PEPSICO INC
Form DEF 14A
March 22, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

CHECK THE APPROPRIATE BOX:

Preliminary Proxy Statement
Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Under Rule 14a-12

PepsiCo, Inc.

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

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"We are introducing a new vision: **Be the global leader in convenient foods and beverages by Winning with Purpose.**

To advance this vision, we will focus on becoming **Faster, Stronger and Better** in everything we do."

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RAMON LAGUARTA
Chairman of the
Board of Directors and
Chief Executive Officer

Dear Fellow PepsiCo Shareholders:

I am pleased to invite you to attend our 2019 Annual Meeting of Shareholders on Wednesday, May 1, 2019 at 9:00 a.m. Eastern Daylight Time. The Meeting will be held at the North Carolina History Center at Tryon Palace in New Bern, North Carolina, the "birthplace" of Pepsi. We hope you will attend, but for those who cannot, we will offer a live webcast of our Annual Meeting on our website at *www.pepsico.com* under *"Investors" –"Events."*

As I start my first full year as Chairman and CEO, I'm excited to lead PepsiCo into the next chapter of our Company's successful story, and I feel very fortunate to assume my new role at such a well-positioned company.

We are grateful to our former Chairman and CEO, Indra Nooyi, who retired from the Board in February, for her significant and lasting contributions to PepsiCo throughout her 24 years with the Company. Because of her leadership, our results in 2018 build on the foundation we laid over the years – both financially and in the marketplace – and position PepsiCo to succeed in the future.

We believe our strategy will position our Company for long-term sustainable growth

Looking back at our progress in 2018, we met or exceeded each of the financial targets we outlined at the beginning of 2018, returned a total of $6.9 billion in cash to shareholders through dividends and share repurchases, and increased our annualized dividend per share for the 47th consecutive year, including the 3 percent increase that will take effect with the June 2019 dividend payment.

Since I became CEO in October, my leadership team and I have been focused on how we can build on this extremely strong foundation to take PepsiCo to even greater heights. At PepsiCo, we are focused on an approach called Winning with Purpose that will help make our Company faster, stronger and better at meeting the needs of our customers, consumers, partners and communities, while caring for our planet and inspiring our associates.

Our strategy is designed to address key challenges facing our Company, including: 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.

We intend to focus on the following areas to address and adapt to these challenges:

- Winning in the marketplace and accelerating growth by strengthening and broadening our portfolio, while focusing on locally meeting the needs of our consumers and customers;
- Transforming our Company by driving savings to be reinvested in building core capabilities and by building a differentiated organization, talent base and culture; and
- Continuing to lead with purpose by focusing on our impact on the planet and our people, assisting in establishing a more sustainable food system, minimizing our impact on the environment, protecting human rights and securing supply while positioning our Company for sustainable growth.

Our strategy continues to be guided by our purpose-led approach, focusing on managing the business responsibly through our long-term sustainability goals

We have delivered strong performance by embracing a sense of purpose. Under my predecessor's leadership, Performance with Purpose became a cornerstone of PepsiCo, guiding our strategy and enabling us to transform our business in a way that is sustainable and consistent with our values. We are proud of the progress we have made and equally excited about the continued evolution of our purpose agenda. With this in mind, Winning with Purpose will elevate our sustainability agenda by continuing to integrate our purpose agenda into our business strategy and doing even more for the planet and our people.

Winning with Purpose acknowledges PepsiCo's leadership in integrating sustainability with strategy for more than a decade and conveys our belief that sustainability can be an even-greater contributor to our success in the marketplace. In this next chapter, we aim to build a more-sustainable food system, by intensifying our efforts in agricultural practices, packaging and water, in addition to continuing to increase the appeal of our portfolio by reducing added sugars, sodium and saturated fats, and adding more positive ingredients.

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Our Board is actively engaged in the Company’s strategy

As stewards of our Company, our Board plays an essential role in determining PepsiCo’s overall long-term strategy, including in shaping Winning with Purpose. Our Board has deep experience and expertise in the area of strategy development and insights into the most important issues facing the Company. Our entire Board acts as a strategy committee and discusses the Company’s key priorities annually in an extensive review of the Company’s plans and throughout the year at almost every Board meeting, including during executive sessions without Company management present.

Given that we believe our performance is inextricably linked to the sustainability of the world in which we operate, sustainability topics are integral to our business strategy. As a result, the full Board considers sustainability issues a vital element of its business oversight. In addition, our Public Policy and Sustainability Committee, which was established in 2017 and is comprised entirely of independent directors, assists the Board in providing more focused oversight of the Company’s policies, programs and related risks that concern key public policy and sustainability matters.

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

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

We are extremely proud of the ongoing evolution of our Board and its track record on refreshment. We strive to maintain an appropriate balance of tenure, diversity, skills, qualifications and experience on the Board. Since 2014, eight members of the current Board have joined, including one new independent director nominee for 2019 – Michelle Gass. Refreshing our Board with new perspectives and ideas is key to representing the interests of our shareholders effectively as the Company’s strategy and needs evolve. At the same time, the Board believes it is equally important to benefit from the valuable experience and continuity that longer-serving directors bring to the Board. 12 of the 13 director nominees are independent and the average tenure of our director nominees is approximately six years. 46% of our director nominees are women or ethnically diverse individuals. Three women serve on our Board, of which two hold Board leadership roles. Six director nominees are citizens of countries other than the United States, providing management with a broad array of opinions and perspectives that are reflective of our global businesses.

One of our directors, George Buckley, will retire from the Board, effective as of the 2019 Annual Meeting. We thank George for his many years of service and are grateful for his valuable contributions to our Company.

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

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

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

We value your views

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

Your vote is important

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

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

Sincerely,

Ramon Laguarta
Chairman of the Board of Directors and
Chief Executive Officer
March 22, 2019

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Notice of 2019 Annual Meeting of Shareholders

Date and Time

Wednesday, May 1, 2019
9:00 a.m. Eastern Daylight Time

Place

North Carolina History Center at Tryon Palace
529 South Front Street
New Bern, North Carolina 28562

Items to be Voted On

1 Elect as directors the 13 nominees named in the attached Proxy Statement.

2 Ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2019.

3 Provide advisory approval of executive compensation.

4 Approve amendments to our Articles of Incorporation to eliminate supermajority voting standards.

5-6 Act upon two shareholder proposals described in the attached Proxy Statement, if properly presented.

Record Date

Holders of record of our Common Stock as of the close of business on March 1, 2019 will be entitled to notice of, and to vote at, the Annual Meeting.

By Order of the Board of Directors,

David Yawman
Corporate Secretary
March 22, 2019

Live Webcast

The Annual Meeting will be webcast live on our website at *www.pepsico.com* under *"Investors"—"Events"* beginning at 9:00 a.m. Eastern Daylight Time on May 1, 2019.

Proxy Voting

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

Advance Voting Methods

Telephone
Internet
Mail

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 1 , 2019.

Our Notice of Annual Meeting, Proxy Statement and Annual Report for the fiscal year ended December 29, 2018 are available at *www.pepsico.com/proxy19*.

We are making the Proxy Statement and the form of proxy first available on or about March 22, 2019.

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This Proxy Statement of PepsiCo, Inc. (“PepsiCo,” the “Company,” “we,” “us” or “our”) contains statements reflecting our views about our future performance that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (“Reform Act”). Statements that constitute forward-looking statements within the meaning of the Reform Act are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “expressed confidence,” “forecast,” “future,” “goal,” “guidance,” “intend,” “may,” “objective,” “o “plan,” “position,” “potential,” “project,” “seek,” “should,” “strategy,” “target,” “will” or similar statements or variations of such words and other similar expressions Forward-looking statements are based on currently available information, operating plans and projections about future events and trends. They inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in any such forward-looking statement. Such risks and uncertainties include, but are not limited to: changes in demand for PepsiCo’s products, as a result of changes in consumer preferences or otherwise; changes in laws related to the use or disposal of plastics or other packaging of PepsiCo’s products; changes in or failure to comply with, applicable laws and regulations; imposition or proposed imposition of new or increased taxes aimed at PepsiCo’s products; imposition of labeling or warning requirements on PepsiCo’s products; PepsiCo’s ability to compete effectively; failure to realize anticipated benefits from PepsiCo’s productivity initiatives or operating model; political conditions, civil unrest or other developments and risks in the markets where PepsiCo’s products are made, manufactured, distributed or sold; PepsiCo’s ability to grow its business in developing and emerging markets; uncertain or unfavorable economic conditions in the countries in which PepsiCo operates; the ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption; damage to PepsiCo’s reputation or brand image; failure to successfully complete, integrate or manage acquisitions and joint ventures into PepsiCo’s existing operations or to complete or manage divestitures or refranchisings; PepsiCo’s ability to recruit, hire or retain key employees or a highly skilled and diverse workforce; the loss of, or a significant reduction in sales to, any key customer; disruption to the retail landscape, including rapid growth in the e-commerce channel; climate change or legal, regulatory or market measures to address climate change; and the other factors discussed in the risk factors section of PepsiCo’s most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Proxy Statement Summary

We provide below highlights of certain information in this Proxy Statement. As this is only a summary, please refer to the complete Proxy Statement and 2018 Annual Report before you vote.

Proxy Item No. 1
Election of 13 Director Nominees

The Board recommends a vote FOR all Director Nominees

Our Nominating and Corporate Governance Committee and our Board have determined that each of the nominees possesses the right skills, qualifications and experience to effectively oversee PepsiCo's long-term business strategy.

See "Election of Directors (Proxy Item No. 1)" beginning on page 11 of this Proxy Statement.

Director Nominees

Name	Primary Occupation	Director Since	Age*	Independent	Committee Membership AC	CC	NCG	PPS
Shona L. Brown	Independent Advisor; Former Senior Advisor, Google Inc.	2009	53					
Cesar Conde	Chairman, NBCUniversal International Group and NBCUniversal Telemundo Enterprises	2016	45					
Ian Cook (Presiding Director)	Chairman and Chief Executive Officer, Colgate-Palmolive Company	2008	66					
Dina Dublon	Former Executive Vice President and Chief Financial Officer, JPMorgan Chase & Co.	2005	65					
Richard W. Fisher	Former President and Chief Executive Officer, Federal Reserve Bank of Dallas	2015	70					
Michelle Gass	Chief Executive Officer, Kohl's Corporation	2019	51					
William R. Johnson	Operating Partner, Global Retail and Consumer, Advent International Corporation; Former Chairman, President and Chief Executive Officer, H.J. Heinz Company	2015	70					
Ramon Laguarta	Chairman of the Board and Chief Executive Officer, PepsiCo	2018	55					
David C. Page, MD	Director and President, Whitehead Institute for Biomedical Research; Professor, Massachusetts Institute of Technology	2014	62					
Robert C. Pohlad	President, Dakota Holdings, LLC	2015	64					
Daniel Vasella, MD	Former Chairman and Chief Executive Officer, Novartis AG	2002	65					
Darren Walker	President, Ford Foundation	2016	59					
Alberto Weisser	Former Chairman and Chief Executive Officer, Bunge Limited	2011	63					

* Ages are as of March 22, 2019.

= Committee Chair
= Financial Expert

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

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PROXY STATEMENT SUMMARY

Director Nominee Highlights

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

Diversity

Tenure*	**Age***	**Expertise and Independence**
Average Tenure: **6.1 Years**	Average Age: **60.6** **61% younger than 65**	Audit Committee members are financial experts Director nominees are independent

* Age and tenure are as of March 22, 2019.

Balanced Mix of Skills, Qualifications and Experience

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Corporate Governance Highlights

Our Corporate Governance Policies Reflect Best Practices

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

For example:

- The Board approved, and is recommending for shareholder approval, amendments to eliminate supermajority voting standards from the Company's Articles of Incorporation (see Proxy Item No. 4);
- The Board amended our Corporate Governance Guidelines in 2018 to underscore the Board's focus on diversity, by explicitly stating its commitment to actively seeking out highly qualified women and minority candidates, as well as candidates with diverse backgrounds, skills and experiences, to include in the pool from which Board nominees are chosen; and
- The Board established a Public Policy and Sustainability Committee in 2017 to assist the Board in providing more focused oversight over PepsiCo's policies, programs and related risks that concern key public policy and sustainability matters.

Independent Oversight	12 of 13 director nominees are independent (all except for the CEO) Independent Presiding Director with clearly defined and robust responsibilities Regular executive sessions of independent directors at Board meetings (chaired by independent Presiding Director) and Committee meetings (chaired by independent Committee Chairs) 100% independent Board Committees Active Board oversight of the Company's strategy and risk management
Board Refreshment	Comprehensive, ongoing Board succession planning process Focus on diversity (1 new female director elected in 2019; 2 female directors hold Board leadership roles; 46% of director nominees are women/ethnically diverse) Regular Board refreshment and mix of tenure of directors (8 new directors since the beginning of 2014) Annual Board and Committee assessments Mandatory retirement age of 72 Ongoing director education
Shareholder Rights	Annual election of all directors Proxy access right for shareholders (3% ownership threshold continuously for 3 years / 2 director nominees or 20% of the Board / 20 shareholder aggregation limit) Majority-vote and director resignation policy for directors in uncontested elections 20% of shareholders are able to call special meeting One class of outstanding shares with each share entitled to one vote
Good Governance Practices	Prohibition on hedging or pledging Company stock Comprehensive clawback policy applicable to directors and executives Rigorous director and executive stock ownership requirements 99% average attendance of incumbent directors at Board and Committee meetings Active shareholder engagement program Global Code of Conduct applicable to directors and all employees with annual compliance certification Robust sustainability initiatives and political activities disclosures on our website

Proxy Item No. 2

Ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2019

The Board recommends a vote FOR this proposal

Our Board of Directors recommends that shareholders vote "FOR" the ratification of the appointment of KPMG as PepsiCo's independent registered public accounting firm for fiscal year 2019.

See "Ratification of Appointment of Independent Registered Public Accounting Firm (Proxy Item No. 2)" beginning on page 38 of this Proxy Statement.

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PROXY STATEMENT SUMMARY

Proxy Item No. 3 **Advisory Approval of Executive Compensation**	**The Board recommends a vote FOR this proposal** Our Board recommends that shareholders vote "FOR" the advisory approval of the compensation of our named executive officers ("**NEOs**" or "**Named Executive Officers**") for the 2018 performance year. See "Advisory Approval of Executive Compensation (Proxy Item No. 3)" on page 41 of this Proxy Statement and "Compensation Discussion and Analysis" beginning on page 42 of this Proxy Statement.

Executive Compensation At-a-Glance

2018 PepsiCo Performance Highlights

In a year that was challenged by volatile macroeconomic conditions, PepsiCo delivered strong operating performance. Our performance was in line with or exceeded each of the following financial objectives we set at the beginning of 2018 amid a dynamic retail environment and competitive landscape, with continued shifts in consumer preferences. The performance metrics used in our executive incentive pay programs are linked to the following non-GAAP measures.[1]

Organic Revenue Growth[1]	Core Constant Currency Earnings Per Share (EPS") Growth[1]	Free Cash Flow[1]	Core Net Return On Invested Capital (ROIC")[1]
3.7%	**9%**	**$6.3B**	**24.8%**
Goal: at least 2.3%[2]	**Goal: 9%**	**Goal: Approximately $6.0B**	**Goal: 23.4%**

Our total shareholder return ("TSR") of -4.8% was slightly below median relative to our proxy peer group, but outperformed both Fortune 100 companies and the S&P 500 Index, where median TSR was below -7%.

We also made significant progress against our strategic priorities, each of which is a contributor to the creation of sustainable shareholder value over the long-term.

Innovation: We furthered our technology capability by growing new platforms, with innovation sales comprising 8% of net revenue. Our investments allowed PepsiCo to repurpose supply chain processes in emerging markets resulting in cost reductions, winning the Institute of Physics' 2018 Business Innovation Award.

Brand Building: Spending on advertising and marketing stands at over 6% of 2018 net revenue, delivering market share improvements, particularly across savory snacks in the U.S. and certain European markets, coupled with portfolio expansion through the acquisitions of SodaStream International Ltd. ("**SodaStream**"), Bare Foods Co. and Health Warrior, Inc.

Execution: For the third consecutive year, PepsiCo was ranked as the number-one, best-in-class manufacturer by the Kantar Retail annual U.S. PoweRanking® study, reinforcing PepsiCo's focus on helping customers succeed through outstanding product quality and world-class supply chain operations.

Digitalization: Growth in digital channels supported by the integration of e-commerce into business relationships, generating approximately $1.4 billion in annual retail sales, doubling in value since 2016. PepsiCo was also recognized as the 2018 recipient of the Walmart® Supplier of the Year for E-commerce Award.

Productivity: We delivered over $1 billion of productivity savings in 2018 to strengthen our beverage, food and snack businesses, remaining on track to successfully achieve our 2014 Multi-Year Productivity Plan objectives through 2019.

Long-Term Sustainability Goals: We continued to advance our global sustainability agenda, which witnessed the expansion of our safe drinking water program in 2018, in addition to focusing on a reduction in plastic usage, and we are well on our way to meet our 2025 sustainability objectives.

Cash Return to Shareholders: We again increased our annualized dividend and met our goal of returning approximately $7.0 billion in cash to shareholders through dividends and share repurchases.

[1] To evaluate performance in a manner consistent with how management evaluates our operating results and trends, the Compensation Committee applies certain business performance metrics that are not in accordance with U.S. Generally Accepted Accounting Principles ("**GAAP**") as compensation performance measures to both long-term and annual incentive awards. Please refer to Appendix A to this Proxy Statement for a description and reconciliation of these non-GAAP financial measures relative to reported GAAP financial measures, and to pages 52-58, 69 and 71 of PepsiCo's 2018 Annual Report on Form 10-K for the fiscal year ended December 29, 2018 for a more detailed description of the items excluded from these measures.

[2] PepsiCo updated its initial financial guidance during the third-quarter 2018 earnings release from a target growth rate in organic revenue of at least 2.3% to at least 3.0% over prior year.

The Principles of Our Executive Compensation Program

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

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

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

Compensation Highlights

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

Annual Incentive	**1-year performance period**	**2018 Annual Incentive**	**Payout (% above target)**	
		Overall, PepsiCo achieved strong operating performance for the year.	+9%	Average for all NEOs

Long-Term Incentives **3-year performance period**

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[3] For further information on PepsiCo's three-year average Core Constant Currency EPS Growth compensation performance measure, which is a non-GAAP financial measure, please refer to Appendix A to this Proxy Statement. In calculating this compensation performance measure, PepsiCo's 2018 core constant currency EPS growth was adjusted to exclude certain gains associated with the sale of assets and insurance claims and settlement recoveries and PepsiCo's 2016 core constant currency EPS growth was adjusted to exclude the impact of the Venezuela deconsolidation that occurred in 2015.

[4] For further information on PepsiCo's three-year Core Net ROIC Improvement compensation performance measure, which is a non-GAAP financial measure, please refer to Appendix A to this Proxy Statement. In calculating this compensation performance measure, PepsiCo's 2018 core net ROIC improvement was adjusted to exclude the impact of the SodaStream acquisition.

Proxy Item No. 4 **Proposed Amendments to Articles of Incorporation to Eliminate Supermajority Voting Standards**	**The Board recommends a vote FOR this proposal** Our Board of Directors recommends that shareholders vote "FOR" this proposal to amend the Articles of Incorporation to eliminate supermajority voting standards. See "Proposed Amendments to Articles of Incorporation to Eliminate Supermajority Voting Standards (Proxy Item No. 4)" beginning on page 75 of this Proxy Statement.

Proxy Item Nos. 5-6 **Shareholder proposals**	**The Board recommends a vote AGAINST each of these proposals** See the Board's statement in opposition of each shareholder proposal beginning on page 77 of this Proxy Statement.

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Election of Directors (Proxy Item No. 1)

Upon the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has nominated the 13 directors identified on the following pages for election at the 2019 Annual Meeting. If elected, the directors will hold office from election until the next Annual Meeting of Shareholders and until their successors are elected and qualified or until their death, resignation or removal.

All of the nominees are currently PepsiCo directors who were elected by shareholders at the 2018 Annual Meeting, except for Ramon Laguarta who was elected to the Board effective October 3, 2018 and Michelle Gass who was elected to the Board effective March 6, 2019. Ms. Gass was recommended for consideration by the Nominating and Corporate Governance Committee by its independent third-party consulting firm that helps identify, evaluate and conduct due diligence on potential director candidates. George W. Buckley has reached the age of 72 and, pursuant to our policy, will not stand for re-election and will retire from the Board effective as of the 2019 Annual Meeting. Our Board thanks Mr. Buckley for his many years of exemplary service.

Our Board has a comprehensive, ongoing director succession planning process designed to provide for a highly independent, well-qualified Board, with the diversity, experience and background to be effective and to provide strong oversight. Our Board regularly evaluates the needs of the Company and adds new skills, qualifications and experience to the Board as necessary to best position the Company to navigate through a constantly changing global landscape.

Our Nominating and Corporate Governance Committee and our Board have determined that each of the nominees possesses the right skills, qualifications and experience to effectively oversee PepsiCo's long-term business strategy. Biographical information about each nominee, as well as highlights of certain notable skills, qualifications and experience that contributed to the nominee's selection as a member of our Board of Directors and nomination for re-election at our 2019 Annual Meeting, are included on the following pages.

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

Skills/Qualifications/ Experience	Shona Brown	Cesar Conde	Ian Cook	Dina Dublon	Richard Fisher	Michelle Gass	William Johnson	Ramon Laguarta	David Page	Robert Pohlad	Daniel Vasella	Darren Walker	Alberto Weisser
Public Company CEO													
Financial Expertise/ Financial Community													
Consumer Products													
Risk Management													
Public Policy													
Science/Medical Research/Innovation													
Technology/Data Analytics/e-commerce/ Digital Marketing/Cyber													
Diversity													
Developing and Emerging Markets/ International Residence													

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

Diversity	Tenure*	Age*
	Average Tenure: **6.1 Years**	Average Age: **60.6** **61% younger than 65**

* Age and tenure are as of March 22, 2019.

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Additionally, all directors are expected to possess personal traits such as candor, integrity and professionalism and must be able to commit significant time to the Company's oversight. For additional information on the Board selection process, including the Board's consideration of diversity, see "Board Composition and Refreshment" on pages 19-22 of this Proxy Statement.

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

Director Election Requirements and Majority-Vote Policy

All members of the Board are elected annually by our shareholders by a majority of the votes cast in an uncontested election (i.e., an election where the number of nominees is not greater than the number of directors to be elected), meaning that the number of votes cast "for" a director must exceed the number of votes cast "against" that director in order to elect the director to the Board. In a contested election, where the number of director nominees exceeds the number of directors to be elected, directors will be elected by a plurality vote. Under our Director Resignation Policy set forth in our Corporate Governance Guidelines, if a director nominee in an uncontested election receives more votes "against" than votes "for" his or her election, he or she must offer to resign from the Board. The Nominating and Corporate Governance Committee will make a recommendation to the Board on the resignation offer. Within 90 days following certification of the shareholder vote, the independent directors will determine, considering the best interests of the Company and its shareholders, whether to accept the director's resignation, and the Company will promptly publicly disclose such determination. A director who offers to resign pursuant to this Policy may not be present during the deliberations or voting by the Nominating and Corporate Governance Committee or the Board as to whether to accept the resignation offer.

Director Nominees

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

Shona L. Brown

Director Since: 2009

Age: 53

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

Other Public Company Directorships:

Current: Atlassian Corporation plc (Chair)

Previous (During Past 5 Years): None

Independent Committee Memberships:

Compensation

Public Policy and Sustainability

Skills and Qualifications

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

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Cesar Conde

Director Since: 2016

Age: 45

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

Other Public Company Directorships:

Current: Owens Corning (until 2019 annual meeting); Walmart Inc.

Previous (During Past 5 Years): None

Independent Committee Memberships:

Audit

Skills and Qualifications

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

Ian Cook

PRESIDING DIRECTOR

Director Since: 2008

Age: 66

Ian Cook has served since 2007 as Chief Executive Officer and a director of Colgate-Palmolive Company, a multinational consumer products company, and became Chairman of its board in 2009. Colgate-Palmolive recently announced that, as of April 2, 2019, he will become its Executive Chairman for a period of up to twelve months as part of a planned leadership transition. Mr. Cook joined Colgate-Palmolive in the United Kingdom in 1976 and progressed through a series of senior management roles. In 2002, he became Executive Vice President, North America and Europe. In 2004, he became Chief Operating Officer, with responsibility for operations in North America, Europe, Central Europe, Asia and Africa, and in 2005, he became responsible for all Colgate-Palmolive operations worldwide, serving as President from 2005 to 2018. Mr. Cook also serves on the boards of several nonprofit organizations, including the Consumer Goods Forum, Catalyst, Memorial Sloan Kettering Cancer Center and New Visions for Public Schools.

Other Public Company Directorships:

Current: Colgate-Palmolive Company

Previous (During Past 5 Years): None

Independent Committee Memberships:

Nominating and Corporate Governance

Skills and Qualifications

Mr. Cook brings to our Board of Directors deep knowledge of the consumer products industry and operational leadership experience gained through his many years leading Colgate-Palmolive. His extensive understanding of our business and his experience as Chief Executive Officer of a multinational consumer products company make him uniquely positioned as PepsiCo s Presiding Director to work collaboratively with our Chairman and CEO. He also contributes a broad understanding of industry trends and his extensive global leadership experience gained from holding a variety of senior management roles at Colgate-Palmolive in numerous countries throughout the world. Mr. Cook s qualifications also include expertise in finance, brand-building, corporate governance, human capital management and talent development and succession planning.

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Dina Dublon

Director Since: 2005

Age: 65

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

Other Public Company Directorships:

Current: None

Previous (During Past 5 Years): Deutsche Bank AG (supervisory board until 2018); Accenture plc (until 2017); Microsoft Corporation (until 2014)

Independent Committee Memberships:

Compensation

Public Policy and Sustainability

Skills and Qualifications

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

Richard W. Fisher

Director Since: 2015

Age: 70

Richard W. Fisher served as President and Chief Executive Officer of the Federal Reserve Bank of Dallas from 2005 to 2015. Previously, from 2001 to 2005, Mr. Fisher was Vice Chairman and Managing Partner of Kissinger McLarty Associates, a strategic advisory firm. From 1997 to 2001, Mr. Fisher served as Deputy U.S. Trade Representative with the rank of Ambassador, during which he oversaw the implementation of the North American Free Trade Agreement, the Bilateral Trade Agreement with Vietnam and other trade agreements. During his tenure, Mr. Fisher was also instrumental in negotiating the United States accord with China and Taiwan to enable them to join the World Trade Organization. Mr. Fisher s experience also includes serving as Managing Partner of Fisher Capital Management, an SEC-registered investment advisory firm, and Senior Manager of Brown Brothers Harriman & Co., a private banking firm. He has also served, since 2015, as a Senior Advisor for Barclays PLC, a financial services provider, and, since 2018, as a Senior Partner Director of Beneficient Company Group, L.P., an alternative asset service provider.

Other Public Company Directorships:

Current: AT&T Inc.; Tenet Healthcare Corporation

Previous (During Past 5 Years): None

Independent Committee Memberships:

Audit

Skills and Qualifications

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

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ELECTION OF DIRECTORS (PROXY ITEM NO. 1)

Michelle Gass

Director Since: 2019

Age: 51

Michelle Gass has served as Chief Executive Officer and a director of Kohl's Corporation, a leading omnichannel retailer, since 2018. She previously served as its Chief Executive Officer-elect and Chief Merchandising & Customer Officer from 2017 to 2018, Chief Merchandising & Customer Officer from 2015 to 2017, and Chief Customer Officer from 2013 to 2015. Prior to joining Kohl's, Ms. Gass served in a variety of management positions with Starbucks Corporation from 1996 to 2013, including most recently as President, Starbucks Coffee EMEA (Europe, Middle East and Africa) from 2011 to 2013; President, Seattle's Best Coffee; Executive Vice President, Global Marketing and Category; and various leadership roles in other brand, creative, marketing and strategy functions. Prior to Starbucks, Ms. Gass was with The Procter & Gamble Company.

Other Public Company Directorships:

Current: Kohl's Corporation

Previous (During Past 5 Years): Cigna Corporation (until 2017)

Skills and Qualifications

Ms. Gass brings to our Board of Directors deep knowledge of the consumer products industry gained from close to 30 years of experience in retail and consumer goods industries, both domestically and internationally. PepsiCo will benefit from her extensive understanding of marketing, product innovation and consumer branding from her various roles at Kohl's, Starbucks and Procter & Gamble. Her insights in transforming the way Kohl's is doing business to adapt and embrace technology and e-commerce opportunities will be particularly valuable as we address similar issues in an environment of evolving consumer preferences in a rapidly changing digital landscape. In addition, through her experiences leading a large retail public company, Kohl's, and operating businesses at Starbucks, Ms. Gass also offers operational leadership experience, leading and developing strong management teams, as well as creating and implementing strategic plans.

William R. Johnson

Director Since: 2015

Age: 70

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

Other Public Company Directorships:

Current: United Parcel Service, Inc.

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

Independent Committee Memberships:

Audit

Skills and Qualifications

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

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Ramon Laguarta

Director Since: 2018

Age: 55

Ramon Laguarta has served as PepsiCo's Chief Executive Officer and a director on the Board since October 2018, and assumed the role of Chairman of the Board in February 2019. Mr. Laguarta previously served as President 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 Europe and the United States.

Other Public Company Directorships:

Current: None

Previous (During Past 5 Years): None

Skills and Qualifications

Mr. Laguarta brings to our Board of Directors strong leadership skills and extensive consumer packaged goods experience gained from the 20-plus years he spent in a variety of senior operational and executive roles at PepsiCo. Mr. Laguarta also contributes invaluable perspectives on the global marketplace and sustainability gained from his numerous international senior management positions, including living in Europe and leading the Europe Sub-Saharan Africa division, which has operations that span three continents and is comprised of developed, developing and emerging markets. A native of Barcelona, he speaks multiple languages including English, Spanish, French, German and Greek. Through his leadership of the Europe Sub-Saharan Africa division and then as President of PepsiCo, he offers deep experience in strategic planning, operations, marketing, brand development and logistics. His role as Chairman and CEO of PepsiCo creates a critical link between management and the Board of Directors, enabling the Board to perform its oversight function with the benefit of management's perspective on the business.

David C. Page, MD

Director Since: 2014

Age: 62

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

Other Public Company Directorships:

Current: None

Previous (During Past 5 Years): None

Independent Committee Memberships:

Compensation

Public Policy and Sustainability

Skills and Qualifications

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

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Robert C. Pohlad

Director Since: 2015

Age: 64

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

Other Public Company Directorships:

Current: None

Previous (During Past 5 Years): None

Independent Committee Memberships:

Nominating and Corporate Governance

Skills and Qualifications

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

Daniel Vasella, MD

Director Since: 2002

Age: 65

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

Other Public Company Directorships:

Current: American Express Company

Previous (During Past 5 Years): XBiotech Inc. (until January 2018)

Independent Committee Memberships:

Compensation

Nominating and Corporate Governance

Skills and Qualifications

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

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Darren Walker

Director Since: 2016

Age: 59

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

Other Public Company Directorships:

Current: None

Previous (During Past 5 Years): None

Independent Committee Memberships:

Nominating and Corporate Governance

Public Policy and Sustainability

Skills and Qualifications

Mr. Walker brings to our Board of Directors his insight into the role of business in society gained through his role as President of the Ford Foundation and his leadership at other non-profit and philanthropic organizations. Through his experience with various social and community initiatives, he provides the Board with unique perspectives on human capital management and talent development and insights on public policy and sustainability-related matters that are particularly valuable as PepsiCo continues to focus on its sustainability goals and pursue strategies to drive long-term growth. In addition, he offers a unique understanding of emerging markets and communities gained through his experience and oversight of the Ford Foundation's operations.

Alberto Weisser

Director Since: 2011

Age: 63

Alberto Weisser served as Chairman and Chief Executive Officer of Bunge Limited, a global food, commodity and agribusiness company, from 1999 until June 2013 and as Executive Chairman until December 2013. Mr. Weisser previously served as Bunge's Chief Financial Officer from 1993 to 1999. Previously, Mr. Weisser worked at BASF Group, a chemical company, in various finance-related positions. He also served as a Senior Advisor at Lazard Ltd. from 2015 until August 2018. He currently serves on the Americas Advisory Panel of Temasek International Pte. Ltd., a Singapore-based investment company, and serves as a board member of the Americas Society.

Other Public Company Directorships:

Current: None

Previous (During Past 5 Years): None

Independent Committee Memberships:

Audit

Skills and Qualifications

Mr. Weisser brings to our Board of Directors his extensive experience with and keen understanding of commodities, gained from his role as Chairman and Chief Executive Officer of Bunge Limited. These skills are particularly valuable to PepsiCo in today's volatile economic environment. Mr. Weisser has deep knowledge of the strategic, financial, risk and compliance issues facing a large, diversified, publicly traded company, and significant global experience, particularly with respect to emerging markets. Mr. Weisser also contributes strong financial acumen and expertise resulting from his six years of experience serving as Bunge Limited's Chief Financial Officer and other senior finance-related positions.

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Board Composition and Refreshment

We believe the Board benefits from a mix of new directors who bring fresh perspectives and longer-serving directors who bring valuable experience, continuity and a deep understanding of the Company. The Board strives to maintain an appropriate balance of tenure, turnover, diversity, skills and experience. To promote thoughtful Board refreshment, we have:

- developed a comprehensive, ongoing Board succession planning process;
- implemented an annual Board and Committee assessment process; and
- adopted a policy in which no director may stand for election to the Board after reaching the age of 72.

Eight of the 13 director nominees have joined since the beginning of 2014. The average age of our director nominees and our independent director nominees is 60.6 years and 61.1 years, respectively. The average tenure of all our director nominees and our independent director nominees is 6.1 years and 6.6 years, respectively.

Comprehensive, Ongoing Process for Board Succession Planning and Selection and Nomination of Directors

The Board regularly evaluates its composition, assessing individual director’s skills, qualifications and experience to ensure the overall Board composition is aligned with the needs of PepsiCo’s long-term business strategy. Each year, the Board assesses the directors to be nominated at the annual meeting. The Board reviews potential director vacancies in light of its ongoing evaluation and maintains an “evergreen” compilation of potential candidates that it regularly reviews at Board meetings. The Nominating and Corporate Governance Committee assists this process by considering prospective candidates and identifying appropriate individuals for the Board’s further consideration. From time to time, the Nominating and Corporate Governance Committee engages independent third-party consulting firms to help identify, evaluate and conduct due diligence on potential director candidates who meet the current needs of the Board.

The Nominating and Corporate Governance Committee also assists the Board in considering succession planning for Board positions such as the Presiding Director and chairs of the committees.

Except as the independent directors may otherwise determine, the Presiding Director is appointed for a term of three years and no more than three consecutive three-year terms. The Board evaluates the Presiding Director’s performance annually under the guidance of the Nominating and Corporate Governance Committee. Based on the recommendation of the Nominating and Corporate Governance Committee, the independent members of the Board re-elected Ian Cook as the Presiding Director of the Board for a third term beginning in 2019.

Except as the Board may otherwise determine, the Chair of each Committee is appointed for a term of three years and no more than three consecutive three-year terms. The Board elected a new chair of our Audit Committee in 2016 and new chairs of our Compensation Committee and Public Policy and Sustainability Committee in 2017, and re-elected the chair of our Nominating and Corporate Governance Committee for a second term in 2018.

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Directors' Skills, Qualifications and Experience

The Board looks for its current and potential directors to have a broad range of skills, education, experience and qualifications that can be leveraged in order to benefit PepsiCo and its shareholders and align with the evolving needs of PepsiCo's long-term business strategy. Currently, the Board is particularly interested in maintaining a mix of skills, qualifications and experience that include the following:

Public Company CEO including deep operational, CEO experience at a large global public company

Financial Expertise / Financial Community including senior financial leadership experience at a large global public company or financial institution

Consumer Products including senior leadership experience with respect to a large consumer products business

Risk Management including experience handling major risk-related challenges

Public Policy including senior governmental, regulatory, philanthropic or public policy leadership experience, or policy-making role in areas relevant to our business

Science / Medical Research / Innovation including senior leadership experience or scientific/research role driving technical, engineering, medical or other research innovation

Technology / Data Analytics / e-commerce / Digital Marketing / Cyber including senior leadership experience at a digital company or expertise in areas including e-commerce, data analytics, cloud engineered systems, digital marketing or cybersecurity

Diversity including understanding the importance of diversity to a global enterprise with a diverse consumer base, informed by experience of gender, race, ethnicity and/or nationality

Developing and Emerging Markets / International Residence including global business experience with a focus on developing and emerging markets, or residence or extensive time spent living outside of the United States

Attributes of Individual Nominees

All directors are also expected to possess certain personal traits and, in fulfilling its responsibility to identify qualified candidates for membership on the Board, the Nominating and Corporate Governance Committee considers the following attributes of candidates:

Relevant knowledge, diversity of background, perspectives and experience in areas including business, finance, accounting, technology, marketing, international business, government, human capital management and talent development;

Personal qualities of leadership, character, judgment and whether the candidate possesses a reputation in the community at large of integrity, trust, respect, competence and adherence to the highest ethical standards;

Roles and contributions valuable to the business community; and

Whether the candidate is free of conflicts and has the time required for preparation, participation and attendance at meetings.

Consideration of Board Diversity

The Nominating and Corporate Governance Committee and the Board are keenly focused on ensuring that a wide range of backgrounds and experience are represented on our Board. 46% of our director nominees are women or ethnically diverse individuals.

Throughout the director selection and nomination process, the Nominating and Corporate Governance Committee and the Board seek to achieve diversity within the Board with diverse viewpoints and perspectives that are representative of our global business. The Nominating and Corporate Governance Committee adheres to the Company's philosophy of maintaining an environment free from discrimination on the basis of race, color, religion, sex, sexual orientation, gender identity, age, national origin, disability, veteran status or any other protected category under applicable law. This process is designed to provide that the Board includes members with diverse backgrounds, perspectives and experience, including appropriate financial and other expertise relevant to the business of the Company.

BOARD COMPOSITION AND REFRESHMENT

While not a formal policy, PepsiCo's director nomination processes call for the consideration of a range of types of diversity, including race, gender, ethnicity, culture, nationality and geography. In fact, diversity is one of the enumerated criteria that the Board has identified as critical in maintaining among its current and potential directors. Accordingly, the Nominating and Corporate Governance Committee is committed to actively seeking out highly qualified women and minority candidates, as well as candidates with diverse backgrounds, skills and experience, to include in the pool from which Board nominees are chosen. The Board also annually assesses the diversity of its members as part of its assessment process.

Director Orientation and Continuing Education

We have a comprehensive orientation program for all new directors with respect to their role as directors and as members of the particular Board committees on which they will serve. This orientation program includes one-on-one meetings with senior management, visits to PepsiCo's operations and extensive written materials to familiarize new directors with PepsiCo's business, financial performance, strategic plans, executive compensation program, and corporate governance policies and practices. Additional training is also provided when a director assumes a leadership role, such as becoming a Committee Chair.

We also have continuing education programs to assist directors in enhancing their skills and knowledge to better perform their duties and to recognize, and deal appropriately with, issues that may arise. These programs may be part of regular Board and Committee meetings or provided by qualified third-parties on various topics. The directors also periodically visit PepsiCo's operations, which provide the directors with an opportunity to see firsthand the execution and impact of the Company's strategy and engage with senior leaders and associates in our divisions to deepen their understanding of PepsiCo's business, competitive environment and corporate culture. In addition, the Company pays for all reasonable expenses for any director who wishes to attend an external director continuing education program.

Board and Committee Assessments

Our Board continually seeks to improve its performance. A formal evaluation is conducted on an annual basis, and directors share perspectives, feedback and suggestions year-round, both inside and outside of the Boardroom.

Pursuant to PepsiCo's Corporate Governance Guidelines and the Charters of each of the Board's Committees, the Board and each of its Committees conduct an evaluation at least annually.

Our processes enable directors to provide anonymous and confidential feedback on topics including:

- Board/Committee information and materials;
- Board/Committee meeting mechanics;
- Board/Committee composition and structure (including diversity and mix of skills, qualifications, viewpoints and experience);
- Board/Committee responsibilities and accountability (including with respect to strategy, risk management, operating performance, CEO and management succession planning, senior management development, corporate governance, sustainability and corporate culture);
- Board meeting conduct and culture; and
- Overall performance of Board members.

To promote effectiveness of the Board and each Committee, the results of the assessment are reviewed, and addressed by the Nominating and Corporate Governance Committee, the members of each Committee and the independent directors both alone in an executive session led by the Presiding Director and with members of management.

This process of actively engaging in thoughtful discussions, including on topics ranging from Board and Committee composition to overall performance of Board members, has had a meaningful impact on Board refreshment and succession planning. As a testament to the effectiveness of this assessment process, since 2014 the Board has added eight new directors of our current Board, since 2016 appointed three new Board Committee chairs, two of whom are women, and in 2019 elected a new Chairman of the Board and a new female director. This refreshment demonstrates the Board's focus on ensuring that each member of the Board brings the necessary skills and areas of expertise to contribute to discussions around PepsiCo's strategic initiatives and to oversee the risks that face our business and as they evolve.

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The Nominating and Corporate Governance Committee annually reviews the format of the evaluation process and periodically considers whether individual director interviews and/or third-party assessments should be conducted to supplement the Board and Committee assessment process. As a result of the evaluation process, which helps identify opportunities to continue to improve the performance of the Board and the Committees, the Board and Committees continue to enhance practices and procedures as appropriate. The Board also reviews the Nominating and Corporate Governance Committee s periodic recommendations concerning the performance of the Board, each of its Committees and the Presiding Director.

Shareholder Recommendations and Nominations of Director Candidates

The Nominating and Corporate Governance Committee will consider recommendations for director nominees made by shareholders and evaluate them using the same criteria as for other candidates. Recommendations received from shareholders are reviewed by the Chair of the Nominating and Corporate Governance Committee to determine whether each candidate meets the minimum criteria set forth in the Corporate Governance Guidelines, and if so, whether the candidate s expertise and particular set of skills and background fit the current needs of the Board. Any shareholder recommendation must be sent to the Corporate Secretary of PepsiCo at 700 Anderson Hill Road, Purchase, New York 10577, and must include detailed background information regarding the suggested candidate that demonstrates how the individual meets the Board membership criteria.

Our By-Laws permit proxy access for shareholders. Shareholders who wish to nominate directors for inclusion in our Proxy Statement or directly at an Annual Meeting in accordance with the procedures in our By-Laws should see 2020 Shareholder Proposals and Director Nominations on page 88 of this Proxy Statement for further information.

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Corporate Governance at PepsiCo

Our Governance Philosophy

We believe strong corporate governance and an ethical culture are the foundation for financial integrity, investor confidence and sustainable performance.

Strong corporate governance and a steadfast commitment to doing business the right way are and have been long-standing priorities at PepsiCo. Our strong tone at the top begins with our Board of Directors, which has demonstrated its focus on advancing openness, honesty, fairness and integrity in the Boardroom and across the Company through such actions as:

- Adopting Corporate Governance Guidelines for the Company that establish a common set of expectations to assist the Board and its Committees in performing their duties, reviewing these Guidelines at least annually, and updating the Guidelines as appropriate to reflect changing regulatory requirements, evolving best practices and input from our shareholders and other stakeholders;
- Adopting the Company's Global Code of Conduct and overseeing compliance, including ensuring corporate culture is on the Board agenda;
- Holding executive sessions between the Audit Committee and our Global Chief Compliance & Ethics Officer at each regularly scheduled meeting;
- Establishing a means for employees to raise issues to the Board and encouraging a culture of trust so that employees at every level feel comfortable speaking up about concerns; and
- Fostering a corporate culture of integrity and risk awareness through the Board's oversight over PepsiCo's integrated risk management framework, which includes the Board's review of specific high-priority risks on a regular basis throughout the year.

Key Corporate Governance Documents. The following key corporate documents are available at *www.pepsico.com*[5] under "*About*" and are also available in print upon written request to the Corporate Secretary of PepsiCo at 700 Anderson Hill Road, Purchase, New York 10577: Corporate Governance Guidelines; the Global Code of Conduct; and the Charters of our Audit, Compensation, Nominating and Corporate Governance, and Public Policy and Sustainability Committees of the Board.

Our Global Code of Conduct

PepsiCo is proud of its commitment to deliver sustained growth through empowered people acting with responsibility and building trust.

This commitment is evidenced in part by our robust Global Code of Conduct, which is designed to provide our directors and employees with guidance on how to act legally and ethically while performing work for PepsiCo. PepsiCo works hard to communicate its values clearly and regularly throughout its operations, including by conducting an annual Global Code of Conduct training program for employees. Annually, all of PepsiCo's directors and executives, including all of our executive officers, certify their compliance with our Global Code of Conduct. Through these efforts, we are focused on developing a culture of empowering people across the Company to act with responsibility and to build trust by embracing the principles of our Global Code of Conduct and our core values: showing respect in the workplace; acting with integrity in the marketplace; ensuring ethics in our business activities; and performing work responsibly for our shareholders.

Prohibition on Hedging and Pledging. To further align the interests of PepsiCo's directors, officers and employees with those of our shareholders, under PepsiCo's Global Code of Conduct and insider trading policy, the Company prohibits all directors, officers and employees from engaging in activities that are designed to hedge or offset any decrease in the market value of PepsiCo stock (including purchasing financial instruments such as prepaid variable forward contracts, collars, exchange funds or equity swaps or engaging in short sales). In addition, directors, officers and employees may not hold PepsiCo securities in a margin account or pledge PepsiCo stock or PepsiCo stock options as collateral for a loan or otherwise.

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[5] The information on our website is not, and shall not be deemed to be, a part of this Proxy Statement or incorporated herein or into any of our other filings with the Securities and Exchange Commission (the "**SEC**").

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Our Board of Directors

Our Board of Directors represents the interests of our shareholders and oversees the Company s business and affairs pursuant to the North Carolina Business Corporation Act and our governing documents. Members of the Board, all of whom are elected annually, oversee the Company s business and affairs by, among other things, participating in Board and Committee meetings, reviewing materials provided to them, engaging with the Chairman and CEO and with key members of management and associates, visiting PepsiCo s operations, bringing in outside experts, and discussing feedback from shareholders and other stakeholders.

Outstanding Board Member Attendance. Regular attendance at Board meetings and the Annual Meeting of Shareholders is expected of each director. In fiscal year 2018, our Board of Directors held eight meetings and our Committees held 23 meetings in the aggregate. In fiscal year 2018, no incumbent director attended fewer than 75% of the total number of Board and applicable Committee meetings (held during the period that such director served) and average attendance of our incumbent directors at Board and applicable Committee meetings (held during the period that such director served) was 99%. All thirteen directors then serving attended the 2018 Annual Meeting of Shareholders.

Board Leadership Structure

PepsiCo s governing documents enable the Board to determine the appropriate Board leadership structure for the Company and allow the roles of Chairman of the Board and CEO to be filled by the same or different individuals. This approach allows the Board flexibility to determine whether the two roles should be separate or combined based upon the Company s needs in light of the dynamic environment in which we operate and the Board s assessment of the Company s leadership from time to time.

The Board regularly considers and is open to different structures as circumstances may warrant. The succession planning discussions regarding the recent transitions in the Chairman and CEO roles included extensive discussions on the Board leadership structure, including the merits of separating or combining the Chairman and CEO roles and whether the Chairman role should be held by an independent director following the appointment of the new CEO. The Board gave thorough consideration to a number of factors, including: the strategic goals of the Company, the unique opportunities and challenges PepsiCo is facing, the breadth and complexity of PepsiCo s business and global footprint, the various capabilities of our directors, the dynamics of our Board, best practices in the market, PepsiCo s shareholder base and investor feedback, the current industry environment and the status of PepsiCo s progress with respect to key strategic initiatives. The Board also reflected upon the Company s strong, independent oversight function exercised by our Board, which consists entirely of independent directors other than our Chairman and CEO, as well as the independent leadership provided by our independent Presiding Director and each of the four standing Board Committees, which consist solely of, and are chaired by, independent directors.

At the conclusion of its discussions, the Board determined that a combined Chairman and CEO structure, together with a strong independent Presiding Director with clearly defined and robust responsibilities, strikes the right balance between effective independent oversight of PepsiCo s business and Board activities and strong and consistent corporate leadership, and provides the best leadership structure for the Company at this time.

Ramon Laguarta
CHAIRMAN AND CEO

The independent directors believe that our current Chairman of the Board and CEO, Ramon Laguarta, as an experienced leader with deep operational experience, particularly in international markets, and extensive knowledge of the Company, food and beverage industry and risk management practices that Mr. Laguarta gained from working over 20 years at PepsiCo in a variety of executive and general management roles, serves as a highly effective bridge between the Board and management. In his role as Chairman and CEO, Mr. Laguarta is in the best position to be aware of key issues facing the Company, and effectively communicate with various internal and external constituencies about critical business matters. During this period of significant change for PepsiCo as we implement our productivity plans and other key initiatives, the independent directors believe that the Company is best served by having one clear leader in both the Chairman and CEO roles who has the vision and leadership to execute on the Company's strategy and create shareholder value.

Ian Cook
PRESIDING DIRECTOR
Chairman and Chief Executive Officer, Colgate-Palmolive Company

In recognition of his skills in overseeing the Company's strong governance policies and practices and his overall leadership and communication abilities, the independent members of the Board of Directors re-elected Ian Cook as the Presiding Director of the Board for another three-year term beginning in 2019. As a result of his experience as a chief executive officer of a multinational consumer products company, Mr. Cook is uniquely positioned to work collaboratively with our Chairman and CEO, while providing strong independent oversight of management.

In addition to his core responsibilities as Presiding Director as described further below, Mr. Cook is an actively engaged director and led the recent Chairman and CEO succession planning process together with the Nominating and Corporate Governance Committee Chair.

Role of Presiding Director. Our Corporate Governance Guidelines provide that if the Chairman of the Board is not an independent director, an independent director shall be designated as the Presiding Director by the independent members of the Board based on the recommendation of the Nominating and Corporate Governance Committee. Except as the independent directors may otherwise determine, the Presiding Director is appointed for a term of three years and no more than three consecutive three-year terms.

The Board evaluates the Presiding Director's performance annually under the guidance of the Nominating and Corporate Governance Committee. The duties of our Presiding Director are consistent with the responsibilities generally held by "lead directors" at other public companies.

Presiding Director Duties:

- Presides at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent directors
- Serves as a liaison between the Chairman of the Board and the independent directors
- Has authority to approve information sent to the Board
- Approves meeting agendas for the Board
- Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items
- Has the authority to call meetings of the independent directors
- If requested by major shareholders, ensures that he or she is available for consultation and direct communication

In addition to these responsibilities and assisting the Board in the fulfillment of its responsibilities in general, Mr. Cook, as the Presiding Director, has over the past few years performed additional duties including:

- leading the recent Chairman and CEO succession planning process;
- meeting with the Chairman and CEO after the executive sessions of independent directors held at each regularly scheduled Board meeting to provide feedback on the independent directors' deliberations;
- regularly speaking with the Chairman and CEO between Board meetings to discuss any matters of concern, often following consultation with other independent directors;
- meeting regularly with members of senior management other than the Chairman and CEO; and
- meeting with shareholders.

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CORPORATE GOVERNANCE AT PEPSICO

Director Independence

Independence Determination

The Company's Corporate Governance Guidelines provide that an independent director is a director who meets the Nasdaq definition of independence, as determined by the Board. This definition is included in the Corporate Governance Guidelines, which are available at *www.pepsico.com* under *"About" – "Corporate Governance."* In making a determination of whether a director has any relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, the Board of Directors considers all relevant facts and circumstances, including but not limited to the director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships.

Consistent with these considerations, the Board of Directors has affirmatively determined that all of our non-employee director nominees, who are listed below, are independent within the meaning of the SEC and Nasdaq rules. The Board had also determined that George W. Buckley, who will retire from the Board of Directors effective as of the 2019 Annual Meeting, is independent.

Independent Director Nominees

Shona L. Brown	Richard W. Fisher	Robert C. Pohlad
Cesar Conde	Michelle Gass	Daniel Vasella
Ian Cook	William R. Johnson	Darren Walker
Dina Dublon	David C. Page	Alberto Weisser

In arriving at the foregoing independence determination, the Board of Directors thoroughly considered the relationships described under "Transactions with Related Persons" on page 27 of this Proxy Statement and determined that they do not impair Mr. Pohlad's independence or his ability to exercise independent judgment in carrying out the responsibilities of a director.

Executive Sessions of Independent Directors

The independent directors hold regularly scheduled executive sessions of the Board and its Committees without Company management present. These executive sessions are chaired by the independent Presiding Director (at Board meetings) or by the independent Committee Chairs (at Committee meetings). The independent directors met in executive session at all of the regularly scheduled Board and Committee meetings held in 2018.

Related Person Transactions

The Board of Directors has adopted written Related Person Transaction Policies and Procedures that generally apply to any transaction or series of transactions:

- in which the Company or a subsidiary was or is a participant;
- where the amount involved exceeds or is expected to exceed $120,000 since the beginning of the Company's last completed fiscal year; and
- in which the related person (i.e., a director, director nominee, executive officer, greater than five percent beneficial owner of the Company's Common Stock, or any immediate family member of any of the foregoing) has or will have a direct or indirect material interest.

The transactions described above are submitted to the Audit Committee for review and approval or ratification.

Review and Approval of Transactions with Related Persons

In determining whether to approve, ratify or disapprove of the entry into a related person transaction, the Audit Committee considers all relevant facts and circumstances and takes into account, among other factors:

- whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances;

- whether the transaction would impair the independence of an outside director; and
- whether the transaction would present an improper conflict of interest for any director or executive officer of the Company.

The Audit Committee has considered and adopted standing pre-approvals under the policy for limited transactions with related persons. The Company's General Counsel maintains a list of transactions deemed pre-approved under the policy for review by any Board member.

Transactions with Related Persons

Robert C. Pohlad, a director of the Company, indirectly owns one-third of the voting interests in the Minnesota Twins, a Major League Baseball team, and the remaining voting interests are indirectly owned by his brothers, William Pohlad and James Pohlad. The majority of the non-voting interests in the Minnesota Twins are owned indirectly by Mr. Pohlad and members of his immediate family and through trusts for the benefit of Mr. Pohlad's descendants and descendants of members of his immediate family. Members of Mr. Pohlad's immediate family are employed by the Minnesota Twins, including James Pohlad, who serves as Executive Chair and Chairman of the Board. In fiscal year 2018, PepsiCo made payments to the Minnesota Twins of approximately $738,000 in connection with a sponsorship agreement, and PepsiCo received payments of approximately $759,000 from the Minnesota Twins and an independent third party in connection with the sale of PepsiCo products at the Minnesota Twins' stadium. Transactions between the Minnesota Twins and PepsiCo, individually and in the aggregate, represented less than 1% of the annual revenues of the Minnesota Twins and PepsiCo in each fiscal year 2018, 2017 and 2016. The sponsorship agreement and sale of PepsiCo products are ongoing. In addition, in December 2018, PepsiCo entered into a five-year sponsorship agreement with Minnesota United, a Major League Soccer team, in which Mr. Pohlad and his brothers indirectly own an equity interest of approximately 12%. Pursuant to such agreement, PepsiCo expects to make aggregate payments to Minnesota United of approximately $250,000 in the first year, and to receive payments from an independent third party in connection with the sale of PepsiCo products at Minnesota United's stadium during the term of the agreement. We expect the transactions between Minnesota United and PepsiCo, individually and in the aggregate, to represent less than 1% of the annual revenues of Minnesota United and PepsiCo in each fiscal year that the sponsorship agreement is in place. Mr. Pohlad is not involved in negotiating these arm's-length transactions. The Board thoroughly considered these relationships and determined that they do not impair Mr. Pohlad's independence or his ability to exercise independent judgment in carrying out the responsibilities as a director of the Company.

In addition, the following family members of our executive officers were employed by PepsiCo during 2018, and their compensation was established in accordance with PepsiCo's employment and compensation practices applicable to employees with equivalent qualifications and responsibilities and holding similar positions:

- Jennifer Carey, daughter-in-law of Albert P. Carey, PepsiCo's former CEO, North America, is a Director of Retail Sales at PepsiCo. Ms. Carey received total compensation of approximately $151,000 in fiscal year 2018, and participates in the general welfare and benefit plans of PepsiCo. Mr. Carey does not have a material interest in his daughter-in-law's employment, nor does he share a household with her.
- David James Glotfelty, son of Ruth Fattori, former Executive Vice President and Chief Human Resources Officer of PepsiCo, is a Senior Manager at PepsiCo. Mr. Glotfelty received total compensation of approximately $148,000 in fiscal year 2018, and participates in the general welfare and benefit plans of PepsiCo. Ms. Fattori does not have a material interest in her son's employment, nor does she share a household with him.

Committees of the Board of Directors

The Board of Directors has four standing Committees: Audit, Compensation, Nominating and Corporate Governance, and Public Policy and Sustainability. The table below indicates the current members of each Board Committee:

	Audit	Compensation	Nominating and Corporate Governance	Public Policy and Sustainability
Shona L. Brown				
George W. Buckley*	*E*			
Cesar Conde				
Ian Cook **(Presiding Director)**				
Dina Dublon				
Richard W. Fisher	*E*			
Michelle Gass				
William R. Johnson	*E*			
Ramon Laguarta				
David C. Page				
Robert C. Pohlad				
Daniel Vasella				
Darren Walker				
Alberto Weisser	*E*			

= Committee Chair
E= Financial Expert

* Effective as of the 2019 Annual Meeting, George W. Buckley will not stand for re-election and will retire from the Board and the Audit Committee.

Audit Committee

Met eight times in 2018

Current Committee Members

Alberto Weisser

George W. Buckley
Cesar Conde
Richard W. Fisher
William R. Johnson

Primary Responsibilities

- Engaging and overseeing the Company's independent registered public accounting firm (taking into account the vote on shareholder ratification) and considering the independence, qualifications and performance of the independent registered public accounting firm
- Approving all audit and permissible non-audit services to be performed by the independent registered public accounting firm
- Reviewing and evaluating the performance of the lead audit partner of the independent registered public accounting firm and periodically considering whether there should be a rotation of the independent registered public accounting firm
- Overseeing the quality and integrity of PepsiCo's financial statements and its related accounting and financial reporting processes and internal control over financial reporting, and the audits of PepsiCo's financial statements, including reviewing with management and the independent registered public accounting firm PepsiCo's annual audited and quarterly financial statements and other financial disclosures, including earnings releases
- Reviewing and approving the internal audit department's audit plan, staffing, budget and responsibilities
- Reviewing PepsiCo's compliance with legal and regulatory requirements, by reviewing and discussing the implementation and effectiveness of PepsiCo's compliance program
- Establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding (a) accounting, internal accounting controls or auditing matters and other federal securities law matters and (b) confidential, anonymous submissions by employees of concerns regarding accounting or auditing matters or other federal securities law matters
- Reviewing and assessing the guidelines and policies governing PepsiCo's risk management and oversight processes, and assisting the Board's oversight of PepsiCo's financial, compliance and employee safety risks
- Reviewing and providing oversight of all related person transactions

Financial Expertise and Independence

The Board of Directors has determined that George W. Buckley, Richard W. Fisher, William R. Johnson and Alberto Weisser satisfy the criteria adopted by the SEC to serve as "audit committee financial experts" and that all of the members of the Committee are independent directors pursuant to the applicable requirements under the SEC and Nasdaq rules.

No Audit Committee member concurrently serves on the audit committee of more than two other public companies.

Report

The Audit Committee Report is set forth beginning on page 38 of this Proxy Statement.

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Compensation Committee

Met five times in 2018

Current Committee Members

Shona L. Brown

Dina Dublon

David C. Page

Daniel Vasella

Primary Responsibilities

- Overseeing policies relating to compensation of the Company's executives and making recommendations to the Board with respect to such policies
- Overseeing engagement with shareholders on executive compensation matters
- Overseeing the design of all material employee benefit plans and programs of the Company, its subsidiaries and divisions
- Meeting at least annually with the CEO to discuss the CEO's self-assessment in achieving individual and corporate performance goals and objectives
- Evaluating and discussing with the independent directors the performance of the CEO and recommending the CEO's compensation to the independent directors based on the CEO's performance
- Overseeing the evaluation of the executive officers and other key executives deemed to be under the Compensation Committee's purview, and evaluating and determining the individual elements of total compensation for such officers
- Evaluating its relationship with any compensation consultant for any conflicts of interest and assessing the independence of any compensation consultant, legal counsel or other advisors
- Reviewing and reporting to the Board with respect to director compensation and stock ownership guidelines

Additional information on the roles and responsibilities of the Compensation Committee is provided in the Compensation Discussion and Analysis beginning on page 42 of this Proxy Statement.

Independence

The Compensation Committee is comprised entirely of directors who are independent under the SEC and Nasdaq rules for directors and compensation committee members, and who are also "outside directors" for purposes of Section 162(m) of the Internal Revenue Code and "non-employee directors" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended ("**Exchange Act**").

Report

The Compensation Committee Report is set forth on page 71 of this Proxy Statement.

Compensation Advisor

The Compensation Committee has engaged FW Cook as its independent external advisor. The Compensation Committee reviewed its relationship with FW Cook, considered FW Cook's independence and the existence of potential conflicts of interest, and determined that the engagement of FW Cook did not raise any conflict of interest or other issues that would adversely impact FW Cook's independence. In reaching this conclusion, the Compensation Committee considered various factors, including the six factors set forth in the SEC and Nasdaq rules regarding compensation advisor conflicts of interest and independence.

Compensation Committee Interlocks and Insider Participation

Shona L. Brown, Dina Dublon, David C. Page and Daniel Vasella served on the Company's Compensation Committee during fiscal year 2018. No member of the Compensation Committee is now, or has been, an officer or employee of the Company. No member of the Compensation Committee had any relationship with the Company or any of its subsidiaries during 2018 pursuant to which disclosure would be required under applicable SEC rules pertaining to the disclosure of transactions with related persons. None of the executive officers of the Company currently serves or served during 2018 on the board of directors or compensation committee of another company at any time during which an executive officer of such other company served on PepsiCo's Board of Directors or Compensation Committee.

Nominating and Corporate Governance Committee

Met six times in 2018

Current Committee Members

Daniel Vasella
Ian Cook
Robert C. Pohlad
Darren Walker

Primary Responsibilities

- Developing criteria and qualifications, including criteria to assess independence, for selecting director candidates and identifying qualified candidates for membership on the Board and its Committees
- Developing and recommending to the Board corporate governance guidelines and other corporate policies and otherwise performing a leadership role in shaping the Company's corporate governance policies and practices
- Reviewing Board succession plans and overseeing the development of the process and protocols regarding succession plans for the Company's CEO
- Making recommendations to the Board concerning the composition, size, structure and activities of the Board and its Committees
- Overseeing the process for evaluating the Board and its Committees, including assessing and reporting to the Board on the performance of the Board and its Committees

Independence

The Nominating and Corporate Governance Committee is comprised entirely of directors who meet the independence requirements under the Nasdaq rules.

Public Policy and Sustainability Committee

Met four times in 2018

Current Committee Members

Dina Dublon
Shona L. Brown
David C. Page
Darren Walker

Primary Responsibilities

- Reviewing and monitoring key public policy trends, issues and regulatory matters and the Company's engagement in the public policy process
- Overseeing the Company's Political Contributions Policy and reviewing the Company's political activities and expenditures
- Reviewing the Company's sustainability initiatives and engagement
- Assisting in the Board's oversight of risks related to matters overseen by the Committee

Independence

The Public Policy and Sustainability Committee is comprised entirely of directors who meet the independence requirements under the Nasdaq rules.

The Board's Role in Strategy Oversight

One of the Board's key responsibilities is overseeing the Company's strategy, and the Board has deep experience and expertise in the area of strategy development and insights into the most important issues facing the Company. Setting the strategic course of the Company involves a high level of constructive engagement between management and the Board. Our entire Board acts as a strategy committee and regularly discusses the key priorities of our Company, taking into consideration and adjusting the Company's long-term strategy with global economic, consumer and other significant trends, as well as changes in the food and beverage industries and regulatory initiatives.

- Annually, the Board conducts an extensive review of the Company's long-term strategic plans, its annual operating plan and capital structure.
- Throughout the year and at almost every Board meeting, the Board receives information and updates from management and actively engages with senior leaders with respect to the Company's strategy, including the strategic plans for our divisions, and the competitive environment.
- PepsiCo's independent directors also hold regularly scheduled executive sessions without Company management present, at which strategy is discussed.
- The Board also regularly discusses and reviews feedback on strategy from our shareholders and stakeholders.

These discussions are also enhanced with experiences periodically held outside the Boardroom, such as market visits, which provide the directors with an opportunity to see firsthand the execution and impact of the Company's strategy and to engage with senior leaders and associates in our divisions to deepen their understanding of PepsiCo's business, competitive environment and corporate culture.

The Board's Oversight of Risk Management

The Board recognizes that the achievement of our strategic and operating objectives involves taking risks and that those risks may evolve over time. The Board has oversight responsibility for PepsiCo's integrated risk management framework, which is designed to identify, assess, prioritize, address, manage, monitor and communicate these risks across the Company's operations, and foster a corporate culture of integrity and risk awareness. Consistent with this approach, 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.

In addition, the Board has tasked designated Committees of the Board to assist with the oversight of certain categories of risk management, and the Committees report to the Board regularly on these matters.

The Audit Committee reviews and assesses the guidelines and policies governing the Company's risk management and oversight processes, and assists with the Board's oversight of financial, compliance and employee safety risks facing the Company;

The Compensation Committee reviews the Company'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 Public Policy and Sustainability Committee assists the Board in its oversight of the Company's policies, programs and related risks that concern key public policy and sustainability matters.

Throughout the year, the Board and the relevant Committees also receive updates from management with respect to various enterprise risk management issues and dedicate a portion of their meetings to reviewing and discussing specific risk topics in greater detail, including risks related to cybersecurity.

The Company's integrated risk management framework also includes both division-level and key country risk committees that are comprised of cross-functional senior management teams and that work together to identify, assess, prioritize and address division- and country-specific business risks. The Company's senior management engages with and reports to PepsiCo's Board of Directors and the relevant Committees on a regular basis to address high-priority risks.

At its February 2019 meeting, the Compensation Committee reviewed the results of the 2018 annual compensation risk assessment and concluded that the risks arising from the Company's overall compensation programs are not reasonably likely to have a material adverse effect on the Company.

The Company believes that the Board's leadership structure, discussed in detail under "Board Leadership Structure" on pages 24-25 of this Proxy Statement, supports the risk oversight function of the Board by providing for open communication between management and the Board and all directors are involved in the risk oversight. In addition, strong independent directors chair each of the Board's four Committees, which provide in-depth focus on certain categories of risks.

The Board's Role in Human Capital Management and Talent Development

The Board believes that human capital management and talent development are vital to PepsiCo's continued success. Our Board's involvement in leadership development and succession planning is systematic and ongoing, and the Board provides input on important decisions in each of these areas. The Board has primary responsibility for succession planning for the CEO and oversight of other executive officer positions. The Nominating and Corporate Governance Committee oversees the development of the process and protocols regarding succession plans for the CEO, and annually reviews and updates these protocols to reflect input from Board members. To assist the Board, the CEO annually provides the Board with an assessment of senior managers and their potential to succeed to the position of CEO, developed in consultation with the Presiding Director and the Chair of the Nominating and Corporate Governance Committee. The Board meets regularly with high-potential executives, both in small group and one-on-one settings.

As a result of our robust succession planning process, led by our Presiding Director and the Chair of the Nominating and Corporate Governance Committee, the Board appointed Ramon Laguarta as PepsiCo s CEO effective October 3, 2018 and, subsequently, Chairman of the Board effective February 1, 2019, succeeding Indra K. Nooyi in both roles. The appointment of Mr. Laguarta reinforces the Board s belief in the strength of our leadership team. All CEO appointments over PepsiCo s history have been from within the organization, a testament to PepsiCo s strong bench of talent and succession planning.

Beyond leadership development, our Board is continuously focused on developing an inclusive and respectful work environment where our employees across the entire workforce are empowered to speak with truth and candor, raise concerns and implement new ideas in the best interests of the business. The Board and its applicable Committees regularly engage with employees at all levels of the organization, including through periodic visits to PepsiCo s operations, to provide oversight on a broad range of human capital management topics, including corporate culture, diversity and inclusion, pay equity, health and safety, training and development and compensation and benefits. Employee feedback is considered in designing and evaluating employee programs and benefits and in monitoring current practices for potential areas of improvement.

Shareholder Engagement

We believe that regular, transparent communication with our shareholders and other stakeholders is essential to PepsiCo’s long-term success.

We value the views of our shareholders and other stakeholders, and the input that we receive from them is a cornerstone of our corporate governance practices. Through these engagements, we seek to ensure that corporate governance at PepsiCo is a dynamic framework that can both accommodate the demands of a rapidly changing business environment and remain responsive to the priorities of our shareholders and other stakeholders.

At least quarterly, the Board receives a report on engagement with our shareholders and is provided with the opportunity to discuss and ask questions about investor feedback. In the two-month period before the 2018 Annual Meeting of Shareholders, we contacted our 75 largest shareholders, representing over 46% of our outstanding shares of Common Stock, offering to discuss a broad range of topics. Subsequent to the 2018 Annual Meeting, we continued our outreach efforts to develop a better understanding of the feedback received from shareholders.

As reflected in our Corporate Governance Guidelines, our Presiding Director is available for consultation and direct communication, if requested by major shareholders. Our engagement program also involves directors, as well as senior executives and associates from many different parts of the Company, including from PepsiCo s communications, investor relations, executive compensation, compliance and ethics, legal, public policy and government affairs, and sustainability teams.

Throughout 2018, members of our management team met with a significant number of our shareholders and other stakeholders to discuss our portfolio strategy, financial and operating performance, capital allocation, sustainability strategy and initiatives, human capital management, Company culture, corporate governance and executive compensation practices and to solicit feedback on these and a variety of other topics. Following the 2018 Annual Meeting, we considered the voting outcomes for management and shareholder proposals, including the advisory shareholder proposal to reduce the threshold to call a special shareholder meeting, which received the support of approximately 48% of the votes cast. In response, the Nominating and Corporate Governance Committee carefully considered the proposal and continues to believe that it is neither necessary nor in the best interests of the Company or its shareholders to take steps to implement this proposal, in light of our longstanding practice of regularly engaging with our shareholders and the Company s strong corporate governance policies and practices, including the fact that the Company already provides shareholders the right to call a special meeting by shareholders holding in the aggregate 20% or more of our outstanding shares.

In addition, we have had an ongoing dialogue with various other shareholders and stakeholders and regularly meet with diverse stakeholders often in collaboration with leading non-profit groups that bring together investors, nongovernmental organizations and businesses in support of sustainability. During these meetings, our shareholders and other stakeholders engage with us on such topics as climate change, water scarcity, packaging, nutrition, public health, diversity, gender pay parity, human rights and environmental matters related to PepsiCo s supply chain, sustainable agriculture, sustainability reporting, and various other issues. We are also engaged with other key stakeholders through our active participation in prestigious corporate governance organizations, such as the Harvard Law School Program on Corporate Governance, Council of Institutional Investors and Stanford Institutional Investors Forum.

Our engagement activities have resulted in our receiving valuable feedback from our shareholders and other stakeholders who have provided important external viewpoints that inform our decisions and our strategy.

For example, as a result of collaboration with our shareholders and other stakeholders in recent years:

- The Board approved amendments, and is recommending shareholder approval, of our Articles of Incorporation to eliminate supermajority voting standards (See Proxy Item No. 4 in this Proxy Statement).
- The Board amended our Corporate Governance Guidelines to:
  - highlight the Board's focus on diversity, by explicitly stating its commitment to actively seeking out highly qualified women and minority candidates, as well as candidates with diverse backgrounds, skills and experiences, to include in the pool from which Board nominees are chosen;
  - underscore the Board's involvement in human capital management and talent development, by adding those experiences to the list of attributes sought for individual directors; and
  - specify the Board's oversight role with respect to sustainability, an integral part of the Company's business strategy.
- The Board also refined the roles of its Committees by establishing a Public Policy and Sustainability Committee in 2017 to assist the Board in providing more focused oversight over PepsiCo's policies, programs and related risks that concern key public policy and sustainability matters.
- We announced our 2025 sustainability goals that are designed to build on our progress and broaden our efforts in a way that responds to changing consumer and societal needs. We also enhanced our disclosure of the Company's sustainability progress by issuing our annual Sustainability Report and replacing a separate annual Global Reporting Initiative Report with a web-based, interactive environmental, social and governance ("**ESG**") reporting platform, which we are periodically updating with information about PepsiCo's policies, programs, governance and performance against the 2025 goals.
- We published a report available at *www.pepsico.com/sustainability/packaging* that describes the substantial steps PepsiCo has taken over more than a decade to improve recycling in the U.S. and to advance our long-term approach to sustainable packaging for our food and beverage products.
- The Board implemented a proxy access right for shareholders.
- Taking into account the strong support demonstrated by our shareholders and feedback during individual meetings with shareholders, the Compensation Committee implemented several changes to the long-term incentive program in 2016, while determining to maintain the core structure of our overall executive compensation program.

Our Commitment to Sustainable Business Practices

We are focused on an approach called Winning with Purpose that will help make our Company faster, stronger and better at meeting the needs of our customers, consumers, partners and communities, while caring for our planet and inspiring our associates around the world.

Our long-term sustainability goals have been woven into all aspects of our business since we first articulated our purpose agenda over ten years ago, and we continue to believe our strong sustainability agenda will enable PepsiCo to run a successful global company that creates long-term value for society and our shareholders.

PepsiCo is pleased to share the progress we are making in our sustainability journey, and in October 2016, we announced our goals for the next ten years. These goals broaden our efforts in a way that responds to changing consumer and societal needs and focus on building a healthier future for all of our stakeholders. Our annual Sustainability Report and web-based interactive ESG reporting platform on the Company's website at *www.pepsico.com* under *"Sustainability"* presents our sustainability goals and provides data, as well as examples of our efforts to achieve these goals.

To assist our Board in its oversight and to align with our new 2025 sustainability agenda, the Board also refined the roles of its Committees by establishing a Public Policy and Sustainability Committee in 2017. This Committee, which is comprised entirely of independent directors, assists the Board in providing more focused oversight over the Company's policies, programs and related risks that concern key public policy and sustainability matters.

Political Contributions Policy

In 2005, the Board of Directors adopted a Political Contributions Policy for the Company, which is amended from time to time. The Political Contributions Policy, together with other policies and procedures of the Company, guide PepsiCo's approach to political contributions. As specified in its Charter, the Public Policy and Sustainability Committee oversees this policy and is responsible for reviewing the Company's key public policy trends, issues and regulatory matters, its engagement in the public policy process and the Company's political activities and expenditures. In addition, our Board receives information regarding the Company's public policy initiatives and developments at every regularly scheduled Board meeting.

In keeping with our goal of transparency, our Political Contributions Policy and our annual U.S. political contributions are posted at *www.pepsico.com* under *"Sustainability"—"A-Z Sustainability Topics"—"Political Activities, Political Contributions & Issue Advocacy."* Additionally, over the years, we have significantly enhanced our website disclosure of political spending and lobbying activities by including the following information:

- a link to PepsiCo's quarterly federal lobbying reports;
- the total annual amount of PepsiCo's federal lobbying-related expenditures in the United States;
- information about our key lobbying priorities and our Board's oversight of political spending and lobbying activities;
- a list of U.S. trade associations and policy groups that lobby on behalf of PepsiCo to which PepsiCo contributes over $25,000 annually; and
- the names of the lobbyists with which we directly contract.

Communications with the Board

The PepsiCo Corporate Law Department reviews all communications sent to the Board of Directors and regularly provides to the Board a summary of communications that relate to the functions of the Board or a Board Committee or that otherwise warrant Board attention. Copies of such communications are also made available to the Board. Directors may at any time discuss the Board communications received by the Company. In addition, the Corporate Law Department may forward certain communications only to the Presiding Director, the Chair of the relevant Committee or the individual Board member to whom a communication is directed. Concerns relating to PepsiCo's accounting, internal accounting controls or auditing matters will be referred directly to members of the Audit Committee. Those items that are unrelated to the duties and responsibilities of the Board or its Committees may not be provided to the Board by the Corporate Law Department, including, without limitation, business solicitations, advertisements and surveys; requests for donations and sponsorships; job referral materials such as resumes; product-related communications; unsolicited ideas and business proposals; and material that is determined to be illegal or otherwise inappropriate.

Shareholders and other interested parties may send communications directed to the Board, a Committee of the Board, Presiding Director, independent directors as a group or an individual director by any of the following means:

By Phone	By Mail	Online
1-866-626-0633	PepsiCo Board of Directors ATTN: Corporate Secretary PepsiCo, Inc. 700 Anderson Hill Road Purchase, New York 10577	Submit a communication through our website *www.pepsico.com* under "About" — "Corporate Governance"— "Contacting the Board of Directors"

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2018 Director Compensation

Non-employee directors are compensated for their service on the Board as described below. Directors who are employees of the Company receive no additional compensation for serving as directors.

Annual Compensation

Every year, our Board of Directors reviews the competitiveness of our compensation program for non-employee directors. Based on the results of a competitive analysis, supported by the Board's independent compensation consultant, FW Cook, and upon the recommendation of the Compensation Committee, the Board decided not to change the director compensation program in 2018. Each non-employee director receives annual compensation of $110,000 in the form of an annual cash retainer and $180,000 in the form of an annual equity retainer.

Annual Director Compensation

Additional Compensation

An additional $30,000 annual cash retainer

- Nominating and Corporate Governance Committee Chair
- Public Policy and Sustainability Committee Chair

An additional $40,000 annual cash retainer

- Audit Committee Chair
- Compensation Committee Chair

An additional $50,000 annual cash retainer

- Presiding Director

The $180,000 annual equity retainer is provided in phantom units of PepsiCo Common Stock that are immediately vested and are payable on the first day of the calendar quarter following the first anniversary of the director's retirement or resignation from PepsiCo's Board of Directors. The number of phantom units of PepsiCo Common Stock granted to each director on October 1, 2018 was determined by dividing the $180,000 equity retainer value by the closing price of PepsiCo Common Stock on October 1, 2018, which was $110.71. As such, each director was granted 1,626 phantom units, each representing the right to receive one share of PepsiCo Common Stock and dividend equivalents. Dividend equivalents are reinvested in additional phantom units. Directors may also elect to defer their cash compensation into phantom units payable at the end of the deferral period selected by the directors.

Directors are reimbursed for expenses incurred to attend Board and Committee meetings and receive business travel and accident insurance coverage. Directors do not receive any meeting fees and do not have a retirement plan or receive any benefits such as life or medical insurance. Directors are eligible for matching of charitable contributions through the PepsiCo Foundation, which is generally available to all PepsiCo employees.

Initial Share Grant

Each newly appointed non-employee director receives a one-time grant of 1,000 shares of PepsiCo Common Stock when he or she joins the Board. These shares are immediately vested, but must be held until the director leaves the Board.

Governance Features

Our compensation program for non-employee directors operates with the following market-leading governance features:

Shareholder-Approved Cap on Pay. In 2016, our shareholders approved a cap on non-employee director pay as part of the renewal of the PepsiCo, Inc. Long-Term Incentive Plan ("**LTI Plan**"). The cap imposes a limit on the awards that may be granted to any non-employee director in a single calendar year in the following amounts: $500,000 for annual equity awards, $500,000 for annual cash retainers, and $250,000 for one-time initial awards to any newly appointed or elected non-employee director. Our current compensation program for non-employee directors is well within these limits.

Stock Ownership Requirements. To reinforce our ownership philosophy, non-employee directors are required to own shares of PepsiCo Common Stock equal to at least $550,000 (five times the annual cash retainer). Shares or phantom units of PepsiCo Common Stock held either directly by the non-employee director (or immediate family members), in the director's deferred compensation account, or in a trust for the benefit of immediate family members, count towards satisfying the requirement.

Non-employee directors have five years from their appointment to meet their stock ownership requirement. All of our non-employee directors have met or are on track to meet their objectives within the five-year period.

Clawback Provision. Under the terms of our long-term incentive plans, non-employee directors who violate PepsiCo's Global Code of Conduct, who violate applicable non-compete provisions, or who engage in gross misconduct may be subject to financial consequences. Our long-term incentive plans permit PepsiCo to cancel a non-employee director's outstanding equity awards if PepsiCo determines that the non-employee director has committed any such violation. The long-term incentive plans also permit PepsiCo to claw back all gains from exercised stock options received within the 12 months preceding the violation.

Prohibition on Hedging and Pledging. Our insider trading policy prohibits all directors (including non-employee directors) from using any strategies or products (such as derivative securities or short-selling techniques) to hedge against the potential changes in the value of PepsiCo Common Stock. In addition, directors may not hold PepsiCo securities in a margin account or pledge PepsiCo stock or PepsiCo stock options as collateral for a loan.

Limited Trading Windows. Our directors (including non-employee directors) can only transact in PepsiCo securities during approved trading windows after satisfying mandatory clearance requirements.

2018 Non-Employee Director Compensation

The following table summarizes the compensation of the non-employee directors for the fiscal year ended December 29, 2018.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
Shona L. Brown	150,000	180,000	—	330,000
George W. Buckley	110,000	180,000	—	290,000
Cesar Conde	110,000	180,000	—	290,000
Ian Cook	160,000	180,000	—	340,000
Dina Dublon	140,000	180,000	10,000	330,000
Richard W. Fisher	110,000	180,000	10,000	300,000
William R. Johnson	110,000	180,000	—	290,000
David C. Page	110,000	180,000	20,000	310,000
Robert C. Pohlad	110,000	180,000	—	290,000
Daniel Vasella	140,000	180,000	10,000	330,000
Darren Walker	110,000	180,000	—	290,000
Alberto Weisser	150,000	180,000	—	330,000

(1) The retainer fee reflects a payment of $55,000 made in arrears in June 2018 for service during the period December 1, 2017 through May 31, 2018 and a payment of $55,000 made in arrears in December 2018 for service during the period June 1, 2018 through November 30, 2018. The following directors elected to defer their 2017-2018 cash compensation into PepsiCo's director deferral program: Dr. Buckley deferred his $110,000 retainer fees into 1,011 phantom stock units; Dr. Vasella deferred his $140,000 retainer fees into 1,287 phantom stock units. The number of phantom units of PepsiCo Common Stock each director deferred on June 1, 2018 and December 1, 2018 was determined by dividing their deferred cash compensation by the closing price of PepsiCo Common Stock on the grant date, which was $100.25 and $118.98, respectively.

(2) The amounts reported for stock awards represent the full grant date fair value of the phantom stock units granted in 2018 calculated in accordance with the accounting guidance on share-based payments.

(3) The amounts reported in this column represent PepsiCo Foundation matching gifts and other charitable contributions or commitments. PepsiCo Foundation matching gift contributions are available to all PepsiCo employees and PepsiCo non-employee directors. Under the matching gift program, the PepsiCo Foundation matches cash or stock donations to recognized tax-exempt organizations, with PepsiCo Foundation annual contributions capped at $10,000. During 2018, if an eligible individual was a member of a qualified board of a tax-exempt organization and made a financial contribution to such organization, such individual was eligible for a double-match, increasing the annual cap to $20,000. Effective February 2019, the matching gift program was modified such that while an eligible individual may continue to request a double-match for eligible contributions to organizations on whose boards he or she serves, PepsiCo Foundation annual contributions will be capped at $10,000.

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Ratification of Appointment of Independent Registered Public Accounting Firm (Proxy Item No. 2)

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent registered public accounting firm (taking into account the vote on shareholder ratification). The Audit Committee has appointed KPMG LLP ("**KPMG**") as PepsiCo's independent registered public accounting firm for fiscal year 2019. KPMG has served as PepsiCo's independent registered public accounting firm since 1990. While we are not required by our By-Laws or otherwise to seek shareholder ratification of the appointment of KPMG as our independent registered public accounting firm, we are doing so as a matter of good corporate governance. If the shareholders do not ratify the appointment, the Audit Committee will take the vote into consideration when determining whether or not to retain KPMG. The Audit Committee believes that the continued retention of KPMG as our independent registered public accounting firm is in the best interests of our shareholders. Even if the selection of KPMG is ratified by shareholders, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

Representatives of KPMG are expected to be present and available to answer appropriate questions at the 2019 Annual Meeting and will have an opportunity to make statements during the meeting if they desire to do so.

Our Board of Directors recommends that shareholders vote "FOR" the ratification of the appointment of KPMG as PepsiCo's independent registered public accounting firm for fiscal year 2019.

Audit Committee Report

PepsiCo's Audit Committee reports to, and acts on behalf of, the Board. The Audit Committee is comprised solely of directors who satisfy applicable independence and other requirements of Nasdaq and applicable securities laws. A majority of the members of the Audit Committee are "audit committee financial experts" as defined by SEC rules and regulations.

The Audit Committee's purpose and responsibilities are set forth in its charter, which is approved and adopted by the Board and is available on PepsiCo's website at *www.pepsico.com* under *"About"—"Corporate Governance"*. The Audit Committee's Charter is reviewed at least annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback.

During 2018, the Audit Committee met eight times and fulfilled each of its duties and responsibilities as outlined in its charter, including reviewing and assessing the guidelines and policies governing PepsiCo's risk management and oversight processes, overseeing PepsiCo's compliance with legal and regulatory requirements (including meeting with the Global Chief Compliance & Ethics Officer to discuss PepsiCo's compliance program), receiving an update on PepsiCo's Law Department's compliance with Part 205 of Section 307 of the Sarbanes-Oxley Act of 2002 regarding standards of professional conduct for attorneys and regularly meeting separately with PepsiCo's General Counsel, Global Chief Compliance & Ethics Officer, General Auditor and Chief Financial Officer (see page 29 of this Proxy Statement for additional information regarding the Audit Committee's responsibilities).

Selection and Oversight of the Independent Registered Public Accounting Firm. The Audit Committee assists the Board with its oversight of PepsiCo's independent registered public accounting firm's qualifications and independence. The Audit Committee is responsible for appointing, compensating, retaining and overseeing the work of PepsiCo's independent registered public accounting firm, including periodically reviewing and evaluating the performance of the lead audit partner as well as overseeing the required rotation of KPMG's lead audit partner and, through the Audit Committee Chair as its representative, reviewing and considering the selection of the lead audit partner. KPMG has served as PepsiCo's independent registered public accounting firm since 1990. KPMG's current lead audit partner is required to rotate after completion of the fiscal year 2022 audit.

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RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PROXY ITEM NO. 2)

The Audit Committee recognizes the importance of maintaining the independence of PepsiCo's auditor, both in fact and in appearance. In 2018, the Audit Committee received and reviewed the written disclosures and the letter from KPMG required by applicable requirements of the Public Company Accounting Oversight Board ("**PCAOB**") regarding KPMG's communications with the Audit Committee concerning independence, and discussed with KPMG the firm's independence from PepsiCo and management. These discussions included, among other things, a review of the nature of, and fees paid to, KPMG for non-audit services and the compatibility of such services with maintaining KPMG's independence (see page 40 of this Proxy Statement for additional information). The Audit Committee concurred with KPMG's conclusion that they are independent from PepsiCo and its management.

The Audit Committee also periodically considers whether there should be a rotation of PepsiCo's independent registered public accounting firm. In addition to KPMG's independence from PepsiCo and management, the Audit Committee also considers several other factors in deciding whether to re-engage KPMG, including: the quality of KPMG's staff, work and quality control; KPMG's policies related to independence; KPMG's global reach; and KPMG's capability and expertise to perform an audit of PepsiCo's financial statements and internal control over financial reporting, given the breadth and complexity of PepsiCo's business and global footprint. The Audit Committee also discussed with KPMG the status or results of the PCAOB's reports on its inspections of KPMG and discussed with KPMG certain legal and regulatory proceedings pending against KPMG.

Based on the foregoing, the Audit Committee has retained KPMG as PepsiCo's independent registered public accounting firm for the fiscal year 2019 and recommends that shareholders ratify this appointment (see page 38 of this Proxy Statement for additional information regarding the shareholder vote).

Review and Recommendation Regarding Financial Statements. PepsiCo's management is responsible for preparing PepsiCo's financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. KPMG is responsible for expressing an opinion on PepsiCo's financial statements and an opinion on PepsiCo's internal control over financial reporting based on its audits. The Audit Committee does not itself prepare financial statements or perform audits, and its members are not auditors or certifiers of PepsiCo's financial statements.

In the performance of its oversight function, the Audit Committee met with management and KPMG to review and discuss PepsiCo's audited financial statements and internal control over financial reporting, asked management and KPMG questions relating to such matters and discussed with KPMG the matters required to be discussed by applicable PCAOB auditing standards. These meetings and discussions included a review of the critical accounting policies applied by PepsiCo in the preparation of its financial statements and the quality (and not just the acceptability) of the accounting principles utilized, the reasonableness of significant accounting estimates and judgments, and the disclosures in PepsiCo's consolidated financial statements. Based on the reviews and discussions described in this report, the Audit Committee recommended to the Board that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 29, 2018, for filing with the SEC.

The Audit Committee

Alberto Weisser, Chair	Richard W. Fisher
George W. Buckley	William R. Johnson

Cesar Conde

The information contained in the above report will not be deemed to be "soliciting material" or "filed" with the SEC, nor will this information be incorporated into any future filing under the Securities Act of 1933, as amended (the "**Securities Act**"), or the Exchange Act except to the extent the Company specifically incorporates such report by reference.

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Audit and Other Fees

The following table presents fees incurred for professional audit services rendered by KPMG, the Company's independent registered public accounting firm, for the audit of the Company's annual consolidated financial statements for fiscal years 2018 and 2017, and fees billed for other services rendered by KPMG in fiscal years 2018 and 2017. The Audit Committee has pre-approved all fees paid to KPMG in accordance with the Policy for Pre-Approval of Audit, Audit-Related and Non-Audit Services, as discussed below.

	2018		2017	
Audit fees(1)	$	26,997,000	$	24,090,000
Audit-related fees(2)	$	1,169,000	$	1,359,000
Tax fees(3)	$	588,000	$	616,000
All other fees(4)	$	—	$	—

(1) Audit fees for fiscal years 2018 and 2017 consisted of fees for the audits of the Company's annual consolidated financial statements, and the audit of the effectiveness of the Company's internal control over financial reporting, the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q and services related to statutory filings or engagements.
(2) Audit-related fees for fiscal years 2018 and 2017 consisted primarily of the audits of certain employee benefit plans, agreed upon procedures and other attestation reports, due diligence reviews and other procedures performed in connection with business transactions and the issuance of comfort letters.
(3) Tax fees for fiscal years 2018 and 2017 consisted primarily of international tax compliance services.
(4) KPMG was not engaged in fiscal years 2018 or 2017 for any services other than those described above.

Pre-Approval Policy and Procedures

We understand the need for the independent registered public accounting firm to maintain its objectivity and independence, both in appearance and in fact, in its audit of PepsiCo's consolidated financial statements. Accordingly, the Audit Committee has adopted the PepsiCo Policy for Pre-Approval of Audit, Audit-Related and Non-Audit Services. The policy provides that the Audit Committee will engage the independent registered public accounting firm for the audit of PepsiCo's consolidated financial statements and audit-related, tax and other non-audit services in accordance with the terms of the policy. The policy provides that on an annual basis the independent registered public accounting firm's global lead audit partner will review with the Audit Committee the services the independent registered public accounting firm expects to provide in the coming year and the related fee estimates, and that the Audit Committee will consider for pre-approval a schedule of such services. The policy further provides that the Audit Committee will specifically pre-approve engagements of the independent registered public accounting firm for services that are not pre-approved through the annual process. The Audit Committee Chair is authorized under the policy to pre-approve any audit, audit-related, tax or other non-audit services between Audit Committee meetings, provided such interim pre-approvals are reviewed with the full Audit Committee at its next meeting. In addition, the Audit Committee receives a status report at each of its regularly scheduled meetings regarding audit, audit-related, tax and other non-audit services that the independent registered public accounting firm has been pre-approved to perform, has been asked to provide or may be expected to provide during the balance of the year.

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Advisory Approval of Executive Compensation (Proxy Item No. 3)

Pursuant to Section 14A of the Exchange Act, the Company asks shareholders to cast an advisory vote to approve the compensation of our Named Executive Officers disclosed in the "Executive Compensation" section beginning on page 42 of this Proxy Statement. While this vote is non-binding, PepsiCo values the opinions of its shareholders and, consistent with our record of shareholder engagement, will consider the outcome of the vote when making future compensation decisions.

In considering your vote, we invite you to review the Compensation Discussion and Analysis beginning on page 42 of this Proxy Statement. As described in the Compensation Discussion and Analysis, we believe that PepsiCo's executive compensation programs effectively align the interests of our executive officers with those of our shareholders by linking a significant portion of their compensation to PepsiCo's performance and by providing a competitive level of compensation designed to recruit, retain and motivate talented executives critical to PepsiCo's long-term success.

We are asking our shareholders to vote FOR, in an advisory vote, the following resolution:

"Resolved, the shareholders of PepsiCo approve, on an advisory basis, the compensation of the Company's Named Executive Officers as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the 2018 Summary Compensation Table, the other compensation tables and the related notes and narratives on pages 42-73 of this Proxy Statement for the 2019 Annual Meeting of Shareholders."

The Board has adopted a policy of providing annual advisory approvals of the compensation of our NEOs. The next advisory approval of executive compensation will occur at the 2020 Annual Meeting of Shareholders.

Our Board of Directors recommends that shareholders vote "FOR" the compensation of our Named Executive Officers.

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Executive Compensation
Compensation Discussion and Analysis

2018 PepsiCo Performance Highlights

In a year that was challenged by volatile macroeconomic conditions, PepsiCo delivered strong operating performance. Our performance was in line with or exceeded each of the following financial objectives we set at the beginning of 2018 amid a dynamic retail environment and competitive landscape, with continued shifts in consumer preferences. The performance metrics used in our executive incentive pay programs are linked to the following non-GAAP measures.[6]

Organic Revenue Growth[6]	Core Constant Currency EPS Growth[6]	Free Cash Flow[6]	Core Net ROIC[6]
3.7%	9%	$6.3B	24.8%
Goal: at least 2.3%[7]	Goal: 9%	Goal: Approximately $6.0B	Goal: 23.4%

Our TSR of -4.8% was slightly below median relative to our proxy peer group, but outperformed both Fortune 100 companies and the S&P 500 Index, where median TSR was below -7%.

We also made significant progress against our strategic priorities, each of which is a contributor to the creation of sustainable shareholder value over the long-term.

Innovation: We furthered our technology capability by growing new platforms, with innovation sales comprising 8% of net revenue. Our investments allowed PepsiCo to repurpose supply chain processes in emerging markets resulting in cost reductions, winning the Institute of Physics' 2018 Business Innovation Award.

Brand Building: Spending on advertising and marketing stands at over 6% of 2018 net revenue, delivering market share improvements, particularly across savory snacks in the U.S. and certain European markets, coupled with portfolio expansion through the acquisitions of SodaStream, Bare Foods Co. and Health Warrior, Inc.

Execution: For the third consecutive year, PepsiCo was ranked as the number-one, best-in-class manufacturer by the Kantar Retail annual U.S. PoweRanking® study, reinforcing PepsiCo's focus on helping customers succeed through outstanding product quality and world-class supply chain operations.

Digitalization: Growth in digital channels supported by the integration of e-commerce into business relationships, generating approximately $1.4 billion in annual retail sales, doubling in value since 2016. PepsiCo was also recognized as the 2018 recipient of the Walmart® Supplier of the Year for E-commerce Award.

Productivity: We delivered over $1 billion of productivity savings in 2018 to strengthen our beverage, food and snack businesses, remaining on track to successfully achieve our 2014 Multi-Year Productivity Plan objectives through 2019.

Long-Term Sustainability Goals: We continued to advance our global sustainability agenda, which witnessed the expansion of our safe drinking water program in 2018, in addition to focusing on a reduction in plastic usage, and we are well on our way to meet our 2025 sustainability objectives.

Cash Return to Shareholders: We again increased our annualized dividend and met our goal of returning approximately $7.0 billion in cash to shareholders through dividends and share repurchases.

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[6] To evaluate performance in a manner consistent with how management evaluates our operating results and trends, the Compensation Committee applies certain business performance metrics that are measured on a non-GAAP basis as compensation performance measures to both long-term and annual incentive awards. Please refer to Appendix A to this Proxy Statement for a description and reconciliation of these non-GAAP financial measures relative to reported GAAP financial measures, and to pages 52-58, 69 and 71 of PepsiCo's 2018 Annual Report on Form 10-K for the fiscal year ended December 29, 2018 for a more detailed description of the items excluded from these measures.

[7] PepsiCo updated its initial financial guidance during the third-quarter 2018 earnings release from a target growth rate in organic revenue of at least 2.3% to at least 3.0% over prior year.

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PepsiCo's executive compensation programs are designed to align the interests of our executive officers with our shareholders:

- We provide market-competitive programs that enable PepsiCo to attract and retain highly talented individuals.
- Pay is directly linked to the achievement of performance goals designed to foster the creation of sustainable long-term shareholder value.
- Our pay-for-performance principles dictate that our executive officers should only receive target payouts when PepsiCo achieves its financial goals. For this reason, to the extent external guidance is communicated to shareholders at the beginning of the year, our Compensation Committee sets financial targets for incentive pay that are linked to such guidance.

CEO Transition

In August 2018, Ms. Nooyi, our Chief Executive Officer since 2006 and Chairman of the Board since 2007, announced plans to retire from PepsiCo in early 2019. Ms. Nooyi stepped down from her role as Chief Executive Officer and the Board of Directors appointed Mr. Laguarta as Chief Executive Officer and as a member of the Board of Directors, in each case effective October 3, 2018.

The Presiding Director together with the Nominating and Corporate Governance Committee Chair led the extensive internal and external talent search and selection efforts on behalf of the Board, with input from Ms. Nooyi throughout the process. Mr. Laguarta's proven leadership capability, decision-making experience, top-line growth vision and expertise in business and commercial operations across developed, developing and emerging markets, gained through over 20 years of PepsiCo experience in different geographies, made him the optimal candidate to succeed Ms. Nooyi as CEO, with the decision unanimously approved by the Board.

In connection with Mr. Laguarta's promotion to CEO, the Board approved an increase to his annual base salary from $900,000 to $1.3 million and his annual incentive target from 150% to 200% of base salary. The Board took numerous factors into consideration, such as compensation for newly-appointed CEOs and target pay of CEOs of our peer group. This recommendation places Mr. Laguarta's total compensation below the median of peer group CEO compensation, thereby providing room for future increases in target compensation assuming sustained performance and demonstrated leadership. The Board determined that this level of compensation would provide the appropriate incentives to drive PepsiCo's business performance and maximize the link with shareholder interests.

To facilitate a smooth and orderly transition, Ms. Nooyi continued to serve as Chairman of the Board until a date mutually determined by Ms. Nooyi and the Board. As a result of ongoing and extensive succession planning discussions, in January 2019, the Board of Directors elected Mr. Laguarta to serve as Chairman of the Board following Ms. Nooyi's retirement effective February 1, 2019. His role as Chairman and CEO provides a critical link between management and the Board, enabling the Board to perform its oversight role with the benefit of management's perspective.

Impact of 2018 PepsiCo Performance on CEO Pay

Chairman and CEO Pay Decisions

After stepping down as CEO, Ms. Nooyi's base salary and annual incentive target remained unchanged for the four months prior to her retirement on February 1, 2019. The Board deemed this appropriate given the short transition period and the criticality of a seamless transition, as Ms. Nooyi continued to lead and actively engage management and members of the Board in all aspects of the business. Upon Mr. Laguarta's appointment to Chairman of the Board, he received no salary adjustment or additional compensation.

Due to the partnership that existed throughout the year, and especially during the transition period, the Board evaluated the performance of both Ms. Nooyi and Mr. Laguarta through a holistic assessment of PepsiCo's operating results and their progress against PepsiCo's strategic priorities, with a heavy emphasis on performance versus the predetermined and objectively measured financial goals approved by the Compensation Committee.

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The Board also assessed Mr. Laguarta's performance based on his achievements in shaping our overall corporate strategy and leading our worldwide productivity agenda as President, PepsiCo, for the first nine months of 2018.

Performance highlights under Ms. Nooyi and Mr. Laguarta's leadership in 2018 include:

Operational	Enhancing portfolio through breakthrough innovation, achieving more than $200 million in measured retail sales for LIFEWTR and expanding PepsiCo's presence with Drinkfinity, Spire and Aquafina water stations. Contributing to top-line growth and household penetration in North America through creative brand marketing, launching Doritos Blaze, RUFFLES Mozzarella n' Marinara and Stacy's Cheese Petites. Expanding Lay's Oven Baked to over 30 markets, Lay's Poppables to 6 markets and Pepsi Black under the Zero Sugar and Max trademarks to over 80 markets, leading to top-line business results. Acquiring SodaStream, expanding PepsiCo's *beyond the bottle* market presence, bringing healthy, convenient and environmentally-friendly beverage alternatives to consumers across the globe. Leveraging scale in the international space by improving the coordination of commercial activities across markets.
Leadership	Providing leadership to support European refranchising efforts in Czech Republic, Hungary and Slovakia, shifting focus from production to the execution of PepsiCo's growth strategy. Successfully completing a well-executed and seamless leadership transition, resulting in no business disruption.
People and Planet	Continuing to develop a diverse, inclusive and engaged workforce that reflects global communities where we do business, while striving to achieve gender parity in management roles and pay equity for women. Initiating disaster relief efforts in communities PepsiCo serves across the globe, including Texas, Florida, Puerto Rico, Mexico, Ecuador, China and the Philippines. Investing in sustainable farming measures in countries, such as India, as a means of sourcing agricultural ingredients responsibly to reinforce the importance of PepsiCo's 2025 sustainability agenda. Expanding a number of initiatives to reduce the amount of plastics we use, recycle and reuse the plastics we produce, and reinvent our plastic packaging.

In recognition of her achievements during the 2018 fiscal year and her successful transition to Mr. Laguarta, Ms. Nooyi was awarded an annual cash incentive of $4.97 million, which was lower than her 2017 annual incentive. Notwithstanding her significant accomplishments in 2018, due to her retirement, Ms. Nooyi did not receive a 2019 Long-Term Incentive ("**LTI**") award.

In recognition of his achievements during the 2018 fiscal year and in connection with his promotion to CEO, Mr. Laguarta was awarded an annual cash incentive of $1.8 million. Mr. Laguarta's annual incentive award increased from 2017 as a result of his expanded responsibilities. In addition, Mr. Laguarta was granted a 2019 LTI award with a grant date value of $10.0 million. The actual payout Mr. Laguarta will realize on his 2019 LTI award will depend upon achievement of critical operating and relative stock performance targets established by the Compensation Committee for the 2019-2021 performance period. The Board maintained Mr. Laguarta's annual base salary of $1.3 million and his annual incentive target at 200% of base salary for 2019.

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Chairman and CEO Pay-For-Performance Alignment

The PepsiCo TSR shown in the table below illustrates the year-to-year return, including stock price appreciation and reinvested dividends, on PepsiCo's Common Stock on a calendar year basis, indexed to a 2013 base year. As a comparison, the median TSR generated by PepsiCo's peer group is depicted below, indexed to a 2013 base year. The table also illustrates PepsiCo's year-to-year Core Constant Currency EPS Growth[(2)] on a fiscal year basis, adjusted for payout linked to our incentive plans and indexed to a 2013 base year.

(1) The above chart is different than the 2018 Summary Compensation Table on page 59 of this Proxy Statement. SEC rules require disclosure of stock-settled awards in the year granted and disclosure of cash-settled awards in the year in which the relevant performance criteria are satisfied, whether or not payment is actually made in that year. Consistent with these rules, Ms. Nooyi and Mr. Laguarta's 2018 compensation reflected in the 2018 Summary Compensation Table includes the Performance Stock Units ("**PSUs**") granted in 2018 and their respective Long-Term Cash ("**LTC**") Awards granted in 2016, which is based on performance over the 2016-2018 performance period and paid out in March 2019. Mr. Laguarta's total compensation is below the median of peer group CEO compensation, thereby providing room for future increases in target compensation assuming sustained performance and demonstrated leadership.

(2) Please refer to Appendix A of this Proxy Statement for a description and reconciliation of this non-GAAP compensation performance measure relative to the reported GAAP financial measure. In calculating this compensation performance measure, PepsiCo's 2018 core constant currency EPS growth was adjusted to exclude certain gains associated with the sale of assets and insurance claims and settlement recoveries and PepsiCo's 2016 core constant currency EPS growth was adjusted to exclude the impact of the Venezuela deconsolidation that occurred in 2015.

(3) TSR based on stock price appreciation and reinvested dividends of PepsiCo's peer group in effect for each performance year.

(4) LTI awards for the 2018 performance year consist of PSUs (66%) and LTC Awards (34%) at target under our current LTI program design (further described in the "Long-Term Incentive Awards" section on page 51 of this Proxy Statement) and differ from the value reported in the 2018 Summary Compensation Table under the SEC rules. PSU and LTC Award values for each performance year are approved by the Board and granted the following year. For example, the PSU and LTC Award values for the 2018 performance year are the 2019 LTI awards that were approved by the Board and granted in 2019. The table excludes the special PSU award that was granted to Mr. Laguarta in 2018.

Strong Compensation Governance

The Compensation Committee oversees the executive compensation program and evaluates the program against competitive practices, legal and regulatory developments and corporate governance trends. The Compensation Committee has incorporated the following market-leading governance features into our program.

Comprehensive clawback policy: PepsiCo has a robust clawback policy, providing the right to cancel and recoup granted, earned and vested awards, wholly or partly, with a look-back period in the event of misconduct.

Double trigger vesting: LTI awards provide for accelerated vesting only if an executive is involuntarily terminated without cause or resigns for good reason within two years of a change-in-control or if the awards are not assumed by the acquirer.

Responsible share usage: Share utilization is below our peer group median due to our responsible usage of shares under the LTI Plan.

Rigorous stock ownership requirements: Executive officers are required to own PepsiCo stock worth two to eight times their base salary (depending on position), with holding requirements extended for 12 months beyond employment.

Rigorous incentive targets: Targets for performance metrics are linked to the financial goals communicated to shareholders.

Risk mitigation: Our compensation programs include balanced performance metrics, clawback provisions and an oversight process to identify risk.

No employment agreements: None of our executive officers have an employment agreement, separation or change-in-control agreement.

No supplemental executive retirement plans: We do not have any supplemental executive retirement plans, as our NEOs participate in the same pension programs as other similarly situated employees.

No tax gross-ups: We do not provide tax gross-ups on perks or benefits except in the case of standard expatriate tax equalization benefits available to all similarly situated employees.

No hedging and pledging: Under our insider trading policy, executive officers are prohibited from hedging and pledging Company stock.

No resetting of financial targets: We do not reset internal incentive targets used to determine performance-based award payouts once established at the beginning of the performance period.

No repricing: We do not reprice stock option awards and our plans expressly forbid exchanging underwater options for cash.

Engagement with Our Shareholders

PepsiCo has a longstanding practice of engaging with shareholders on executive compensation matters. In the two-month period before the 2018 Annual Meeting of Shareholders, we contacted our 75 largest shareholders, representing over 46% of our outstanding shares of Common Stock, offering to discuss a broad range of topics, including executive compensation. Subsequent to the 2018 Annual Meeting, we continued our outreach efforts to develop a better understanding of the feedback received from shareholders.

Our Compensation Committee considered shareholder feedback in its annual review of program components, targets and payouts to maintain awareness of emerging executive compensation practices, ensure the continued strength of our pay-for-performance alignment and sustain strong shareholder support.

At our 2018 Annual Meeting, shareholders again showed strong support for our executive compensation programs with 92% of the votes cast approving our advisory resolution.

The Compensation Committee determined to maintain the core structure of our overall executive compensation program for 2019, taking into account:

- the strong support demonstrated by our shareholders on our advisory resolution on executive compensation at the 2018 Annual Meeting,
- feedback during individual meetings with shareholders; and
- the significant changes made to our LTI program in 2016.

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Our Named Executive Officers

This Compensation Discussion and Analysis describes the compensation of the following NEOs:

Name and Title	
Indra K. Nooyi	Former Chairman of the Board and CEO, PepsiCo[1]
Ramon Laguarta	Chairman of the Board and CEO, PepsiCo[2]
Hugh F. Johnston	Vice Chairman, Executive Vice President (“**EVP**”) and Chief Financial Officer (“**CFO**”), PepsiCo
Albert P. Carey	CEO, North America[3]
Laxman Narasimhan	Global Chief Commercial Officer, PepsiCo and CEO, Latin America[4]
Silviu Popovici	CEO, Europe Sub-Saharan Africa (“**ESSA**”)[5]

(1) Ms. Nooyi served as CEO until October 3, 2018 and Chairman of the Board until February 1, 2019.

(2) Mr. Laguarta served as President, PepsiCo until October 3, 2018 when he was promoted to CEO, and assumed the role of Chairman of the Board on February 1, 2019.

(3) Mr. Carey served as CEO, North America until January 1, 2019 and is expected to retire at the end of March 2019.

(4) Mr. Narasimhan was promoted to Global Chief Commercial Officer, PepsiCo in February 2019. He served as CEO, ESSA until February 2019 and will serve as CEO, Latin America on an interim basis until May 1, 2019. This Compensation Discussion and Analysis and compensation-related tables that follow discuss compensation and accomplishments for Mr. Narasimhan during 2018 while serving as CEO, Latin America, Europe and Sub-Saharan Africa.

(5) Mr. Popovici served as President, ESSA until February 2019 when he was promoted to CEO, ESSA. This Compensation Discussion and Analysis and compensation-related tables that follow discuss compensation and accomplishments for Mr. Popovici during 2018 while serving as President, ESSA.

2018 Target Pay Mix for Named Executive Officers

To align pay levels for NEOs with the Company’s performance, our pay mix places the greatest emphasis on performance-based incentives. Pay composition is consistent between both Ms. Nooyi, former Chairman and CEO, and Mr. Laguarta, current Chairman and CEO, where approximately 91% of target pay remains at-risk.

Chairman and CEO Target Pay Mix
Performance-Based Compensation 91%

NEO Average Target Pay Mix (Excluding Chairman and CEO)
Performance Based Compensation 86%

Components of Our Executive Compensation Program

The primary components of our executive compensation programs, summarized in the following table, ensure that pay is directly linked to the creation of sustainable long-term shareholder value.

Type	Component	Objective
Fixed Compensation	**Base Salary**	Provide market-competitive fixed pay reflective of an executive officer’s role, responsibilities and individual performance in order to attract and retain top talent
Performance-Based Compensation	**Annual Incentive**	Drive Company and business unit performance, including revenue growth, profitability and free cash flow Deliver individual performance against specific business imperatives, such as improving operating efficiencies, driving sustainable innovation, increasing customer satisfaction and developing a diverse and talented workforce
	Long-Term Incentive	Align executive officers’ rewards with returns delivered to PepsiCo’s shareholders Incentivize achievement of long-term value creation through stock performance objectives and critical operating performance objectives over a three-year period

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Base Salary

The Compensation Committee annually reviews the salaries of our NEOs. Annual salary increases are not automatic or guaranteed. When considering any adjustments, the Compensation Committee takes into account market data, internal pay equity, job responsibilities and individual performance.

In September 2018, Mr. Johnston's base salary was increased by 5% to support continuity of leadership in light of our CEO transition. Mr. Laguarta's base salary was increased by 44% effective October 2018 due to his appointment to CEO.

The base salaries paid to our NEOs in fiscal year 2018 are presented in the 2018 Summary Compensation Table on page 59 of this Proxy Statement.

Name	Base Salary as of 2017 Fiscal Year-End ($000)	Base Salary as of 2018 Fiscal Year-End ($000)	Percentage Increase
Indra K. Nooyi	1,700	1,700	0%
Ramon Laguarta	900	1,300	44%
Hugh F. Johnston	950	1,000	5%
Albert P. Carey	1,000	1,000	0%
Laxman Narasimhan	900	900	0%
Silviu Popovici	700	700	0%

Effective February 2019, Mr. Narasimhan's base salary was increased to $950,000 as a result of his promotion to Global Chief Commercial Officer, PepsiCo and CEO, Latin America, and Mr. Popovici's base salary was increased to $750,000 in connection with his promotion to CEO, ESSA.

2018 Annual Incentive Award

We provide annual cash incentive opportunities to our NEOs under the PepsiCo, Inc. Executive Incentive Compensation Plan ("**EICP**"). Awards granted under the EICP are designed to drive Company, business unit and individual performance.

When determining the actual annual incentive award payable to each executive officer, the Compensation Committee considers both business and individual performance. The graphic below illustrates the weighting of performance metrics for each NEO, with the exception of both the former and current Chairman and CEO. The annual cash awards for Ms. Nooyi and Mr. Laguarta are determined by the Compensation Committee and the independent members of the Board based on a holistic assessment of the Company's performance and their leadership.

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EXECUTIVE COMPENSATION

Business Performance Metrics. Our annual incentive program applies metrics that executives directly influence to ensure a link between annual performance and actual incentive payments. The performance measures used in the annual incentive program relate to Company-wide performance or business-unit performance depending on the NEO's position and scope of responsibility. The 2018 performance metrics which make up the Business Performance weighting of the annual incentive award are listed in the table below for each NEO:

	Indra K. Nooyi PepsiCo	**Ramon Laguarta** PepsiCo(1)	**Hugh F. Johnston** PepsiCo	**Albert P. Carey** North America	**Laxman Narasimhan** Latin America and ESSA	**Silviu Popovici** ESSA
Organic Revenue Growth[8]						
Free Cash Flow Excluding Certain Items[8]						
Core Constant Currency EPS Growth[8]						
Core Net ROIC Improvement[8]						
Core Constant Currency Net Income Growth[8]						
Core Constant Currency Operating Profit Growth[8]						

(1) Effective October 3, 2018, Mr. Laguarta was promoted from President, PepsiCo to CEO. Therefore, Mr. Laguarta's 2018 full-year bonus is based on a holistic assessment of achievements against key financial and strategic objectives, similar to Ms. Nooyi.

As part of PepsiCo's 2025 sustainability agenda, we announced a 2025 target for the rate of sales growth of what we refer to as our "Everyday Nutrition" products to outpace the rate of sales growth in the balance of our product portfolio. To advance our portfolio to meet the evolving needs of consumers across the globe, the annual incentive program rewards NEOs with up to an additional 15% of target bonus in the event "Everyday Nutrition" goals are achieved.

Business Results. In determining annual incentive awards for 2018, the Compensation Committee considered actual Company performance against the pre-established performance targets noted in the table below. Our NEOs' performance targets were set at levels linked to the financial goals we set at the beginning of 2018. This ensures that our NEOs are motivated to deliver on our financial goals communicated to shareholders.

Performance Metrics[9]	Communicated Goals	Performance Targets	Actual Results
Organic Revenue Growth	At least 2.3%(1)	3.6%	3.7%
Free Cash Flow(2)	Approximately $6.0B(2)	$7.1B(2)	$7.6B(2)
Core Constant Currency EPS Growth	9%	9%	9%
Core Net ROIC Improvement	+50bps	+50bps	+190bps(3)
Core Constant Currency Net Income Growth	(4)	8.3%	8%

(1) PepsiCo updated its initial financial guidance during the third-quarter 2018 earnings release from a target growth rate in organic revenue of at least 2.3% to at least 3.0% over prior year.
(2) Performance metric and communicated goal is the financial objective communicated at the beginning of the year (Free Cash Flow). Performance Targets and Actual Results are the compensation performance measure (Free Cash Flow Excluding Certain Items).
(3) Includes impact of SodaStream acquisition; Core Net ROIC Improvement is +230bps excluding the SodaStream acquisition.
(4) PepsiCo does not publicly disclose net income goals because such disclosure would result in competitive harm to PepsiCo.

In determining annual bonus payouts, the Compensation Committee considered actual business results relative to the performance targets outlined in the table above, in addition to other quantitative and qualitative factors including the impact of share repurchases on financial results.

PepsiCo's "Everyday Nutrition" and business unit performance targets, which were intended to be challenging, are not disclosed because such disclosure would result in competitive harm to PepsiCo. These targets were set at levels necessary to deliver our financial goals communicated to shareholders.

Individual Performance Metrics. The Compensation Committee evaluates individual performance based on metrics related to an individual's contribution to PepsiCo's strategic business imperatives, such as improving operating efficiencies, driving sustainable innovation, increasing customer satisfaction and managing and developing a diverse and talented workforce. The strategic business imperatives are intended to be challenging. They can be both qualitative and quantitative and vary for each executive officer.

[8] Please refer to Appendix A to this Proxy Statement for a description and reconciliation of these non-GAAP compensation performance measures relative to reported GAAP financial measures.

[9] Please refer to Appendix A to this Proxy Statement for a description and reconciliation of these non-GAAP financial measures relative to reported GAAP financial measures, and to pages 52-58, 69 and 71 of PepsiCo's 2018 Annual Report on Form 10-K for the fiscal year ended December 29, 2018 for a more detailed description of the items excluded from these measures.

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NEO Performance Summary. In determining annual incentive awards for 2018, the Compensation Committee considered the following accomplishments by all NEOs, other than the former and current Chairman and CEO who are discussed earlier. Note that Mr. Carey did not receive a 2019 LTI award due to his expected retirement in early 2019.

Hugh F. Johnston
Vice Chairman, EVP and CFO, PepsiCo

During 2018, Mr. Johnston's financial stewardship was critical to PepsiCo delivering on all key financial objectives we set at the beginning of 2018, enabling PepsiCo to increase its dividend for the 46th consecutive year in 2018, returning $6.9 billion in cash to shareholders through dividends and share repurchases.

In addition, under Mr. Johnston's leadership:

- PepsiCo's e-commerce business grew by 50% in 2018 to approximately $1.4 billion in annual retail sales.
- PepsiCo continued to greatly enhance its information technology capabilities.

Albert P. Carey
CEO, North America

Our North American businesses, under Mr. Carey's leadership, faced some headwinds in 2018 which led to mixed results.

Frito-Lay North America ("**FLNA**") delivered solid organic revenue growth[10] with the business leading retail sales growth in the U.S. among major consumer packaged goods companies.

Quaker Foods North America ("**QFNA**") organic revenue[10] was negatively impacted by continued slowdown in category growth; nonetheless, QFNA was able to grow market share in our core hot cereal category.

North America Beverages ("**NAB**") had a challenging year with organic revenue up only 0.5%[10] for the year in a highly competitive marketplace; but the business finished with good momentum, accelerating organic revenue[10] growth during the third and fourth quarter, supported by stepped-up investments in media and successful product innovations, including bubly and Gatorade Zero.

Operating performance across North America was dampened by higher than expected inflation on commodities and transportation.

Laxman Narasimhan
Global Chief Commercial Officer, PepsiCo and CEO, Latin America

Mr. Narasimhan's leadership in both Latin America and ESSA in 2018 was paramount to the delivery of high-single-digit organic revenue growth.[10]

Latin America results were solid with 8% organic revenue growth[10] and 13% core constant currency operating profit growth[10], despite inflation in key markets.

ESSA delivered growth in core constant currency operating profit[10] (as described below) and 7% organic revenue growth[10] as a result of strong business performance in Germany, Poland, South Africa, Turkey and especially Russia[10], which was challenged by a deflationary dairy industry.

Silviu Popovici
CEO, ESSA

Mr. Popovici delivered solid top-line and bottom-line results in light of political uncertainty and macroeconomic volatility in certain markets across the sector.

Under Mr. Popovici's leadership, global brands continued to expand across Eastern Europe and the Nordics with the introduction of lime and cherry-cola flavors, while market share performance was solid across our savory snacks categories.

ESSA was instrumental in the delivery of productivity savings that were reinvested in new capabilities and efficiencies, leading to growth in core constant currency operating profit by 11%.[10]

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[10] Please refer to Appendix A to this Proxy Statement for a description and reconciliation of these non-GAAP financial measures relative to reported GAAP financial measures, and to pages 52-58, 69 and 71 of PepsiCo's 2018 Annual Report on Form 10-K for the fiscal year ended December 29, 2018 for a more detailed description of the items excluded from these measures.

[11] The 2019 Long-Term Incentive award consists of 66% PSUs and 34% LTC. The award payout will depend upon achievement of critical operating and relative stock performance targets established by the Compensation Committee for the 2019-2021 performance period.

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EXECUTIVE COMPENSATION

Long-Term Incentive Awards

Beginning with the 2016 LTI award, we made significant changes to our LTI program, intended to simplify and better balance our mix of cash- and equity-based incentives, and to ensure that the entirety of the annual LTI opportunity is strongly performance-based. This design ensures an appropriate level of focus on successfully attaining critical operating goals and sustained appreciation in shareholder value relative to our peers. Actual payouts associated with the 2016 LTI award represent the first under the refreshed executive compensation design.

PepsiCo's LTI program is 100% performance-based. Awards granted include two distinct components: PSUs and LTC Awards. Each executive's target grant value is based on his or her role. Target grant values can be modified to be between 0% and 125% based on long-term individual performance. Awards vest after three years if the executive is still employed with us.

Performance Stock Units

The PSUs incentivize our executive officers to focus on critical operating performance objectives that we believe will translate to sustainable shareholder returns over the long-term. The PSUs will pay out in PepsiCo shares, plus dividends accrued over the vesting period on earned shares.

50% weighting	**Earnings Per Share** **3-year average of annual core constant currency EPS growth rates** A metric followed by shareholders that incorporates key elements of financial success, including top-line growth in revenue, expense control, the effectiveness of investments made in the business over time, and bottom-line profitability.
50% weighting	**Return on Invested Capital** **3-year cumulative increase in core net ROIC** A key metric that aligns with our financial goals communicated to shareholders to improve both capital spending and working capital management, enabling us to continue to improve the efficiency of our asset base.
Payout	0 - 175% of Target

Long-Term Cash Award

The LTC Award focuses on relative TSR performance, strengthening alignment with long-term shareholder value creation. The LTC Award is denominated and will pay out in cash, reflecting PepsiCo's responsible use of shares under our LTI program.

0 - 200%	**Relative TSR Performance** **TSR performance relative to our proxy peer group over a 3-year performance period** *Target payout requires us to deliver positive 3-year TSR. Linear interpolation is used when ranking falls between percentages shown.*
Payout	0 - 200% of Target

Long-Term Incentive Award Payouts

2016 PSU Payout

As a result of strong three-year core constant currency EPS and core net ROIC performance, the 2016 PSUs paid out 67.5% above target.

3-Year Average Core Constant Currency EPS Growth[12]

PepsiCo's three-year (2016-2018) average core constant currency EPS growth[12] compensation performance measure of 9.3% exceeded the target of 7.3% set by the Compensation Committee in March 2016.

In calculating this compensation performance measure, PepsiCo's 2018 core constant currency EPS growth was adjusted to exclude certain gains associated with the sale of assets and insurance claims and settlement recoveries and PepsiCo's 2016 core constant currency EPS growth was adjusted to exclude the impact of the Venezuela deconsolidation that occurred in 2015.

3-Year Core Net ROIC Improvement[12]

PepsiCo's actual three-year (2016-2018) core net ROIC[12] compensation performance measure improved from 19.6% to 25.2% over the three-year performance period, a 560bps increase that exceeded the 150bps target set by the Compensation Committee in March 2016.

In calculating this compensation performance measure, PepsiCo's 2018 core net ROIC improvement was adjusted to exclude the impact of the SodaStream acquisition.

Name	PSUs Granted	PSUs Earned	Payout Above Target
Indra K. Nooyi	90,228	151,132	+67.5%
Ramon Laguarta	22,975	38,483	+67.5%
Hugh F. Johnston	35,089	58,774	+67.5%
Albert P. Carey	33,685	56,422	+67.5%
Laxman Narasimhan	24,019	40,232	+67.5%
Silviu Popovici[(1)]	2,127	3,563	+67.5%

(1) Mr. Popovici was only eligible for a limited number of PSUs granted in 2016 as he was not an executive officer at the time.

2016 Long-Term Cash Award Payout

The 2016 LTC Award paid out at 6% above target in light of our total return to shareholders, including dividends, outperforming the median of our proxy peer group over the three-year performance period.

3-Year Relative TSR Percentile vs. Proxy Peer Group

Based on PepsiCo's TSR of 20.9% for the three-year performance period ended on December 31, 2018, PepsiCo ranked at the 53rd percentile relative to our proxy peer group.

Name	LTC Granted ($000)	LTC Earned ($000)	Payout Above Target
Indra K. Nooyi	4,590	4,865	+6%
Ramon Laguarta	1,169	1,239	+6%
Hugh F. Johnston	1,785	1,892	+6%
Albert P. Carey	1,714	1,816	+6%
Laxman Narasimhan	1,222	1,295	+6%
Silviu Popovici[(1)]	0	0	Not Applicable

(1) Mr. Popovici was not eligible for any LTC Award granted in 2016 as he was not an executive officer at the time.

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[12] Please refer to Appendix A to this Proxy Statement for a description and reconciliation of these non-GAAP compensation performance measures relative to reported GAAP financial measures.

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Special PSU Awards

Special PSU Award Grants

The Compensation Committee recognizes that retention of highly qualified leaders is critical to PepsiCo's continued strong performance and successful succession planning. Due to the breadth and depth of expertise they have gained through their PepsiCo careers, PepsiCo's senior leaders are often considered for senior roles outside of PepsiCo. Each year, the CEO presents an extensive analysis to the Compensation Committee that addresses talent retention considerations, taking into account the demonstrated performance and future potential of each senior officer, as well as the competitive landscape for executive talent and business disruption likely to be caused by unplanned attrition.

As a result of this analysis, the Compensation Committee selectively grants special performance-based awards to talented leaders critical to our business continuity and growth. Taking into account the leadership transitions that occurred towards the end of 2017 with Mr. Laguarta's appointment to President, PepsiCo, followed by Mr. Popovici's appointment to President, ESSA, the Board of Directors granted Mr. Laguarta and Mr. Popovici each a special PSU award on March 1, 2018.

As disclosed in last year's Proxy Statement, Mr. Laguarta received a special PSU award of 36,782 shares (at target) with a vesting date of March 1, 2022. Mr. Popovici, who was not previously a named executive officer, received a special PSU award of 13,793 shares (at target) with a vesting date of March 1, 2021. Both awards will be earned over a three-year performance period (2018-2020) based on the achievement of three separate annual performance targets determined by the Compensation Committee each year.

The ultimate payout for each of these awards will be calculated based on the average of the attainments for each of the three performance periods and can be earned between 0% to 125% of target, having no value to the executive unless the executive remains employed with PepsiCo for the relevant vesting period and the specified performance criteria are met. The awards are forfeited if the executive retires or terminates employment prior to the end of the vesting period or if the underlying performance goals are not attained.

For 2018, the targets related to PepsiCo and ESSA "Everyday Nutrition" revenue growth for Mr. Laguarta and Mr. Popovici, respectively. The PepsiCo target was not achieved, while the ESSA target was achieved at approximately 55% of target. For 2019 and 2020, consistent with our articulated strategy to become the global leader in convenient foods and beverages and increasing the appeal of our portfolio by reducing added sugars, sodium and saturated fats and adding more positive ingredients, the Compensation Committee determined it would be more appropriate to focus Messrs. Laguarta and Popovici on top-line growth goals for our entire portfolio, of which products meeting the criteria above continue to be an important component.

Special PSU Award Payout

Mr. Johnston was granted a special performance-based award in July 2013 to support the critical delivery of financial goals communicated to shareholders. The award was structured to pay out based on the appreciation of shareholder value for the 2013-2016 performance period, with an additional two-year vesting requirement following the performance period.

In September 2016, the Compensation Committee certified the achievement of the three-year performance goals applicable to the special PSU award granted to Mr. Johnston. Based on PepsiCo's TSR performance relative to the S&P 500, Mr. Johnston's PSUs were earned at 108% of target and 62,427 shares were delivered to him in July 2018.

Retirement and Benefit Programs

Pension and Post-Retiree Medical

Our NEOs participate in the same retirement programs as other similarly situated employees and receive no enhancements in determining their benefits versus other employees.

PepsiCo maintains defined benefit pension plans for the majority of U.S. salaried employees hired before January 1, 2011 and defined contribution plans for U.S. salaried employees hired in 2011 and later.

A separate retirement plan is also maintained for certain employees working outside the U.S. who are unable to participate in their home country plans.

Details for participating executive officers are described in the "2018 Pension Benefits" section beginning on page 65.

Our NEOs are also eligible for retiree medical coverage on the same terms as other similarly situated employees.

No NEOs were provided enhanced coverage, such as executive life insurance.

Health and Mobility Benefits

Executive officers receive the same healthcare benefits as other similarly situated employees.

U.S.-based medical benefits are the same for all participants in the Company's healthcare program; however, our executive officers are required to pay two to three times as much as non-executive employees for their coverage.

International medical benefit plans vary, but executives typically receive the benefits offered in the relevant broad-based plan.

PepsiCo's global mobility program facilitates the assignment of global talent to positions in other countries by minimizing any financial detriment or gain to the employee from an international assignment.

In 2018, Mr. Popovici started participating in the mobility program while on assignment in Switzerland, and Mr. Laguarta transitioned off the mobility program following his relocation from Switzerland to the U.S.

Executive officers who relocate are supported under the mobility program available to all PepsiCo salaried employees, reimbursement for relocation expenses, such as household goods shipment, and applicable taxes associated with moving.

Perquisites

Consistent with our pay-for-performance philosophy, we limit executive perquisites to a Company car allowance, an annual physical and limited personal use of Company aircraft.

Based on an independent security study, the Compensation Committee generally requires the CEO to use Company aircraft to enhance personal safety and to increase time available for business purposes.

Certain executive officers may also be required to use Company ground transportation.

Certain exceptions allow the use of commercial aviation provided that the PepsiCo Global Security Team has assessed the risk and trip itinerary in advance, establishing a travel security protocol.

Executives are fully responsible for their personal income tax liability associated with personal use of Company aircraft.

Executive officers, other than the CEO, must reimburse PepsiCo for the full variable operating cost of personal flights in excess of a limited number of hours per year as established by the Compensation Committee.

Personal use of Company ground transportation and Company aircraft for executive officers other than the CEO

Executive Income Deferral

Under the PepsiCo Executive Income Deferral Program (the "**EIDP**"), most U.S.-based executives can elect to defer up to 75% of their base salary and up to 100% of their annual cash incentive awards into phantom investment funds on a tax-deferred basis.

Executives may elect to have their deferral accounts notionally invested in market-based funds, including the PepsiCo Common Stock Fund.

The EIDP does not guarantee a rate of return, does not match deferrals and none of the funds provide "above market" earnings.

The EIDP is a non-qualified and unfunded program in which account balances are unsecured and at risk, with its material features described in the "2018 Non-Qualified Deferred Compensation" section beginning on page 68.

must be approved by the CEO on a case-by-case basis.

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Peer Group

The Compensation Committee utilizes a peer group to evaluate whether executive officer pay levels are aligned with Company performance on a relative basis. The Compensation Committee primarily identifies companies that are of comparable size (based on revenue and market capitalization), maintain strong consumer brands, have an innovative culture, compete with PepsiCo for executive talent and/or possess significant international operations. There were no changes to our peer group during the 2018 performance year.

PepsiCo 2018 Compensation Peer Group

The 3M Company
Anheuser-Busch InBev SA/NV
Apple, Inc.
The Coca-Cola Company
Colgate-Palmolive Company
Danone S.A.
General Electric Company
General Mills, Inc.
International Business Machines Corp.
Johnson & Johnson
The Kraft Heinz Company
McDonald's Corporation
Microsoft Corporation
Mondelēz International, Inc.
Nestlé S.A.
Nike, Inc.
Pfizer Inc.
The Procter & Gamble Company
Starbucks Corporation
Unilever PLC
United Parcel Service, Inc.
Walmart Inc.
The Walt Disney Company

PepsiCo vs. Peer Group

* Based on the four fiscal quarters ended prior to December 29, 2018 and publicly available as of March 1, 2019 = PepsiCo's position
** Based on 2018 year-end

Governance Features of Our Executive Compensation Programs

We believe that PepsiCo's compensation programs should ensure that our executives remain accountable for business results and take responsibility for the assets of the business and its employees. Consistent with this objective, our Board of Directors has incorporated strong governance features into our executive compensation programs.

Risk Mitigation

PepsiCo's executive compensation programs include features intended to discourage employees from taking unnecessary and excessive risks that could threaten the financial health and viability of the Company.

Balanced Performance Metrics
The annual incentive program utilizes balanced financial metrics consisting of top-line metrics (such as organic revenue), bottom-line metrics (such as operating profit) and metrics designed to enhance capital management (such as cash flow). Annual metrics for all NEOs, with the exception of the Chairman and CEO, differ from those used to determine LTI award payouts.

Accountability for Prior Business Unit Results
A portion of the annual incentive award for any executive officer who assumes a new leadership position in a different business unit is determined based on the prior business unit's results.

Emphasis on Long-Term Shareholder Value Creation
LTI awards are the most significant element of executive officer pay and focus executives on creating long-term shareholder value, measured in terms of delivering exceptional long-term operating results and stock price changes relative to a comparator group.

Clawback Provisions
Under PepsiCo's annual incentive, LTI and executive deferral programs, the Company has the right to cancel and recoup awards and gains from an executive in certain circumstances, such as if he or she engages in gross misconduct, violates applicable non-compete provisions, or causes or contributes to the need for an adjustment to the Company's financial results through gross negligence or misconduct.

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EXECUTIVE COMPENSATION

Stock Ownership Requirements

Under PepsiCo's stock ownership guidelines, executive officers are required to own shares of PepsiCo Common Stock equal in value to a specified multiple of their annual base salary, as set forth below:

CEO
CFO, President and Business Unit CEOs
All Other Executive Officers

Shares of PepsiCo Common Stock or equivalents held by the executive officer (or immediate family members) in the 401(k) plan, in a deferred compensation account, or in a trust for the benefit of immediate family members count towards satisfying the requirement. Unexercised stock options and unvested PSUs and Restricted Stock Units ("**RSUs**") granted under the LTI Plan do not count towards satisfying the applicable stock ownership requirement.

Executive officers have five years from the date they first become subject to a particular level of stock ownership to meet the stock ownership requirement. Immediately prior to Mr. Laguarta's promotion from President to CEO in October 2018, he held shares and share equivalents of PepsiCo Common Stock of 5.7 times his base salary, exceeding the 4x ownership requirement at that time. With his promotion, Mr. Laguarta will be required to own PepsiCo Common Stock equal to 8x his current annual salary of $1,300,000 and he continues to be well-positioned to meet this new requirement within the five-year period from his promotion to CEO.

All of PepsiCo's executive officers have met or are on track to meet their ownership requirements within the five-year period.

Executive officers who terminate or retire from PepsiCo are required to continue to hold 100% of the shares needed to meet the applicable level of stock ownership until at least six months after termination or retirement and to continue to hold at least 50% of the shares needed to meet the applicable level of stock ownership until at least twelve months after termination or retirement. Following Ms. Nooyi's retirement from the Company, she continues to meet the stock ownership requirements in accordance with PepsiCo's guidelines.

Share Retention Policy

To ensure that our executive officers exhibit a strong commitment to PepsiCo stock ownership, the Board adopted a Share Retention Policy in 2002. The policy limits the proceeds that an executive officer may receive in cash upon exercise of stock options during each calendar year to 20% of the aggregate value of all of the executive officer's in-the-money vested stock options. Any proceeds in excess of this 20% limit must be held in shares of PepsiCo Common Stock for at least one year after the date of exercise. In addition, executive officers are required to hold at least 50% of the shares, net of applicable tax withholding, received upon the vesting and payout of PSUs in furtherance of PepsiCo's stock ownership guidelines.

Executive officers who maintain the required level of stock ownership are exempt from the Share Retention Policy.

No Employment Contracts

None of our NEOs have an employment contract or separation agreement, and we do not maintain formal programs or policies that guarantee cash severance or continued access to health and welfare benefits in the event of an involuntary termination of employment. Consistent with our approach of rewarding performance, employment is not guaranteed, and either the Company or the NEO may terminate the employment relationship at any time. In some cases, the Compensation Committee or the Board may agree to provide separation payments and benefits to departing executives upon their termination. Such terminations are addressed on a case-by-case basis, taking into consideration the nature of the termination and a variety of other factors.

Change in Control Provisions

PepsiCo does not maintain formal policies for our NEOs that provide for predetermined cash severance, continued health and welfare benefits, pension service credit, tax gross-ups or any other change-in-control benefits other than change-incontrol protections under the shareholder-approved LTI Plan.

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The LTI Plan provides non-employee directors and all employees, including executive officers, change-in-control protection for their LTI awards. Outstanding unvested awards vest, and performance-based awards are payable in accordance with their terms as if performance metrics have been achieved at the target performance level in the event that the participant is terminated without cause or resigns for good reason within two years following a change-in-control of PepsiCo (i.e., “double trigger” vesting) or if the acquiring entity fails to assume the awards. We utilize “double trigger” vesting to ensure management talent will be available to assist in the successful integration following a change-in-control and to align with prevailing governance practices.

Prohibition on Hedging and Pledging

Our insider trading policy prohibits employees, including executive officers, from using any strategies or products (such as derivative securities or short-selling techniques) to hedge against the potential changes in the market value of PepsiCo Common Stock. In addition, employees, including executive officers, may not hold PepsiCo securities in a margin account or pledge PepsiCo stock or PepsiCo stock options as collateral for a loan or otherwise.

Limited Trading Windows

Executive officers can only transact in PepsiCo securities during approved trading windows after satisfying mandatory clearance requirements.

Responsible Equity Grant Practices

PepsiCo’s equity grant practices ensure all grants are made on fixed grant dates and at exercise prices or grant prices equal to the “fair market value” of PepsiCo Common Stock on such dates.

Stock option, PSU and RSU grants are awarded under our shareholder-approved LTI Plan at “fair market value,” defined as the average of the high and low stock prices rounded up to the nearest quarter on the date of grant. These formulas mitigate the impact of our stock price’s intra-day volatility when setting the grant price of equity awards.
PepsiCo does not backdate, reprice or grant stock options retroactively. Our shareholder-approved LTI Plan prohibits repricing of awards or exchanges of underwater options for cash or other securities without shareholder approval.
Under our shareholder-approved LTI Plan, stock options, RSUs, PSUs and LTC Awards generally require a three-year minimum vesting period.
PepsiCo is responsible in the use of shares under our LTI program, with share utilization below our peer group median.

Tax Considerations

Historically, the Compensation Committee has considered the impact of Section 162(m) of the Internal Revenue Code in establishing compensation for our executive officers, with a primary objective of supporting PepsiCo’s business needs and workforce strategy.

Prior to the 2018 taxation year, Section 162(m) generally disallowed a tax deduction for compensation over $1 million paid for any fiscal year to the CEO and the three other highest paid executive officers other than the CFO, unless the compensation qualified as “performance-based.” Effective with the January 1, 2018 taxation year, the Section 162(m) performance-based exception is no longer applicable and the $1 million deduction limit applies to the CEO, CFO and the top three other highest compensated executive officers. Once an executive is subject to the $1 million deduction limit for 2017 or later, this limit continues to apply to compensation paid to these executive officers at any time, including any termination or retirement payments, and payments occurring after their death.

The 2018 changes to Section 162(m) include a “grandfather” provision that continues to apply Section 162(m)’s pre-2018 terms to certain compensation payable under a written binding contract (such as an award agreement or plan) that is in effect on November 2, 2017 and not materially modified. The 2016 and 2017 LTC awards were granted under the shareholder-approved LTI Plan and set forth in award agreements that were binding on November 2, 2017. The Compensation Committee sets payouts for the 2016-2018 and 2017-2019 LTI award cycle based on maximum achievement of a core constant currency net income target of $10 billion. The 2016 and 2017 LTC awards are intended to qualify as performance-based compensation deductible under Section 162(m) as they were subject to binding agreements on November 2, 2017. However, there can be no guarantee that the awards will be treated as qualified performance-based compensation under Section 162(m).

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Our Decision Making Process

Compensation Committee

Compensation Committee meetings may occur on a more frequent basis in the event of ad hoc matters for discussion or approval.

Independent Advisor

The Compensation Committee has engaged FW Cook as its independent external advisor, and considers analysis and advice from FW Cook when making compensation decisions

Provides recommendations on Chairman and CEO compensation directly to the Compensation Committee, without consulting management.

Periodically reviews the Company's executive compensation programs, in cooperation with management, and advises the Committee of changes that may be made to better reflect evolving best practices and improve effectiveness.

Periodically reviews the Company's compensation philosophy, target peer group and target competitive positioning for reasonableness and appropriateness.

All services performed by FW Cook have been limited to executive and director compensation consulting.

FW Cook is prohibited from undertaking any other work with PepsiCo management or employees and has direct access to Compensation Committee members without management involvement.

The Compensation Committee assessed FW Cook's independence under SEC regulations and Nasdaq listing standards, and concluded that there is no conflict of interest.

PepsiCo Management

PepsiCo's Management team is responsible for providing input to the Compensation Committee with respect to compensation decisions for PepsiCo's executive officers (other than the Chairman and CEO)

Provides input regarding PepsiCo's business strategy and performance.

The Chairman and CEO provides the Compensation Committee with a self-assessment based on achievement of the agreed-upon objectives and other leadership accomplishments.

The Chairman and CEO provides the Compensation Committee with performance evaluations and pay recommendations for other executive officers.

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EXECUTIVE COMPENSATION

2018 Summary Compensation Table

The following table summarizes the compensation of the NEOs for the fiscal year ended December 29, 2018 in accordance with SEC rules. We encourage you to also review pages 43-45 for a description of how Chairman and CEO compensation is viewed by PepsiCo's Board.

				Non-Equity Incentive Plan Compensation ($)					
Name and Principal Position	**Year[1]**	**Salary ($)[2]**	**Stock Awards ($)[3]**	**Subtotal for Annual Payouts ($)[4]**	**Subtotal for Long-Term Payouts ($)[5]**	**Total for Annual and Long-Term Payouts ($)[6]**	**Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)[7]**	**All Other Compensation ($)[8]**	**Total ($)**
Indra K. Nooyi	2018	1,700,000	9,240,053	4,965,000	4,865,400	9,830,400	3,325,319	395,345	24,491,117
Former Chairman of	2017	1,700,000	9,239,962	5,250,000	9,450,000	14,700,000	5,191,437	251,249	31,082,648
the Board and Chief	2016	1,725,000	8,910,015	5,250,000	9,100,000	14,350,000	4,614,819	183,582	29,783,416
Executive Officer									
Ramon Laguarta	2018	996,923	4,427,104	1,800,000	1,238,875	3,038,875	1,132,418	1,232,076	10,827,396
Chairman of the	2017	799,615	2,578,137	1,551,800	1,680,000	3,231,800	2,963,657	584,036	10,157,245
Board and Chief	2016	764,423	2,268,781	1,108,100	962,500	2,070,600	652,377	357,393	6,113,574
Executive Officer									
Hugh F. Johnston	2018	962,500	3,609,413	1,647,800	1,892,100	3,539,900	958,108	72,145	9,142,066
Vice Chairman,	2017	950,000	3,609,348	1,624,500	3,360,000	4,984,500	2,107,738	64,666	11,716,252
EVP and CFO	2016	960,577	3,465,039	1,695,800	2,668,750	4,364,550	1,480,835	35,834	10,306,835
Albert P. Carey	2018	1,000,000	2,887,530	1,260,800	1,816,416	3,077,216	791,376	111,996	7,868,118
CEO, North America	2017	1,000,000	3,609,348	1,257,000	3,381,000	4,638,000	851,959	61,003	10,160,310
	2016	984,615	3,326,394						