month following such specified date and the Participant (or beneficiary) is not permitted to designate the taxable year of the payment. The payment date may be postponed further if calculation of the amount of the payment is not administratively practicable due to events beyond the control of the Participant (or beneficiary), and the payment is made in the first calendar year in which the calculation of the amount of the payment is administratively practicable.

6.2 ***Special Rules for Survivor Options.***

(a) Effect of Certain Deaths. If a Participant makes an Annuity election described in Section 6.1(b)(2) and the Participant dies before his Separation from Service, the election shall be disregarded. Such a Participant may change his coannuitant of a Joint and Survivor Annuity at any time prior to his Separation from Service, and may change his beneficiary of a Ten Years Certain and Life Annuity at any time. If the Participant dies after such election becomes effective but before his non-Grandfathered PEP Pension actually commences, the election shall be given effect and the amount payable to his surviving Eligible Spouse, surviving Eligible Domestic Partner or other beneficiary shall commence on the first day of the month following his death (any back payments due the Participant shall be payable to his estate). In the case of a Participant who elected a 10 Year Certain and Life Annuity, if such Participant

dies: (i) after benefits have commenced; (ii) without a surviving primary or contingent beneficiary, and (iii) before receiving 120 payments under the form of payment, then the remaining payments due under such form of payment shall be paid to the Participant's estate. If payments have commenced under such form of payment to a Participant's primary or contingent beneficiary and such beneficiary dies before payments are completed, then the remaining payments due under such form of payment shall be paid to such beneficiary's estate.

(b) **Beneficiary Other Than Eligible Spouse or Eligible Domestic Partner.** If a Participant's beneficiary is not his Eligible Spouse or Eligible Domestic Partner, he may not elect:

(1) The 100 percent survivor option described in Section 6.1(b)(2) with a beneficiary more than 10 years younger than he is, or

(2) The 75 percent survivor option described in Section 6.1(b)(2) with a beneficiary more than 19 years younger than he is.

6.3 Designation of Beneficiary. A Participant who has elected to receive all or part of his pension in a form of payment that includes a survivor option shall designate a beneficiary who will be entitled to any amounts payable on his death. Such designation shall be made on a PEP Election Form. A Participant shall have the right to change or revoke his beneficiary designation at any time prior to when his election is finally effective. The designation of any beneficiary, and any change or revocation thereof, shall be made in accordance with rules adopted by the Plan Administrator. A beneficiary designation shall not be effective unless and until filed with the Plan Administrator.

6.4 **Determination of Single Lump Sum Amounts.** Except as otherwise provided below, a Single Lump Sum payable under Article V or Section 6.1 shall be determined in the same manner as the single lump sum payment option prescribed in Section 6.1(b)(3) of the Salaried Plan.

(a) **Vested Pensions.** If on the date of Separation from Service of a Participant such Participant is not entitled to retire with an immediate pension under the Salaried Plan, the Single Lump Sum payable to the Participant under Section 6.1 shall be determined in the same manner as the single lump sum payment option prescribed in Section 6.1(b)(3) of the Salaried Plan but substituting (for Plan Years beginning before 2012) the applicable segment rates for the blended 30 year Treasury and segment rates that would otherwise be applicable.

(b) **2008 Reorganization.** Notwithstanding subsection (a) above, the Single Lump Sum payment for a Participant whose employment was involuntarily terminated as a result of the 2008 Reorganization on or after November 1, 2008 and on or before December 19, 2008 shall be determined based on the applicable interest rates and mortality used by the Salaried Plan for optional lump sum distributions in December 2008, provided that in no event shall such Single Lump Sum payment be less than the Single Lump Sum determined based on the applicable interest rates and mortality used by the Salaried Plan for lump sum distributions for the month in which the Single Lump Sum is distributed to the Participant.

6.5 **Section 162(m) Postponement.** Notwithstanding any other provision of this Plan to the contrary, no PEP Pension shall be paid to any Participant prior to the earliest date on which the Company's federal income tax deduction for such payment is not precluded by

Section 162(m) of the Code. In the event any payment is delayed solely as a result of the preceding restriction, such payment shall be made as soon as administratively feasible following the first date as of which Section 162(m) of the Code no longer precludes the deduction by the Company of such payment. Amounts deferred because of the Section 162(m) deduction limitation shall be increased by simple interest for the period of delay at the annual rate of six percent (6%).

APPENDIX TO ARTICLE PBG

Foreword

This Appendix sets forth additional provisions applicable to individuals specified in the Articles of this Appendix. In any case where there is a conflict between the Appendix and the main text of the Plan, the Appendix shall govern.

Article A (Article IPO) – Transferred and Transition Individuals

IPO.1 **Scope.** This Article supplements the main portion of the Plan document with respect to the rights and benefits of Transferred and Transition Individuals following the spinoff of this Plan from the PepsiCo Prior Plan.

IPO.2 **Definitions.** This section provides definitions for the following words or phrases in boldface and underlined. Where they appear in this Article with initial capitals they shall have the meaning set forth below. Except as otherwise provided in this Article, all defined terms shall have the meaning given to them in Section 2.1 of the Plan.

(a) **Agreement.** The 1999 Employee Programs Agreement between PepsiCo, Inc. and The Pepsi Bottling Group, Inc.

(b) **Close of the Distribution Date.** This term shall take the definition given it in the Agreement.

(c) **Transferred Individual.** This term shall take the definition given it in the Agreement.

(d) **Transition Individual.** This term shall take the definition given it in the Agreement.

IPO.3 ***Rights of Transferred and Transition Individuals.*** All Transferred Individuals who participated in the PepsiCo Prior Plan immediately prior to the Effective Date shall be Participants in this Plan as of the Effective Date. The spinoff of this Plan from the PepsiCo Prior Plan shall not result in a break in the Service or Credited Service of Transferred Individuals or Transition Individuals. Notwithstanding anything in the Plan to the contrary, and as provided in Section 2.04 of the Agreement, all service, all compensation, and all other benefit-affecting determinations for Transferred Individuals that, as of the Close of the Distribution Date, were recognized under the PepsiCo Prior Plan for periods immediately before such date, shall as of the Effective Date continue to receive full recognition, credit and validity and shall be taken into account under this Plan as if such items occurred under this Plan, except to the extent that duplication of benefits would result. Similarly, notwithstanding anything to the contrary in the Plan, the benefits of Transition Individuals shall be determined in accordance with section 8.02 of the Agreement.

Article B – Special Cases

B.1 This Article B of the Appendix supplements the main portion of the Plan document and is effective as of January 28, 2002.

B.2 This Article shall apply to certain highly compensated management individuals who were (i) hired as a Band IV on or about January 28, 2002 and (ii) designated by the Senior Vice President of Human Resources as eligible to receive a supplemental retirement benefit (the "Participant").

B.3 Notwithstanding Article IV of the Plan, the amount of the total PEP Pension under this Plan shall be equal to the excess of (1) the monthly pension benefit which would have been payable to such individual under the Salaried Plan without regard to the Compensation Limitation and the Section 415 Limitation, determined as if such individual's employment commencement date with the Company were September 10, 1990; (2) the sum of (i) the amount of the monthly pension benefit that is in fact payable under the Salaried Plan; and (ii) the monthly amount of such individual's deferred, vested benefit under any qualified or nonqualified defined benefit pension plan maintained by PepsiCo., Inc. or any affiliate of PepsiCo., Inc., Tricon or YUM!, as determined by the administrator using reasonable assumptions to adjust for different commencement dates so that the total benefit of such individual does not exceed the amount described in (1) above.

B.4 In the event of the death of such individual while employed by the Company, the individual's beneficiary shall be entitled to a death benefit as provided in Article V, determined based on the formula for the total benefit described above, and reduced by the survivor benefits payable by the Salaried Plan and the other plans described above. The net amount so determined shall be payable in a Single Lump Sum as prescribed in Article V.

B.5 The Plan Administrator shall, in its sole discretion, adjust any benefit determined pursuant to this Article B to the extent necessary or appropriate to ensure that such individual's benefit in the aggregate does not exceed the Company's intent to ensure overall pension

benefits equal to the benefits that would be applicable if such individual had been continuously employed by the Company for the period commencing September 10, 1990 to the date of Separation from Service.

Article C – Transfers From/To PepsiCo, Inc.

The provisions of this Article C shall only apply to transfers that occur before February 26, 2010 and shall not apply to any transfer to PepsiCo, Inc. or from PepsiCo, Inc. that occurs on or after such date.

C.1 This Article supplements and overrides the main portion of the Plan with respect to Participants who (i) transfer from the Company to PepsiCo, Inc.; and (ii) transfer from PepsiCo, Inc. to the Company.

C.2 Notwithstanding Article IV of the Plan, the PEP Pension of a Participant who (i) transfers from the Company to PepsiCo, Inc. or (ii) transfers to PepsiCo, Inc. from the Company shall be determined as set forth below.

C.3 Transfers to PepsiCo, Inc. The PEP Pension of a Participant who transfers to PepsiCo, Inc. shall be determined as of the date of such transfer in the manner described in Article IV, including the Salaried Plan offset regardless of whether such benefit under the Salaried Plan is transferred to a qualified plan of PepsiCo, Inc. On such Participant's Separation from Service, the PEP Pension so determined shall become payable in accordance with Article VI.

C.4 Transfers from PepsiCo, Inc. The PEP Pension of a Participant who transfers from PepsiCo, Inc. shall be determined as of the date of the Participant's Separation from Service in the manner described in Article IV and shall be reduced by any benefit accrued by the Participant under any qualified or nonqualified plan maintained by PepsiCo, Inc. that is based on credited service included in the determination of the Participant's benefit under this Plan so that the total benefit from all plans does not exceed the benefit the Participant would have received had the Participant been solely employed by the Company. Notwithstanding the

preceding, effective for transfers on or after January 1, 2005, in no event shall such benefit be less than the benefit the Participant would have received based solely on the Participant's employment by the Company. The Plan Administrator shall make such adjustments as the Plan Administrator deems appropriate to effectuate the intent of this Section C.4.

APPENDIX ARTICLE PAC

Guiding Principles Regarding Benefit Plan Committee Appointments

PAC.1 Scope. This Article PAC supplements the PepsiCo Pension Equalization Plan document with respect to the appointment of the members of the PAC.

PAC.2 General Guidelines. To be a member of the PAC, an individual must:

- (a) Be an employee of the PepsiCo Organization at a Leadership Group 1 or above level,
- (b) Be able to give adequate time to committee duties, and
- (c) Have the character and temperament to act prudently and diligently in the exclusive interest of the Plan's participants and beneficiaries.

PAC.3 PAC Guidelines. In addition to satisfying the requirements set forth in Section PAC.2, the following guidelines will also apply to the PAC membership:

- (a) Each member of the PAC should have experience with benefit plan administration or other experience that can readily translate to a role concerning ERISA plan administration,
- (b) The membership of the PAC as a whole should have experience and expertise with respect to the administration of ERISA health and welfare and retirement plans, and
- (c) Each member of the PAC should be capable of prudently evaluating the reasonableness of expenses that are charged to the Plan.

PAC.4 Additional Information. The Chair of the PAC may seek information from Company personnel, including the Controller, CFO and CHRO, in connection with his identification of well qualified candidates for committee membership.

PAC.5 Role of the Guidelines. The foregoing guidelines in this Article PAC are intended to guide the Chair of the PAC in the selection of committee members; however, they neither diminish nor enlarge the legal standard applicable under ERISA.

PEPSICO, INC. SUBSIDIARIES (as of December 25, 2021)

Entity Name	Jurisdiction
Alimentos del Istmo, S.A.	Panama
Alimentos Quaker Oats y Compania Limitada	Guatemala
Amavale Agricola Ltda.	Brazil
Anderson Hill Insurance Limited	Bermuda
Asia Bottlers Limited	Hong Kong
BAESA Capital Corporation Ltd.	Cayman Islands
Balmoral Industries LLC	United States, Delaware
Bare Foods Co.	United States, Delaware
Barrhead LLC	United States, Delaware
Beaman Bottling Company	United States, Delaware
Bebidas Sudamerica S.A.	Argentina
Beech Limited	Cayman Islands
Bell Taco Funding Syndicate	Australia
Bendler Investments II Ltd	Luxembourg/United Kingdom
Bendler Investments S.à r.l	Luxembourg
Beverage Services Limited	Bermuda
Beverages, Foods & Service Industries, Inc.	United States, Delaware
BFY Brands Limited	United Kingdom
BFY Brands, LLC	United States, Delaware
Bishkeksut, OJSC	Kyrgyzstan
Blaue NC, S. de R.L. de C.V.	Mexico
Blue Cloud Distribution of Arizona, Inc.	United States, Arizona
Blue Cloud Distribution of Arkansas, Inc.	United States, Arkansas
Blue Cloud Distribution of Colorado, Inc.	United States, Colorado
Blue Cloud Distribution of Florida, Inc.	United States, Florida
Blue Cloud Distribution of Georgia, Inc.	United States, Georgia
Blue Cloud Distribution of Illinois, Inc.	United States, Illinois
Blue Cloud Distribution of Indiana, Inc.	United States, Indiana
Blue Cloud Distribution of Iowa, Inc.	United States, Iowa
Blue Cloud Distribution of Kentucky, Inc.	United States, Kentucky
Blue Cloud Distribution of Louisiana, Inc.	United States, Louisiana
Blue Cloud Distribution of Minnesota, Inc.	United States, Minnesota
Blue Cloud Distribution of Mississippi, Inc.	United States, Mississippi
Blue Cloud Distribution of Missouri, Inc.	United States, Missouri
Blue Cloud Distribution of Nebraska, Inc.	United States, Nebraska
Blue Cloud Distribution of Nevada, Inc.	United States, Nevada
Blue Cloud Distribution of North Carolina, Inc.	United States, North Carolina
Blue Cloud Distribution of Ohio, Inc.	United States, Ohio
Blue Cloud Distribution of Oklahoma, Inc.	United States, Oklahoma
Blue Cloud Distribution of Pennsylvania, Inc.	United States, Pennsylvania
Blue Cloud Distribution of South Carolina, Inc.	United States, South Carolina

Blue Cloud Distribution of Tennessee, Inc.	United States, Tennessee
Blue Cloud Distribution of Texas, Inc.	United States, Texas
Blue Cloud Distribution of Virginia, Inc.	United States, Virginia
Blue Cloud Distribution of Wisconsin, Inc.	United States, Wisconsin
Blue Cloud Distribution, Inc.	United States, Delaware
Blue Ridge Sales, LLC	United States, Delaware
Bluebird Foods Limited	New Zealand
Bluecan Holdings Unlimited Company	Ireland
Bokomo Zambia Limited	Zambia
Bolsherechensky Molkombinat, JSC	Russia
Boquitas Fiestas S.R.L.	Honduras
Boquitas Fiestas, LLC	United States, Delaware
Bottling Group Financing, LLC	United States, Delaware
Bottling Group Holdings, LLC	United States, Delaware
Bottling Group, LLC	United States, Delaware
Bronte Industries, Ltd	United Kingdom
BUG de Mexico, S.A. de C.V.	Mexico
C & I Leasing, Inc.	United States, Maryland
Caroni Investments, LLC	United States, Delaware
CB Manufacturing Company, Inc.	United States, Delaware
CEME Holdings, LLC	United States, Delaware
Centro-Mediterranea de Bebidas Carbonicas PepsiCo, S.L.	Spain
Ceres Fruit Juices (Pty) Ltd	South Africa
ChampBev, Inc.	United States, California
China Concentrate Holdings (Hong Kong) Limited	Hong Kong
Chipsy for Food Industries S.A.E.	Egypt
Chipsy International for Food Industries S.A.E.	Egypt
Chitos Internacional y Cia Ltda	Guatemala
Cipa Industrial de Productos Alimentares Ltda.	Brazil
Cipa Nordeste Industrial de Productos Alimentares Ltda.	Brazil
CMC Investment Company	Bermuda
Cocina Autentica, Inc.	United States, Delaware
Comercializadora CMC Investment y Compania Limitada-	Guatemala
Comercializadora Nacional SAS Ltda.	Colombia
Comercializadora PepsiCo Mexico, S de R.L. de C.V.	Mexico
Compania de Bebidas PepsiCo, S.L.	Spain
Concentrate Holding Uruguay Pte. Ltd.	Singapore
Concentrate Manufacturing (Singapore) Pte. Ltd.	Singapore
Confiteria Alegre, S. de R.L. de C.V.	Mexico
Copper Beech International, LLC	United States, Delaware
Corina Snacks Limited	Cyprus
Corporativo Internacional Mexicano, S. de R.L. de C.V.	Mexico
CytoSport Holdings, Inc.	United States, Delaware
CytoSport, Inc.	United States, California
Davlyn Realty Corporation	United States, Delaware
Defosto Holdings Limited	Cyprus

Desarrollo Inmobiliario Gamesa, S. de R.L. de C.V.	Mexico
Donon Holdings Limited	Cyprus
Drinkfinity USA, Inc.	United States, Delaware
Drinkstation Innovation Co., Ltd.	China
Drinkstation Limited	Hong Kong
Drinkstation, Inc.	United States, Delaware
Dutch Snacks Holding, S.A. de C.V.	Mexico
Duyvis Production B.V.	Netherlands
Echo Bay Holdings, Inc.	United States, Delaware
Elaboradora Argentina de Cereales S.R.L.	Argentina
Enter Logistica, LLC	Russia
Environ at Inverrary Partnership	United States, Florida
Environ of Inverrary, Inc.	United States, Florida
EPIC Enterprises, Inc.	United States, Massachusetts
Eridanus Investments S.à r.l	Luxembourg
Evercrisp Snack Productos de Chile S.A.	Chile
Fabrica de Productos Alimenticios Rene y Cia S.C.A.	Guatemala
Fabrica PepsiCo Mexicali, S. de R.L. de C.V.	Mexico
Fairlight International SRL	Barbados
Far East Bottlers (Hong Kong) Limited	Hong Kong
FL Transportation, Inc.	United States, Delaware
FLI Andean, LLC	United States, Delaware
FLI Colombia, LLC	United States, Delaware
FLI Snacks Andean GP, LLC	United States, Delaware
Food Concepts Pioneer Ltd.	Nigeria
Forest Akers Nederland B.V.	Netherlands
Forty-Six Peaks Holding, Inc.	United States, Delaware
Fovarosi Asvanyviz es Uditoipari Zartkoruen Mukodo Reszvenytarsasag	Hungary
Freshwater International B.V.	Netherlands
Frito Lay de Guatemala y Compania Limitada	Guatemala
Frito Lay Gida Sanayi Ve Ticaret Anonim Sirketi	Turkey
Frito Lay Poland Sp. z o.o.	Poland
Frito Lay Sp. z o.o.	Poland
Frito-Lay Australia Holdings Pty Limited	Australia
Frito-Lay Dip Company, Inc.	United States, Delaware
Frito-Lay Dominicana, S.A.	Dominican Republic
Frito-Lay Global Investments B.V.	Netherlands
Frito-Lay Investments B.V.	Netherlands
Frito-Lay Manufacturing LLC	Russia
Frito-Lay Netherlands Holding B.V.	Netherlands
Frito-Lay North America, Inc.	United States, Delaware
Frito-Lay Sales, Inc.	United States, Delaware
Frito-Lay Trading Company (Europe) GmbH	Switzerland
Frito-Lay Trading Company (Poland) GmbH	Switzerland
Frito-Lay Trading Company GmbH	Switzerland

Frito-Lay Trinidad Unlimited	Trinidad And Tobago
Frito-Lay, Inc.	United States, Delaware
Fruko Mesrubat Sanayi Limited Sirketi	Turkey
Gambrinus Investments Limited	Cayman Islands
Gamesa LLC	United States, Delaware
Gamesa, S. de R.L. de C.V.	Mexico
Gas Natural de Merida, S. A. de C. V.	Mexico
Gatorade Puerto Rico Company	United States, Delaware
GB Czech, LLC	United States, Delaware
GB International, Inc.	United States, Delaware
GB Russia LLC	United States, Delaware
GB Slovak, LLC	United States, Delaware
General Bottlers of Hungary, Inc.	United States, Delaware
GMP Manufacturing, Inc.	United States, California
Golden Grain Company	United States, California
Goveh S.R.L.	Peru
Grayhawk Leasing, LLC	United States, Delaware
Green Hemlock International, LLC	United States, Delaware
Grupo Frito Lay y Compania Limitada	Guatemala
Grupo Gamesa, S. de R.L. de C.V.	Mexico
Grupo Sabritas, S. de R.L. de C.V.	Mexico
Gulkevichskiy Maslozavod, JSC	Russia
Hangzhou Baicaowei Corporate Management Consulting Co., Ltd.	China
Hangzhou Haomusi Food Co., Ltd.	China
Hangzhou Tao Dao Technology Co., Ltd.	China
Health Warrior, Inc.	United States, Delaware
Heathland, LP	United States, Delaware
Helioscope Limited	Cyprus
Hillbrook, Inc.	United States, Vermont
Hillgrove, Inc.	United States, Delaware
Hillwood Bottling, LLC	United States, Delaware
Hogganfield Limited Partnership	United Kingdom
Holding Company "Opolie" JSC	Russia
Homefinding Company of Texas	United States, Texas
Hudson Valley Insurance Company	United States, New York
IC Equities, Inc.	United States, Delaware
Inmobiliaria Interamericana, S.A. De C.V.	Mexico
Integrated Beverage Services (Bangladesh) Limited	Bangladesh
Integrated Foods & Beverages Pvt. Ltd.	Bangladesh
International Bottlers Management Co. LLC	United States, Delaware
International KAS Aktiengesellschaft	Liechtenstein
Inversiones Borneo S.R.L.	Peru
Inversiones PFI Chile Limitada	Chile
Inviting Foods Holdings, Inc.	United States, Delaware
Inviting Foods LLC	United States, Delaware
KAS Anorthosis S.à r.l	Luxembourg

KAS S.L.	Spain
Kinvara, LLC	United States, Delaware
Kungursky Molkombinat, JSC	Russia
Larragana S.L.	Spain
Latin American Holdings Ltd.	Cayman Islands
Latin American Snack Foods ApS	Denmark
Latin Foods International, LLC	United States, Delaware
Lebedyansky Holdings, LLC	Russia
Lebedyansky, LLC	Russia
Limited Liability Company "Sandora"	Ukraine
Linkbay Limited	Cyprus
Lithuanian Snacks UAB	Lithuania
Marbo d.o.o. Laktasi	Bosnia and Herzegovina
Marbo Product d.o.o. Beograd	Serbia
Matudis - Comercio de Productos Alimentares, Limitada	Portugal
Matutano - Sociedade de Productos Alimentares, Lda.	Portugal
Mid-America Improvement Corporation	United States, Illinois
Mountainview Insurance Company, Inc.	United States, Vermont
NCJV, LLC	United States, Delaware
New Bern Transport Corporation	United States, Delaware
New Century Beverage Company, LLC	United States, Delaware
Noble Leasing LLC	United States, Delaware
Northeast Hot-Fill Co-op, Inc.	United States, Delaware
Office at Solyanka LLC	Russia
Onbiso Inversiones, S.L.	Spain
One World Enterprises, LLC	United States, Delaware
One World Investors, Inc.	United States, Delaware
P-A Barbados Bottling Company, LLC	United States, Delaware
P-A Bottlers (Barbados) SRL	Barbados
P-Americas, LLC	United States, Delaware
Papas Chips S.A.	Uruguay
PAS Luxembourg, S.à r.l	Luxembourg
PAS Netherlands B.V.	Netherlands
PBG Canada Holdings II, LLC	United States, Delaware
PBG Canada Holdings, Inc.	United States, Delaware
PBG Cyprus Holdings Limited	Cyprus
PBG Investment Partnership	Canada
PBG Midwest Holdings S.à r.l	Luxembourg
PBG Soda Can Holdings, S.à r.l	Luxembourg
PCBL, LLC	United States, Delaware
PCNA Manufacturing, Inc.	United States, Delaware
Pei N.V.	Curacao
Pep Trade LLC	Egypt
Pepsi B.V.	Netherlands
Pepsi Beverages Holdings, Inc.	United States, Delaware
Pepsi Bottling Group Global Finance, LLC	United States, Delaware

Pepsi Bottling Group Hoosiers B.V.	Netherlands
Pepsi Bottling Holdings, Inc.	United States, Delaware
Pepsi Bugshan Investments S.A.E.	Egypt
Pepsi Cola Colombia Ltda	Colombia
Pepsi Cola Egypt S.A.E.	Egypt
Pepsi Cola Panamericana S.R.L.	Peru
Pepsi Cola Servis Ve Dagitim Limited Sirketi	Turkey
Pepsi Cola Trading Ireland	Ireland
Pepsi Logistics Company, Inc.	United States, Delaware
Pepsi Northwest Beverages LLC	United States, Delaware
Pepsi Overseas (Investments) Partnership	Canada
Pepsi Promotions, Inc.	United States, Delaware
PepsiCo (China) Limited	China
PepsiCo (Malaysia) Sdn. Bhd.	Malaysia
PepsiCo Alimentos Antioquia, Ltda.	Colombia
PepsiCo Alimentos Colombia Ltda.	Colombia
PepsiCo Alimentos de Bolivia S.R.L.	Bolivia
PepsiCo Alimentos Ecuador Cia. Ltda.	Ecuador
PepsiCo Alimentos Z.F., Ltda.	Colombia
PepsiCo Amacoco Bebidas Do Brasil Ltda.	Brazil
PepsiCo ANZ Holdings Pty Ltd	Australia
PepsiCo Asia Research & Development Center Company Limited	China
PepsiCo Australia Financing Cyprus Limited	Cyprus
PepsiCo Australia Financing Limited Partnership	Australia
PepsiCo Australia Financing Partner 1 LLC	United States, Delaware
PepsiCo Australia Financing Partner 2 LLC	United States, Delaware
PepsiCo Australia Financing Pty Ltd	Australia
PepsiCo Australia Holdings Pty Limited	Australia
PepsiCo Australia International	Australia
PepsiCo Austria Services GmbH	Austria
PepsiCo Azerbaijan Limited Liability Company	Azerbaijan
PepsiCo BeLux BV	Belgium
PepsiCo Beverage Sales, LLC	United States, Delaware
PepsiCo Beverage Singapore Pty Ltd	Australia
PepsiCo Beverages (Hong Kong) Limited	Hong Kong
PepsiCo Beverages Bermuda Limited	Bermuda
PepsiCo Beverages International Limited	Nigeria
PepsiCo Beverages Italia Societa' A Responsabilita' Limitata	Italy
PepsiCo Canada (Holdings) ULC	Canada
PepsiCo Canada Finance, LLC	United States, Delaware
PepsiCo Canada Investment ULC	Canada
PepsiCo Canada ULC	Canada
PepsiCo Captive Holdings, Inc.	United States, Delaware
PepsiCo Caribbean, Inc.	Puerto Rico
PepsiCo Consulting Polska Sp. z o.o.	Poland

PepsiCo de Argentina S.R.L.	Argentina
PepsiCo De Bolivia S.R.L.	Bolivia
PepsiCo de Mexico S. de R.L. de C.V.	Mexico
PepsiCo Del Paraguay S.R.L.	Paraguay
PepsiCo Deutschland GmbH	Germany
PepsiCo do Brasil Indústria e Comércio de Alimentos Ltda.	Brazil
PepsiCo do Brasil Ltda.	Brazil
PepsiCo Eesti AS	Estonia
PepsiCo Euro Bermuda Limited	Bermuda
PepsiCo Euro Finance Antilles B.V.	Curacao
PepsiCo Europe Support Center, S.L.	Spain
PepsiCo Finance (Antilles A) N.V.	United States, Delaware
PepsiCo Finance (Antilles B) N.V.	Curacao
PepsiCo Finance (South Africa) (Proprietary) Limited	South Africa
PepsiCo Finance Americas Company	United States, Delaware
PepsiCo Financial Shared Services, Inc.	United States, Delaware
PepsiCo Food & Beverage Holdings Hong Kong Limited	Hong Kong
PepsiCo Foods (China) Company Limited	China
PepsiCo Foods (Guangdong) Co., Ltd.	China
PepsiCo Foods (Private) Limited	Pakistan
PepsiCo Foods (Sichuan) Co., Ltd.	China
PepsiCo Foods Group Pty Ltd	Australia
PepsiCo Foods Nigeria Limited	Nigeria
PepsiCo Foods Taiwan Co., Ltd.	Taiwan
PepsiCo Foods Vietnam Company	Vietnam
PepsiCo Foods, A.I.E.	Spain
PepsiCo France SAS	France
PepsiCo Global Business Services India LLP	India
PepsiCo Global Business Services Poland Sp. z o.o.	Poland
PepsiCo Global Holdings Limited	Bermuda
PepsiCo Global Investments B.V.	Netherlands
PepsiCo Global Investments S.à r.l	Luxembourg
PepsiCo Global Mobility, LLC	United States, Delaware
PepsiCo Global Real Estate, Inc.	United States, Delaware
PepsiCo Global Trading Solutions Unlimited Company	Ireland
PepsiCo Golden Holdings, Inc.	United States, Delaware
PepsiCo Group Finance International B.V.	Netherlands
PepsiCo Group Holdings International B.V.	Netherlands
PepsiCo Group Spotswood Holdings S.à r.l	Luxembourg
PepsiCo Gulf International FZE	United Arab Emirates
PepsiCo Hellas Single Member Industrial and Commercial Société Anonyme	Greece
PepsiCo Holding de Espana S.L.	Spain
PepsiCo Holdings	United Kingdom
PepsiCo Holdings Toshkent LLC	Uzbekistan
PepsiCo Holdings, LLC	Russia

PepsiCo Hong Kong, LLC	United States, Delaware
PepsiCo Iberia Servicios Centrales, S.L.	Spain
PepsiCo India Holdings Private Limited	India
PepsiCo India Sales Private Limited	India
PepsiCo Internacional México, S. de R. L. de C. V.	Mexico
PepsiCo International Hong Kong Limited	Hong Kong
PepsiCo International Limited	United Kingdom
PepsiCo International Pte Ltd.	Singapore
PepsiCo Investments (Europe) I B.V.	Netherlands
PepsiCo Investments Ltd.	Mauritius
PepsiCo Ireland Food & Beverages Unlimited Company	Ireland
PepsiCo Japan Co., Ltd.	Japan
PepsiCo Light B.V.	Netherlands
PepsiCo Logistyka Sp. z o.o.	Poland
PepsiCo Management Services SAS	France
PepsiCo Manufacturing, A.I.E.	Spain
PepsiCo Max B.V.	Netherlands
PepsiCo Mexico Holdings, S. de R.L. de C.V.	Mexico
PepsiCo Nederland B.V.	Netherlands
PepsiCo Nordic Denmark ApS	Denmark
PepsiCo Nordic Finland Oy	Finland
PepsiCo Nordic Norway AS	Norway
PepsiCo Nutrition Trading DMCC	United Arab Emirates
PepsiCo One B.V.	Netherlands
PepsiCo Overseas Corporation	United States, Delaware
PepsiCo Overseas Financing Partnership	Canada
PepsiCo Panimex Inc	Mauritius
PepsiCo Products B.V.	Netherlands
PepsiCo Products FLLC	Belarus
PepsiCo Puerto Rico, Inc.	United States, Delaware
PepsiCo Sales, Inc.	United States, Delaware
PepsiCo Sales, LLC	United States, Delaware
PepsiCo Services Asia Ltd.	Thailand
PepsiCo Services CZ s.r.o.	Czech Republic
PepsiCo Services, LLC	United States, Delaware
PepsiCo Twist B.V.	Netherlands
PepsiCo UK Pension Plan Trustee Limited	United Kingdom
PepsiCo Ventures B.V.	Netherlands
PepsiCo Wave Holdings LLC	United States, Delaware
PepsiCo World Trading Company, Inc.	United States, Delaware
PepsiCo Y LLC	Armenia
Pepsi-Cola (Bermuda) Limited	Bermuda
Pepsi-Cola (Thai) Trading Co., Ltd.	Thailand
Pepsi-Cola Advertising and Marketing, Inc.	United States, Delaware
Pepsi-Cola Bottlers Holding C.V.	Netherlands
Pepsi-Cola Bottling Company of Ft. Lauderdale-Palm Beach, LLC	United States, Florida

Pepsi-Cola Bottling Company Of St. Louis, Inc.	United States, Missouri
Pepsi-Cola Company	United States, Delaware
Pepsi-Cola de Honduras S.R.L.	Honduras
Pepsi-Cola Ecuador Cia. Ltda.	Ecuador
Pepsi-Cola Far East Trade Development Co., Inc.	Philippines
Pepsi-Cola Finance, LLC	United States, Delaware
Pepsi-Cola General Bottlers Poland Sp. z o.o.	Poland
Pepsi-Cola Industrial da Amazonia Ltda.	Brazil
PepsiCola Interamericana de Guatemala S.A.	Guatemala
Pepsi-Cola International (Private) Limited	Pakistan
Pepsi-Cola International Limited	Bermuda
Pepsi-Cola International Limited (U.S.A.)	United States, Delaware
Pepsi-Cola International LLC	United Arab Emirates
Pepsi-Cola International, Cork	Ireland
Pepsi-Cola Korea Co., Ltd.	Korea, Republic Of
Pepsi-Cola Management and Administrative Services, Inc.	United States, Delaware
Pepsi-Cola Manufacturing (Mediterranean) Limited	Bermuda
Pepsi-Cola Manufacturing Company Of Uruguay S.R.L.	Uruguay
Pepsi-Cola Manufacturing International, Limited	Bermuda
Pepsi-Cola Marketing Corp. Of P.R., Inc.	Puerto Rico
Pepsi-Cola Mediterranean, Ltd.	United States, Wyoming
Pepsi-Cola Metropolitan Bottling Company, Inc.	United States, New Jersey
Pepsi-Cola Mexicana Holdings LLC	United States, Delaware
Pepsi-Cola Mexicana, S. de R.L. de C.V.	Mexico
Pepsi-Cola National Marketing, LLC	United States, Delaware
Pepsi-Cola of Corvallis, Inc.	United States, Oregon
Pepsi-Cola Operating Company Of Chesapeake And Indianapolis	United States, Delaware
Pepsi-Cola Sales and Distribution, Inc.	United States, Delaware
Pepsi-Cola Technical Operations, Inc.	United States, Delaware
Pet Iberia S.L.	Spain
Pete & Johnny Limited	United Kingdom
Pine International Limited	Cayman Islands
Pine International, LLC	United States, Delaware
Pinstripe Leasing, LLC	United States, Delaware
Pioneer Food Group (Pty) Ltd	South Africa
Pioneer Foods (Pty) Ltd	South Africa
Pioneer Foods Groceries (Pty) Ltd	South Africa
Pioneer Foods Holdings (Pty) Ltd	South Africa
Pioneer Foods UK Ltd	United Kingdom
Pioneer Foods Wellingtons (Pty) Ltd	South Africa
Pipers Crisps Limited	United Kingdom
PlayCo, Inc.	United States, Delaware
PopCorners Holdings, Inc.	United States, Delaware
Portfolio Concentrate Solutions Unlimited Company	Ireland
PR Beverages Cyprus (Russia) Holding Limited	Cyprus
PR Beverages Cyprus Holding Limited	Cyprus

PRB Luxembourg S.à r.l	Luxembourg
Premier Nutrition Trading L.L.C.	United Arab Emirates
Prestwick LLC	United States, Delaware
Prev PepsiCo Sociedade Previdenciaria	Brazil
Productos Alimenticios René, LLC	United States, Delaware
Productos S.A.S. C.V.	Netherlands
Productos SAS Management B.V.	Netherlands
PRS, Inc.	United States, Delaware
PSAS Inversiones LLC	United States, Delaware
PSE Logistica S.R.L.	Argentina
PT Quaker Indonesia	Indonesia
Punch N.V.	Curacao
Punica Getranke GmbH	Germany
Q O Puerto Rico, Inc.	Puerto Rico
QFL OHQ Sdn. Bhd.	Malaysia
QTG Development, Inc.	United States, Delaware
QTG Services, Inc.	United States, Delaware
Quadrant - Amroq Beverages S.R.L.	Romania
Quaker Development B.V.	Netherlands
Quaker European Beverages, LLC	United States, Delaware
Quaker European Investments B.V.	Netherlands
Quaker Foods	United Kingdom
Quaker Global Investments B.V.	Netherlands
Quaker Holdings (UK) Limited	United Kingdom
Quaker Manufacturing, LLC	United States, Delaware
Quaker Oats Asia, Inc.	United States, Delaware
Quaker Oats Australia Pty Ltd	Australia
Quaker Oats B.V.	Netherlands
Quaker Oats Capital Corporation	United States, Delaware
Quaker Oats Europe LLC	United States, Delaware
Quaker Oats Europe, Inc.	United States, Delaware
Quaker Oats Limited	United Kingdom
Quaker Sales & Distribution, Inc.	United States, Delaware
Raptas Finance S.à r.l.	Luxembourg
Rare Fare Foods, LLC	United States, Delaware
Rare Fare Holdings, Inc.	United States, Delaware
Reading Industries, Ltd	United Kingdom
Real Estate Holdings, LLC	Puerto Rico
Rolling Frito-Lay Sales, LP	United States, Delaware
S & T of Mississippi, Inc.	United States, Mississippi
Sabritas de Costa Rica, S. de R.L.	Costa Rica
Sabritas Snacks America Latina de Nicaragua y Cia, Ltda	Nicaragua
Sabritas y Cia. S en C de C.V.	El Salvador
Sabritas, LLC	United States, Delaware
Sabritas, S. de R.L. de C.V.	Mexico
Sakata Rice Snacks Australia Pty Ltd	Australia

Sandora Holdings B.V.	Netherlands
Saudi Snack Foods Company Limited	Saudi Arabia
Sea Eagle International SRL	Barbados
Seepoint Holdings Ltd.	Cyprus
Senselet Food Processing PLC	Ethiopia
Senselet Holding B.V.	Netherlands
Servicios Gamesa Puerto Rico, L.L.C.	Puerto Rico
Servicios GBF, Sociedad de Responsabilidad Limitada	Honduras
Servicios GFLG y Compania Limitada	Guatemala
Servicios SYC, S. de R.L. de C.V.	El Salvador
Seven-Up Asia, Inc.	United States, Missouri
Seven-Up Light B.V.	Netherlands
Seven-Up Nederland B.V.	Netherlands
Shanghai PepsiCo Snack Company Limited	China
Shanghai YuHo Agricultural Development Co., Ltd	China
Shoebill, LLC	United States, Delaware
SIH International, LLC	United States, Delaware
Simba (Proprietary) Limited	South Africa
Sitka Spruce	South Africa
Smartfoods, Inc.	United States, Delaware
Smiles and Bites Holdings, S.de R.L. de C.V.	Mexico
Smiths Crisps Limited	United Kingdom
Snack Food Investments GmbH	Switzerland
Snack Food Investments II GmbH	Switzerland
Snack Food Investments Limited	Bermuda
Snack Food-Beverage Asia Products Limited	Hong Kong
Snacks America Latina S.R.L.	Peru
Snacks Guatemala, Ltd.	Bermuda
So Spark Ltd.	Israel
Soda-Club (CO2) Atlantic GmbH	Switzerland
Soda-Club (CO2) GmbH	Switzerland
Soda-Club CO2 Ltd.	British Virgin Islands
Soda-Club Switzerland GmbH	Switzerland
Soda-Club Worldwide B.V.	Netherlands
SodaStream (CO2) SA	Switzerland
SodaStream (New Zealand) Ltd.	New Zealand
SodaStream (SA) (Pty) Ltd.	South Africa
SodaStream (Switzerland) GmbH	Switzerland
SodaStream Australia Pty Ltd	Australia
SodaStream Canada Ltd.	Canada
SodaStream Enterprises N.V.	Curacao
SodaStream France SAS	France
SodaStream GmbH	Germany
SodaStream Iberia, S.L.	Spain
SodaStream Industries Ltd.	Israel
SodaStream International B.V.	Netherlands

SodaStream International Ltd.	Israel
SodaStream Israel Ltd.	Israel
SodaStream K.K.	Japan
SodaStream Nordics AB	Sweden
SodaStream Österreich GmbH	Austria
SodaStream Poland Sp. z o.o.	Poland
SodaStream USA, Inc.	United States, Delaware
South Beach Beverage Company, Inc.	United States, Delaware
South Properties, Inc.	United States, Illinois
Sportmex Internacional, S.A. de C.V.	Mexico
Springboig Industries, Ltd	United Kingdom
Spruce Limited	Cayman Islands
Stacy's Pita Chip Company, Incorporated	United States, Massachusetts
Star Foods E.M. S.R.L.	Romania
Stokely-Van Camp, Inc.	United States, Indiana
Stratosphere Communications Pty Ltd	Australia
Stratosphere Holdings (2018) Limited	New Zealand
Streamfoods Ltd	United Kingdom
SVC Logistics, Inc.	United States, Delaware
SVC Manufacturing, Inc.	United States, Delaware
SVE Russia Holdings GmbH	Germany
Tasman Finance S.à r.l	Luxembourg
TFL Holdings, LLC	United States, Delaware
The Gatorade Company	United States, Delaware
The Good Carb Food Company Ltd.	United Kingdom
The Pepsi Bottling Group (Canada), ULC	Canada
The Quaker Oats Company	United States, New Jersey
The Smith's Snackfood Company Pty Limited	Australia
Thomond Group Holdings Limited	Hong Kong
Tobago Snack Holdings, LLC	United States, Delaware
Tropicana Alvalle S.L.	Spain
Tropicana Europe N.V.	Belgium
Tropicana United Kingdom Limited	United Kingdom
Troya-Ultra LLC	Russia
United Foods Companies Restaurantes S.A.	Brazil
VentureCo (Israel) Ltd	Israel
Veurne Snack Foods BV	Belgium
Vitamin Brands Ltd.	United Kingdom
Walkers Crisps Limited	United Kingdom
Walkers Group Limited	United Kingdom
Walkers Snack Foods Limited	United Kingdom
Walkers Snacks (Distribution) Limited	United Kingdom
Walkers Snacks Limited	United Kingdom
Whitman Corporation	United States, Delaware
Whitman Insurance Co. Ltd.	United States, Vermont
Wimm-Bill-Dann Beverages, JSC	Russia

Wimm-Bill-Dann Brands Co. Ltd.	Russia
Wimm-Bill-Dann Central Asia-Almaty, LLP	Kazakhstan
Wimm-Bill-Dann Foods LLC	Russia
Wimm-Bill-Dann Georgia Ltd.	Georgia
Wimm-Bill-Dann JSC	Russia
Wimm-Bill-Dann Ukraine, PJSC	Ukraine

Consent of Independent Registered Public Accounting Firm

To the Board of Directors
PepsiCo, Inc.:

We consent to the incorporation by reference in the registration statements and Forms listed below of PepsiCo, Inc. and subsidiaries (PepsiCo, Inc.) of our report dated February 9, 2022, with respect to the Consolidated Balance Sheet of PepsiCo, Inc. as of December 25, 2021 and December 26, 2020, and the related Consolidated Statements of Income, Comprehensive Income, Cash Flows, and Equity for each of the fiscal years in the three-year period ended December 25, 2021, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 25, 2021, which report appears in the December 25, 2021 annual report on Form 10-K of PepsiCo, Inc.

Description, Registration Statement Number

Form S-3

- PepsiCo Automatic Shelf Registration Statement, 333-234767
- PepsiCo Automatic Shelf Registration Statement, 333-216082
- PepsiCo Automatic Shelf Registration Statement, 333-197640
- PepsiCo Automatic Shelf Registration Statement, 333-177307
- PepsiCo Automatic Shelf Registration Statement, 333-154314
- PepsiCo Automatic Shelf Registration Statement, 333-133735
- PepsiAmericas, Inc. 2000 Stock Incentive Plan, 333-165176
- PBG 2004 Long Term Incentive Plan, PBG 2002 Long Term Incentive Plan, PBG Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan and PBG Stock Incentive Plan, 333-165177

Form S-8

- The PepsiCo Savings Plan, 333-76204, 333-76196, 333-150867 and 333-150868
- PepsiCo, Inc. 2007 Long-Term Incentive Plan, 333-142811 and 333-166740
- PepsiCo, Inc. 2003 Long-Term Incentive Plan, 333-109509
- PepsiCo SharePower Stock Option Plan, 33-29037, 33-35602, 33-42058, 33-51496, 33-54731, 33-66150 and 333-109513
- Director Stock Plan, 33-22970 and 333-110030
- 1979 Incentive Plan and the 1987 Incentive Plan, 33-19539
- 1994 Long-Term Incentive Plan, 33-54733
- PepsiCo, Inc. 1995 Stock Option Incentive Plan, 33-61731, 333-09363 and 333-109514
- 1979 Incentive Plan, 2-65410
- PepsiCo, Inc. Long Term Savings Program, 2-82645, 33-51514 and 33-60965
- PepsiCo 401(k) Plan, 333-89265
- Retirement Savings and Investment Plan for Union Employees of Tropicana Products, Inc. and Affiliates (Teamster Local Union #173) and the Retirement Savings and Investment Plan for Union Employees of Tropicana Products, Inc. and Affiliates, 333-65992

- The Quaker Long Term Incentive Plan of 1990, The Quaker Long Term Incentive Plan of 1999 and The Quaker Oats Company Stock Option Plan for Outside Directors, 333-66632
- The Quaker 401(k) Plan for Salaried Employees and The Quaker 401(k) Plan for Hourly Employees, 333-66634
- The PepsiCo Share Award Plan, 333-87526
- PBG 401(k) Savings Program, PBG 401(k) Program, PepsiAmericas, Inc. Salaried 401(k) Plan and PepsiAmericas, Inc. Hourly 401 (k) Plan, 333-165106
- PBG 2004 Long Term Incentive Plan, PBG 2002 Long Term Incentive Plan, PBG Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan, PBG Directors' Stock Plan, PBG Stock Incentive Plan and PepsiAmericas, Inc. 2000 Stock Incentive Plan, 333-165107

/s/ KPMG LLP

New York, New York
February 9, 2022

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that PepsiCo, Inc. (“PepsiCo”) and each other undersigned, an officer or director, or both, of PepsiCo, do hereby appoint David Flavell, Cynthia A. Nastanski and Heather A. Hammond, and each of them severally, its, his or her true and lawful attorney-in-fact to execute on behalf of PepsiCo and the undersigned the following documents and any and all amendments thereto (including post-effective amendments) deemed necessary or appropriate by any such attorney-in-fact:

- (i) Automatic Shelf Registration Statement No. 333-234767 relating to the offer and sale of PepsiCo Common Stock, Debt Securities, Warrants and Units, the Automatic Shelf Registration Statement No. 333-133735 relating to the offer and sale of PepsiCo Common Stock, Debt Securities, Warrants and Units, the Automatic Shelf Registration Statement No. 333-154314 relating to the offer and sale of PepsiCo Common Stock, Debt Securities, Guarantees of Debt Securities, Warrants and Units, the Automatic Shelf Registration Statement No. 333-177307 relating to the offer and sale of PepsiCo Common Stock, Debt Securities, Warrants and Units, the Automatic Shelf Registration Statement No. 333-197640 relating to the offer and sale of PepsiCo Common Stock, Debt Securities, Warrants and Units, and the Automatic Shelf Registration Statement No. 333-216082 relating to the offer and sale of PepsiCo Common Stock, Debt Securities, Warrants and Units;
- (ii) Registration Statements No. 33-53232, 33-64243, 333-102035 and 333-228466 relating to the offer and sale of PepsiCo’s Debt Securities, Warrants and/or Guarantees;
- (iii) Registration Statements No. 33-4635, 33-21607, 33-30372, 33-31844, 33-37271, 33-37978, 33-47314, 33-47527, 333-53436 and 333-56302 all relating to the primary and/or secondary offer and sale of PepsiCo Common Stock issued or exchanged in connection with acquisition transactions;
- (iv) Registration Statements No. 33-29037, 33-35602, 33-42058, 33-51496, 33-54731, 33-42121, 33-50685, 33-66150 and 333-109513 relating to the offer and sale of PepsiCo Common Stock under the PepsiCo SharePower Stock Option Plan;
- (v) Registration Statements No. 2-82645, 33-51514, 33-60965 and 333-89265 relating to the offer and sale of PepsiCo Common Stock under the PepsiCo Long-Term Savings Program or the PepsiCo 401(k) Plan; Registration Statement No. 333-65992 relating to the offer and sale of PepsiCo Common Stock under the Retirement Savings and Investment Plan for Union Employees of Tropicana Products, Inc. and Affiliates (Teamster Local Union #173), the Retirement Savings and Investment Plan for Union Employees of Tropicana Products, Inc. and Affiliates; Registration Statement No. 333-66634 relating to the offer and sale of PepsiCo Common Stock under The Quaker 401(k) Plan for Salaried Employees and The Quaker 401(k) Plan for Hourly Employees; Registration Statements Numbers 333-76196, 333-76204, 333-150867 and 333-150868 each relating to the offer and sale of PepsiCo Common Stock under The PepsiCo Savings Plans;
- (vi) Registration Statements No. 33-61731, 333-09363 and 333-109514 relating to the offer and sale of PepsiCo Common Stock under The PepsiCo, Inc. 1995 Stock Option Incentive Plan; Registration Statement No. 33-54733 relating to the offer and sale of PepsiCo Common Stock

- under The PepsiCo, Inc. 1994 Long-Term Incentive Plan and resales of such shares by executive officers of PepsiCo; Registration Statement No. 33-19539 relating to the offer and sale of PepsiCo Common Stock under PepsiCo's 1987 Incentive Plan and resales of such shares by executive officers of PepsiCo; Registration Statement No. 2-65410 relating to the offer and sale of PepsiCo Common Stock under PepsiCo's 1979 Incentive Plan and 1972 Performance Share Plan, as amended; Registration Statement No. 333-66632 relating to the offer and sale of PepsiCo Common Stock under The Quaker Long Term Incentive Plan of 1990, The Quaker Long Term Incentive Plan of 1999, and The Quaker Oats Company Stock Option Plan for Outside Directors; Registration Statement No. 333-109509 relating to the offer and sale of PepsiCo Common Stock under the PepsiCo, Inc. 2003 Long-Term Incentive Plan and resales of such shares by executive officers and directors of PepsiCo; and Registration Statements Nos. 333-142811 and 333-166740 relating to the offer and sale of PepsiCo Common Stock under the PepsiCo, Inc. 2007 Long-Term Incentive Plan;
- (vii) Registration Statements No. 33-22970 and 333-110030 relating to the offer and sale of PepsiCo Common Stock under PepsiCo's Director Stock Plan and resales of such shares by Directors of PepsiCo;
 - (viii) Registration Statement No. 333-162261 relating to the issuance of shares of PepsiCo Common Stock to stockholders of The Pepsi Bottling Group, Inc. pursuant to the Agreement and Plan of Merger dated as of August 3, 2009, as may be amended from time to time, among PepsiCo, PBG and Pepsi-Cola Metropolitan Bottling Company, Inc. ("Metro");
 - (ix) Registration Statement No. 333-162260 relating to the issuance of shares of PepsiCo Common Stock to stockholders of PAS pursuant to the Agreement and Plan of Merger dated as of August 3, 2009, as may be amended from time to time, among PepsiCo, PAS and Metro;
 - (x) Schedule 13E-3 relating to the Agreement and Plan of Merger dated as of August 3, 2009, as may be amended from time to time, among PepsiCo, PBG and Metro;
 - (xi) Schedule 13E-3 relating to the Agreement and Plan of Merger dated as of August 3, 2009, as may be amended from time to time, among PepsiCo, PAS and Metro;
 - (xii) Registration Statement No. 333-87526 relating to the offer and sale of PepsiCo Common Stock under The PepsiCo Share Award Plan;
 - (xiii) Registration Statement No. 333-165106 relating to the offer and sale of PepsiCo Common Stock under the PBG 401(k) Savings Program, the PBG 401(k) Program, the PepsiAmericas, Inc. Salaried 401(k) Plan and the PepsiAmericas, Inc. Hourly 401(k) Plan;
 - (xiv) Registration Statement No. 333-165107 relating to the offer and sale of PepsiCo Common Stock under the PBG 2004 Long Term Incentive Plan, the PBG 2002 Long Term Incentive Plan, the PBG Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan, the PBG Directors' Stock Plan, the PBG Stock Incentive Plan and the PepsiAmericas, Inc. 2000 Stock Incentive Plan;
 - (xv) Registration Statement No. 333-165176 relating to the offer and sale of PepsiCo Common Stock under the PepsiAmericas, Inc. 2000 Stock Incentive Plan;

- (xvi) Registration Statement No. 333-165177 relating to the offer and sale of PepsiCo Common Stock under the PBG 2004 Long Term Incentive Plan, the PBG 2002 Long Term Incentive Plan, the PBG Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan and the PBG Stock Incentive Plan; and
- (xvii) the Annual Report on Form 10-K for the fiscal year ended December 25, 2021 and all other applications, reports, registrations, information, documents and instruments filed or required to be filed by PepsiCo with the Securities and Exchange Commission (the "SEC"), including, but not limited to the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K or any amendment or supplement thereto, any stock exchanges or any governmental official or agency in connection with the listing, registration or approval of PepsiCo Common Stock, PepsiCo debt securities or warrants, other securities or PepsiCo guarantees of its subsidiaries' or third party debt securities or warrants, or the offer and sale thereof, or in order to meet PepsiCo's reporting requirements to such entities or persons;

and to file the same with the SEC, any stock exchange or any governmental official or agency, with all exhibits thereto and other documents in connection therewith, and each of such attorneys-in-fact shall have the power to act hereunder with or without any other.

* * *

Each of the undersigned hereby grants to each such attorney-in-fact full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this Power of Attorney and the rights and powers herein granted.

This Power of Attorney may be executed in counterparts and all such duly executed counterparts shall together constitute the same instrument. This Power of Attorney shall not revoke any powers of attorney previously executed by the undersigned. This Power of Attorney shall not be revoked by any subsequent power of attorney that the undersigned may execute, unless such subsequent power of attorney specifically provides that it revokes this Power of Attorney by referring to the date of the undersigned's execution of this Power of Attorney. This Power of Attorney, unless earlier revoked by the undersigned in the manner set forth above, will be valid as to each attorney-in-fact until such time as such attorney-in-fact ceases to be an employee of PepsiCo.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the undersigned has executed this instrument on the date indicated opposite its, his or her name.

PepsiCo, Inc.

February 9, 2022

By: /s/ Ramon L. Laguarda

Ramon L. Laguarda

Chairman of the Board of Directors and
Chief Executive Officer

/s/ Ramon L. Laguarda

Ramon L. Laguarda

Chairman of the Board of Directors and Chief Executive Officer February 9, 2022

/s/ Hugh F. Johnston

Hugh F. Johnston

Vice Chairman,
Executive Vice President and Chief
Financial Officer

February 9, 2022

/s/ Marie T. Gallagher

Marie T. Gallagher

Senior Vice President and
Controller (Principal Accounting
Officer)

February 9, 2022

/s/ Segun Agbaje

Segun Agbaje

Director

February 9, 2021

/s/ Shona L. Brown

Shona L. Brown

Director

February 9, 2022

/s/ Cesar Conde

Cesar Conde

Director

February 9, 2022

/s/ Ian M. Cook

Ian M. Cook

Director

February 9, 2022

/s/ Edith W. Cooper

Edith W. Cooper

Director

February 9, 2022

/s/ Dina Dublon

Dina Dublon

Director

February 9, 2022

/s/ Michelle Gass

Michelle Gass

Director

February 9, 2021

/s/ Dave J. Lewis

Dave J. Lewis

Director

February 9, 2022

/s/ David C. Page

David C. Page

Director

February 9, 2022

/s/ Robert C. Pohlrad

Robert C. Pohlrad

Director

February 9, 2022

/s/ Daniel Vasella

Daniel Vasella

Director

February 9, 2022

/s/ Darren Walker

Darren Walker

Director

February 9, 2022

/s/ Alberto Weisser

Alberto Weisser

Director

February 9, 2022

CERTIFICATION

I, **Ramon L. Laguarda**, certify that:

1. I have reviewed this annual report on Form 10-K of PepsiCo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2022

/s/ Ramon L. Laguarda

Ramon L. Laguarda

Chairman of the Board of Directors and
Chief Executive Officer

CERTIFICATION

I, **Hugh F. Johnston**, certify that:

1. I have reviewed this annual report on Form 10-K of PepsiCo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2022

/s/ Hugh F. Johnston

Hugh F. Johnston

Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of PepsiCo, Inc. (the “Corporation”) on Form 10-K for the fiscal year ended December 25, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ramon L. Laguarta, Chairman of the Board of Directors and Chief Executive Officer of the Corporation, certify to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: February 9, 2022

/s/ Ramon L. Laguarta

Ramon L. Laguarta

Chairman of the Board of Directors and
Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of PepsiCo, Inc. (the “Corporation”) on Form 10-K for the fiscal year ended December 25, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Hugh F. Johnston, Chief Financial Officer of the Corporation, certify to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: February 9, 2022

/s/ Hugh F. Johnston

Hugh F. Johnston

Chief Financial Officer