

PEPSICO INC
Form DEF 14A
March 22, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A INFORMATION

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

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

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

PepsiCo, Inc.

(Names of Registrant as Specified in its Charter)

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

Payment of filing fee (Check the appropriate box):

No fee required.

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(1) Amount Previously Paid:

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700 Anderson Hill Road

Purchase, New York 10577-1444

March 22, 2013

Dear Fellow PepsiCo Shareholders:

You are invited to attend our 2013 Annual Meeting of Shareholders, which will be held on Wednesday, May 1, 2013 at 9:00 a.m. Eastern Daylight Time at the North Carolina History Center at Tryon Palace, 529 South Front Street, New Bern, North Carolina 28562. For the second consecutive year, we are pleased to return to New Bern, North Carolina, the birthplace of Pepsi, for our Annual Meeting. For your convenience, we will offer a live webcast of our Annual Meeting on our website at www.pepsico.com under *Investors* *Investor Presentations*.

2012 was a significant year for PepsiCo. The Company embarked on a number of important strategic initiatives to serve its shareholders today and in the long term. These initiatives included increasing investment in our iconic global brands, implementing structural and operational changes that are expected to generate \$3 billion in productivity savings over three years and intensifying focus on capital spending and working capital management. The Company returned \$6.5 billion to shareholders through repurchases and dividends while successfully launching these transformational initiatives.

To position itself for future success, PepsiCo continues to be guided by Performance with Purpose, our goal to deliver sustained financial performance by providing a wide range of foods and beverages from treats to healthy eats; finding innovative ways to minimize our impact on the environment and lower our costs through energy and water conservation, as well as reduced use of packaging material; providing a safe and inclusive workplace for our employees globally; and by respecting, supporting and investing in the local communities in which we operate. We are pleased to again be named by Corporate Responsibility Magazine as one of the world's 100 Best Corporate Citizens, and be listed on the Dow Jones World Sustainability Index for the 6th consecutive year.

At the Annual Meeting, we will ask you to elect our Board of Directors, ratify the appointment of KPMG LLP as our independent registered public accountants and provide your advisory approval of our executive compensation. We will review the Company's progress during the past year and discuss any other business matters properly brought before the meeting. The attached Proxy Statement explains our voting procedures, describes the business we will conduct and provides information about the Company that you should consider when you vote your shares.

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

Your vote is very important to us. Whether or not your 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 vote instruction form if you requested to receive printed proxy materials.

Thank you for your ongoing support of PepsiCo.

Cordially,

Indra K. Nooyi
Chairman of the Board and Chief Executive Officer

To learn more about PepsiCo, our values and our commitment to Performance with Purpose,

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please visit our website at www.pepsico.com.

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NOTICE OF 2013 ANNUAL MEETING OF SHAREHOLDERS

<i>Date and Time</i>	Wednesday, May 1, 2013 at 9:00 a.m. Eastern Daylight Time
<i>Place</i>	The North Carolina History Center at Tryon Palace, 529 South Front Street, New Bern, North Carolina 28562
<i>Items of Business</i>	<p>Item One: Elect as directors the 13 nominees named in the attached Proxy Statement.</p> <p>Item Two: Ratify the appointment of KPMG LLP as our independent registered public accountants for fiscal year 2013.</p> <p>Item Three: Provide advisory approval of our executive compensation.</p>
<i>Record Date</i>	Holders of record of our Common Stock and Convertible Preferred Stock as of the close of business on March 7, 2013 will be entitled to notice of, and to vote at, the Annual Meeting.
<i>Live Webcast</i>	The Annual Meeting will be webcast on our website at www.pepsico.com under <i>Investors Investor Presentations</i> beginning at 9:00 a.m. Eastern Daylight Time on May 1, 2013.
<i>Proxy Voting</i>	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 vote instruction form so that your shares will be represented at the Annual Meeting.

March 22, 2013

By Order of the Board of Directors,

LARRY D. THOMPSON

Corporate Secretary

**Important Notice Regarding the Availability of
Proxy Materials for the Annual Meeting of Shareholders**

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To Be Held on May 1, 2013

The Notice of Annual Meeting, Proxy Statement and the Annual Report for the fiscal year ended December 29, 2012 are available at www.pepsico.com/proxy13.

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We provide below highlights of certain information in this Proxy Statement. As it is only a summary, please refer to the complete Proxy Statement and 2012 Annual Report before you vote.

2013 ANNUAL MEETING OF SHAREHOLDERS

Date and Time:

May 1, 2013, 9:00 a.m., Eastern Daylight Time

Place:

North Carolina History Center at Tryon Palace

529 South Front Street

New Bern, North Carolina 28562

Record Date:

March 7, 2013

Meeting Webcast:

www.pepsico.com under *Investors* *Investor Presentations* beginning at 9:00 a.m. Eastern Daylight Time on May 1, 2013

CORPORATE GOVERNANCE

Our Corporate Governance Policies Reflect Best Practices

Annual Election of All Directors

Majority Voting and a Director Resignation Policy for Directors in Uncontested Elections

Independent Presiding Director

92% of Directors are Independent

Independent Presiding Director Approves Board Meeting Agendas

Average Board Attendance of 95% During 2012
All Current Directors then Serving Attended 2012 Annual Meeting of Shareholders

Executive Sessions of Independent Directors held at each Regularly Scheduled Board Meeting

Company Policy Prohibits Pledging and Hedging of PepsiCo Stock

Director Stock Ownership Guidelines

Board Participation in CEO Succession Planning

SHAREHOLDER ENGAGEMENT

We believe that building positive relationships with our shareholders is critical to PepsiCo's long-term success. We value the views of our shareholders and other stakeholders, and we solicit input throughout the year on topics such as portfolio strategy, capital allocation, corporate governance, transparent public disclosure, executive compensation, sustainability and corporate social responsibility. Please see page 24 of this Proxy Statement for examples of our recent engagement activities.

VOTING MATTERS AND BOARD RECOMMENDATIONS

<i>Management Proposals:</i>	Board's Recommendation	Page
Election of 13 Director Nominees (Proposal No. 1)	FOR all Director Nominees	7
Ratification of Appointment of KPMG LLP as Independent Auditors for 2013 (Proposal No. 2)	FOR	62
Advisory Approval of Executive Compensation (Proposal No. 3)	FOR	62

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EXECUTIVE COMPENSATION PROGRAMS

Our Executive Compensation Programs are Designed to Attract and Retain Global Talent and Align the Interests of Our Executives and Our Shareholders

Our compensation philosophy is to provide market-competitive programs, with pay directly linked to the achievement of short- and long-term business results.

PepsiCo's Compensation Committee has a practice of reviewing the program components, targets and payouts on an annual basis, to ensure the strength of our pay for performance alignment. Our performance is evaluated against short-term goals that support PepsiCo's long-term business strategy and long-term goals that measure the creation of sustainable long-term shareholder value.

Our programs are designed to incentivize responsible achievement of multiple operating goals over one- and three-year periods, with targets and metrics selected because they are directly linked to our strategic goals. Additionally, our long-term incentives measure the creation of shareholder value, rewarding the delivery of both absolute stock price growth and relative total shareholder return.

Our Executive Compensation Programs Incorporate Strong Governance Features

No Employment Agreements with Executive Officers

No Supplemental Executive Retirement Plans for Executive Officers

Long-Term Incentive Awards are Subject to Double-Trigger Vesting upon Change of Control

Annual and Long-Term Incentive Programs Contain a Balanced Mix of Top-Line and Bottom-Line, External and Internal Performance Metrics

Clawback Policy Applies to Executive Officer Annual Incentive, Long-Term Incentive and Deferral Programs

Executive Officers are Subject to Strong Stock Ownership Guidelines

Executives Prohibited from Hedging or Pledging Company Stock

No Backdating or Repricing of Equity Awards

Financial Targets for Performance Awards Never Reset

In 2012, PepsiCo again received strong support for its Executive Compensation Program with 93% of votes cast approving our advisory resolution in May 2012. As in prior years, the Committee considered input from our shareholders and other stakeholders as part of its annual review of PepsiCo's Executive Compensation Program. Following this review, the Committee implemented refinements to the 2013 Long-Term Incentive Program design to further align executive pay and shareholder value.

Please see the Compensation Discussion and Analysis section beginning on page 27 of this Proxy Statement for a detailed description of our executive compensation.

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PROXY STATEMENT

2013 ANNUAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished in connection with the solicitation of proxies by PepsiCo, Inc. (**PepsiCo** or the **Company**) on behalf of the Board of Directors for the 2013 Annual Meeting of Shareholders. PepsiCo is making this Proxy Statement and the form of proxy first available on or about March 22, 2013.

The 2013 Annual Meeting of Shareholders will be held on Wednesday, May 1, 2013 at 9:00 a.m. Eastern Daylight Time at the North Carolina History Center at Tryon Palace, 529 South Front Street, New Bern, North Carolina 28562.

At the 2013 Annual Meeting, shareholders will vote on the following matters, as well as any other business properly brought before the meeting:

Item One: Elect as directors the 13 nominees named in this Proxy Statement. The Board recommends a vote **FOR** each of the nominees.

Item Two: Ratify the appointment of KPMG LLP as our independent registered public accountants for fiscal year 2013. The Board recommends a vote **FOR** this proposal.

Item Three: Provide advisory approval of our executive compensation. The Board recommends a vote **FOR** this proposal. Shareholders of record of PepsiCo Common Stock and Convertible Preferred Stock at the close of business on March 7, 2013, the record date, or their duly authorized proxy holders, are entitled to vote on each matter submitted to a vote at the 2013 Annual Meeting and at any adjournment or postponement of the Annual Meeting.

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Q: Why am I receiving these proxy materials?

A: Our Board of Directors has made these materials available to you on the Internet or has delivered printed versions of these materials to you by mail in connection with the Board of Directors' solicitation of proxies for use at our Annual Meeting of Shareholders. As a shareholder, you are invited to attend the Annual Meeting and are requested to vote on the items of business described in this Proxy Statement.

Q: What is included in these materials?

A: These proxy materials include:

 this Proxy Statement for the Annual Meeting; and

 our Annual Report for the fiscal year ended December 29, 2012.

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

Q: Why did I receive a Notice in the mail regarding the Internet availability of proxy materials instead of a full set of printed proxy materials?

A: In accordance with Securities and Exchange Commission (**SEC**) rules, instead of mailing a printed copy of our proxy materials to all of our shareholders, we have elected to furnish such materials to selected shareholders by providing access to these documents over the Internet. Accordingly, on March 22, 2013, we sent a Notice of Internet Availability of Proxy Materials (the **Notice**) to most of our shareholders.

These shareholders have the ability to access the proxy materials on a website referred to in the Notice or request to receive a printed set of the proxy materials by calling the toll-free number found on the Notice. We encourage you to take advantage of the availability of the proxy materials on the Internet in order to help reduce the environmental impact of the Annual Meeting.

Q: How can I get electronic access to the proxy materials?

A: The Notice provides you with instructions regarding how to:

 view our proxy materials for the Annual Meeting on the Internet;

 vote your shares after you have viewed our proxy materials;

request a printed copy of the proxy materials; and

instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will lower our costs of delivery and will reduce the environmental impact of our Annual Meeting.

Copies of the proxy materials are available for viewing at www.pepsico.com/proxy13.

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

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Q: Who may vote at the Annual Meeting?

A: Only shareholders of record of our Common Stock and Convertible Preferred Stock as of the close of business on our record date, March 7, 2013, are entitled to receive notice of and to vote at the Annual Meeting and at any postponement or adjournment of the meeting. As of the record date, there were 1,561,514,319 shares of our Common Stock outstanding and entitled to one vote each at the Annual Meeting and 181,353 shares of Convertible Preferred Stock outstanding and entitled to 899,964 votes at the Annual Meeting (which number is equal to the number of shares of Common Stock into which such shares of Convertible Preferred Stock could be converted on the record date, rounded to the nearest share).

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

A: If you are a **shareholder of record** (that is, if **your shares are registered in your own name** with our transfer agent), you can vote any one of four ways:

Via the Internet. If you received a Notice, you may vote by proxy via the Internet by visiting <http://www.investorvote.com/pep> and entering the control number found in the Notice. If you received or requested printed copies of the proxy materials by mail, you may vote via the Internet by following the instructions on your proxy card.

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

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

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

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

A: If you are a **beneficial owner of shares held in street name** (that is, if you **hold your shares through a broker, bank or other holder of record**), you can vote in one of four ways:

Via the Internet. If you received a Notice, you may vote by proxy via the Internet by visiting the website indicated in the Notice and following the simple instructions on the website using the control number found in the Notice. If you received or requested printed copies of the proxy material by mail, you may vote via the Internet by following the instructions on the vote instruction form.

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

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

In Person. You must obtain a legal proxy from the organization that holds your shares if you wish to attend the Annual Meeting and vote in person.

As the beneficial owner of shares held in street name, you have the right to direct your bank or broker how to vote your shares, and it is required to vote your shares in accordance with your instructions. If you do not give instructions to your bank or brokerage firm, it will nevertheless be entitled to vote your shares with respect to routine items, but it will not be permitted to vote your shares with respect to non-routine items. In the case of a non-routine item, your shares will be considered broker non-votes on that proposal.

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Q: Which items are considered routine or non-routine ?

A: Proposal No. 2 (ratification of the appointment of the independent registered public accountants) is a matter that we believe will be designated routine.
Proposal No. 1 (election of directors) and Proposal No. 3 (advisory approval of our executive compensation) are matters the Company believes will be considered non-routine.

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

A: Yes, if you are an employee who participates in the PepsiCo Savings Plan/PepsiCo Hourly 401(k) Plan (a portion of which constitutes an Employee Stock Ownership Plan), you can vote the shares (if any) that are deemed to be in your account in the PepsiCo Savings Plan/PepsiCo Hourly 401(k) Plan as of the close of business on March 7, 2013. To do so, you must sign and return the proxy card or vote by the Internet or telephone, as instructed in the Notice or proxy materials you received in connection with these shares in the PepsiCo Savings Plan/PepsiCo Hourly 401(k) Plan. If you do not provide voting instructions, the trustee will vote your PepsiCo Savings Plan/PepsiCo Hourly 401(k) Plan shares in the same proportion as the PepsiCo Savings Plan/PepsiCo Hourly 401(k) Plan shares of other participants for which the trustee has received proper voting instructions.

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

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

Q: Can I revoke my proxy or change my vote after I have voted?

A: You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting by voting again via the Internet or by telephone, by completing, signing, dating and returning a new proxy card or vote instruction form with a later date, or by attending the Annual Meeting and voting in person. Only your latest dated proxy we receive prior to the Annual Meeting will be counted. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request that your prior proxy be revoked by delivering to PepsiCo's Corporate Secretary at 700 Anderson Hill Road, Purchase, NY 10577 a written notice of revocation prior to the Annual Meeting.

Q: What is the voting requirement to approve each of the proposals?

A: Assuming the existence of a quorum at the Annual Meeting:

Election of Directors. For Proposal No. 1, the affirmative vote of a majority of the votes cast with respect to the director is required to elect each director.

We have also implemented a Director Resignation Policy under our Corporate Governance Guidelines. Under this policy, if a director nominee in an uncontested election receives a greater number of votes against his or her election than votes for his or her election, the director nominee is required to offer his or her irrevocable resignation to the Board of Directors following certification of the shareholder vote. The Nominating and Corporate Governance Committee will consider the resignation offer and make a recommendation to the Board of Directors. Within 90 days following certification of the

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shareholder vote, the independent members of the Board will make a final determination as to whether to accept the director's resignation, and will promptly publicly disclose the determination. A director who tenders his or her resignation under this provision shall not be present during the deliberations or voting by the Committee or the Board regarding whether to accept the resignation offer.

Ratification of Independent Registered Public Accountants. For Proposal No. 2, the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting in person or by proxy is required to ratify the appointment of the independent registered public accountants.

Provide Advisory Approval of our Executive Compensation. For Proposal No. 3, the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting in person or by proxy is required to approve, by non-binding vote, executive compensation.

Note on Abstentions and Broker Non-Votes. Abstentions and broker non-votes are not treated as cast either for or against a matter, and therefore will not affect the outcome of the vote.

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

Q: Who will serve as the inspectors of election?

A: Representatives from Computershare Trust Company, N.A. will serve as the inspectors of election.

Q: Where can I find the voting results of the Annual Meeting?

A: We expect to announce preliminary voting results at the Annual Meeting. We will also disclose voting results on a Form 8-K filed with the SEC within four business days after the Annual Meeting.

Q: How are proxies solicited and what is the cost?

A: We are providing these proxy materials in connection with the solicitation by our Board of Directors of proxies to be voted at our Annual Meeting. We bear all expenses incurred in connection with the solicitations of proxies. We have engaged Innisfree M&A Incorporated to solicit proxies for an estimated fee of \$18,500, plus expenses.

In addition to the solicitation of proxies by mail and electronically, PepsiCo intends to ask brokers and bank nominees to solicit proxies from their principals and will pay the brokers and bank nominees their expenses for the solicitation. Our directors, officers and employees also may solicit proxies by mail, telephone, electronic or facsimile transmission or in person. They will not receive any additional compensation for these activities.

Q: How can I attend the Annual Meeting in Person?

- A: Attendance at the Annual Meeting is limited to shareholders of record as of the close of business on March 7, 2013. Admission to the Annual Meeting will be on a first-come, first-served basis and will require an admission ticket. Each shareholder will be asked to present valid picture identification such as a driver's license or passport. The use of cell phones, PDAs, pagers, recording and photographic equipment and/or computers is not permitted in the meeting rooms at the Annual Meeting. The North Carolina History Center at Tryon Palace is accessible to disabled persons. Upon advance request, we will provide wireless headsets for hearing amplification.

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Q: How do I receive an admission ticket?

A: If you are a shareholder of record and received your proxy materials by mail, your admission ticket will be your Notice or proxy card. If you received your proxy materials by email, you will be given an opportunity to print an admission ticket after you vote online. If you are a beneficial owner of shares held in street name and received your proxy materials by mail, your admission ticket will be your Notice or vote instruction form you received from your bank, brokerage firm or other nominee. If you received your proxy materials by email, you will be given an opportunity to print an admission ticket through the email you received.

Shareholders who do not obtain an admission ticket in advance may obtain one upon

verification of their ownership, as of the record date, at the registration desk on the day of the Annual Meeting. If you are a beneficial owner of shares, you must show proof of ownership, such as a bank or brokerage account statement. Registration will begin at 8:30 a.m. Eastern Daylight Time.

Q: Can I listen to the Annual Meeting on the Internet?

A: Yes, our Annual Meeting will be webcast on May 1, 2013 at 9:00 a.m. Eastern Daylight Time. You are invited to visit www.pepsico.com under *Investors* *Investor Presentations* to listen to the live webcast of the Annual Meeting. An archived copy of the webcast will be available on our website for at least 90 days following the date of our Annual Meeting.

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Our Board of Directors has nominated 13 directors for election at the Annual Meeting. 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 2012 Annual Meeting, except for George Buckley, who was elected by the Board of Directors effective in September 2012. Dr. Buckley was first brought to the attention of the Nominating and Corporate Governance Committee by our independent director search firm.

The Board looks for its current and potential directors to have a broad range of skills, education, experiences and qualifications that can be leveraged in order to benefit PepsiCo and its shareholders. The Board is particularly interested in maintaining a mix of skills and qualifications that include the following:

Directors Skills and Qualifications

Public Company Leadership Experience

Financial Expertise

Multi-Industry / Company Experience

Consumer Goods Experience
Significant Global Experience

Information Technology / New Media Experience

Science-Based Capability

Academic / Government / Law / Regulatory Affairs Capability

Additionally, directors are expected to possess personal traits such as candor, integrity and collegiality and must be able to commit significant time to the Company's oversight.

Following each nominee's biography below, we have highlighted certain notable skills and qualifications that contributed to his or her selection as a member of our Board of Directors. We have also included a chart immediately after the biographies to highlight the skills and qualifications of the Board as a whole.

We have no reason to believe that any of the nominees for director will be unable to serve if elected. However, if any of these nominees becomes unavailable, the persons named in the proxy intend to vote for any alternate designated by the current Board. Proxies cannot be voted for a greater number of persons than the nominees named.

Our Board of Directors recommends that shareholders vote FOR the election of the following directors.

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SHONA L. BROWN, 47, was elected to our Board of Directors in 2009. Ms. Brown has served as a senior advisor to Google Inc., an Internet search and advertising technologies corporation, since January 2013. Prior to assuming this role, Ms. Brown served as Senior Vice President, Google.org of Google Inc. from April 2011 to December 2012. Ms. Brown served as Google Inc.'s Senior Vice President, Business Operations from 2006 to 2011 and Vice President, Business Operations from 2003 through 2006, in both roles leading internal business operations and people operations. From October 1995 to August 2003, Ms. Brown was at McKinsey and Company, a management consulting firm, where she had been a partner since December 2000. She is a director of the following not-for-profit organizations: San Francisco Jazz Organization; The Bridgespan Group; The Exploratorium and The Nature Conservancy.

Skills and Qualifications

As a director, Shona L. Brown provides PepsiCo with the unique perspective of building innovation into the business and people operations (including green operations) of a world-recognized global technology leader, Google Inc. She also brings to the Board her strong background in information technology and social media. From her career in business and consulting, she brings a deep expertise in building organizations optimized for adaptability, growth and innovation, which benefits PepsiCo as we address similar issues. Her experiences also include serving on a number of not-for-profit boards, with a focus on education and the environment.

GEORGE W. BUCKLEY**Director Since: 2012****Age: 66****Independent**

GEORGE W. BUCKLEY, 66, was elected to our Board of Directors in 2012. Dr. Buckley has served as Chairman of Arle Capital LLP, a private equity firm, since 2012. Dr. Buckley is also currently Chairman of Expro International, an international oil field service company. He served as Chairman, President and Chief Executive Officer of 3M Company, a global innovation company, from 2005 to 2012. Dr. Buckley served as Chairman and Chief Executive Officer of Brunswick Corporation, a multi-billion dollar boat and recreational product manufacturer, from 1997 to 2005. Dr. Buckley is a member of the boards of Stanley Black & Decker, Inc., Archer-Daniels-Midland Company and Hitachi Ltd.

Skills and Qualifications

George W. Buckley brings great insight to PepsiCo's innovation strategy through his educational background, which includes a doctorate degree in engineering, as well as his leadership roles with 3M Company and Brunswick. In addition to his science-based capabilities, Dr. Buckley also brings to the Board expertise and knowledge of managing a large global corporation across multiple industries and markets, his skills in business, operations and financial matters, and valuable consumer products insights.

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Table of Contents***IAN M. COOK*****Director Since: 2008****Age: 60****Independent**

IAN M. COOK, 60, was elected to our Board of Directors in 2008. He became Chief Executive Officer and was elected to the Board of Directors of Colgate-Palmolive Company in 2007 and became Chairman of its Board in January 2009. He was named President of Colgate-Palmolive Company, a position he still holds, in 2005. Mr. Cook joined Colgate in the United Kingdom in 1976 and progressed through a series of senior management roles around the world. In 2002, he became Executive Vice President, North America and Europe. In 2004, he became Chief Operating Officer, with responsibility for operations in North America, Europe, Central Europe, Asia and Africa and in 2005 became responsible for all Colgate operations worldwide.

Skills and Qualifications

The selection of Ian M. Cook as a director was grounded in Mr. Cook's strengths in business operations gained from his many years working in global leadership roles, including Chief Executive Officer, and a director at Colgate-Palmolive, a publicly-traded, multi-national consumer products company. In addition, his extensive experience with talent development and succession planning is of great value to PepsiCo and the Board.

DINA DUBLON**Director Since: 2005****Age: 59****Independent**

DINA DUBLON, 59, was elected to our Board of Directors in 2005. Ms. Dublon retired from JPMorgan Chase & Co. in 2004, where she had served as Executive Vice President and Chief Financial Officer since 1998. She is a director of Microsoft Corp. and Accenture plc. She is also a director of the Global Fund for Women and on the board of overseers of the International Rescue Committee and a trustee of Carnegie Mellon University. She was on the faculty of Harvard Business School during the 2011 to 2012 academic year.

Skills and Qualifications

Dina Dublon's qualifications include her deep expertise in financial, strategic and banking activities that were gained while serving as a senior executive at JPMorgan Chase & Co., a leading global financial services company, and as a faculty member at Harvard Business School; her corporate governance experience obtained as a member of the board of directors at several other public companies; and her unique perspectives on emerging markets gained while working with global not-for-profit organizations focusing on women's issues and initiatives. These experiences provide valuable insight to PepsiCo's Board of Directors.

Table of Contents***VICTOR J. DZAU, MD*****Director Since: 2005****Age: 67****Independent**

VICTOR J. DZAU, MD, 67, was elected to our Board of Directors in 2005. Dr. Dzau has been Chancellor for Health Affairs at Duke University and President and Chief Executive Officer of the Duke University Health System since 2004. Prior to that he served as Hersey Professor of Medicine at Harvard Medical School and Chairman of the Department of Medicine at Brigham and Women's Hospital in Boston, Massachusetts from 1996 to 2004. He is a member of the Institute of Medicine of the National Academy of Sciences and the European Academy of Sciences and Arts. He was previously Chairman of the National Institutes of Health (NIH) Cardiovascular Disease Advisory Committee and he served on the Advisory Committee to the Director of NIH. Dr. Dzau has been named 2004 Distinguished Scientist of the American Heart Association and was the recipient of the 2004 Max Delbruck Medal, Berlin, Germany, and the 2005 Ellis Island Medal of Honor. Dr. Dzau is also a director of Alnylam Pharmaceuticals, Inc. and Medtronic, Inc. and served as a director of Genzyme Corporation from 2000 until 2011.

Skills and Qualifications

As a medical doctor and physician/scientist, Victor J. Dzau offers PepsiCo significant expertise in the areas of health, wellness and nutrition, an important part of PepsiCo's growth strategy. His expertise and oversight are especially valuable to PepsiCo's research and development teams as well as its Global Nutrition Group and related initiatives. In addition, his experience as a director of several public companies provides him with enhanced perspectives on governance and other issues applicable to public companies, and his membership with international health organizations provides him with critical insights on emerging markets.

RAY L. HUNT**Director Since: 1996****Age: 69****Independent**

RAY L. HUNT, 69, was elected to our Board of Directors in 1996. Mr. Hunt is Chairman of the Board, President and Chief Executive Officer of Hunt Consolidated, Inc., a holding company for oil production and exploration and real estate investment management businesses. He began his association with Hunt Oil Company in 1958 and has held his current position since 1976. He is also a director of numerous corporate organizations, including Bessemer Securities Corporation, Bessemer Securities LLC and King Ranch Inc., and a trustee of numerous charitable organizations, including The Cooper Institute and Southern Methodist University. Mr. Hunt formerly served as Chair of the Federal Reserve Bank of Dallas and as a member of the President's Intelligence Advisory Board in Washington, D.C.

Skills and Qualifications

Ray L. Hunt brings to PepsiCo a keen understanding and knowledge regarding strategy and leadership of a global organization operating in a key industry from his long-time position as Chairman and Chief Executive Officer of Hunt Oil Company and his current role with Hunt Consolidated, Inc. Mr. Hunt's extensive experience in government and finance is also of great value to the Board. In addition, his activities in a large number of privately-held and not-for-profit organizations across a range of industries contribute to Mr. Hunt's operational business

expertise, significant experience in governance matters and strong management skills.

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ALBERTO IBARGÜEN

Director Since: 2005

Age: 69

Independent

ALBERTO IBARGÜEN, 69, was elected to our Board of Directors in 2005. Mr. Ibarгүйen has been President and Chief Executive Officer of the John S. and James L. Knight Foundation, a private, independent foundation that promotes quality journalism, media innovation and the arts, since 2005. Mr. Ibarгүйen previously served as Chairman of Miami Herald Publishing Co., a Knight Ridder subsidiary, and as publisher of *The Miami Herald* and *El Nuevo Herald*. He is a member of the boards of AMR Corporation, American Airlines, Inc., AOL, Inc. and the Council on Foreign Relations.

Skills and Qualifications

PepsiCo and its Board of Directors benefit from the business experiences that Alberto Ibarгүйen acquired over 25 years of managing major metropolitan newspapers, including the country’s largest Spanish-language daily. Mr. Ibarгүйen brings to the Board market, community and new media insights that have been developed over time and through his role as Chief Executive Officer of one of the country’s largest private foundations, as well as extensive experience with crisis management and regulatory matters. His skill set also includes legal and financial experience that has been enhanced through his publishing, business and public company board roles.

INDRA K. NOOYI

Director Since: 2001

Age: 57

INDRA K. NOOYI, 57, has been PepsiCo’s Chief Executive Officer (**CEO**) since 2006 and assumed the role of Chairman of our Board of Directors in 2007. She was elected to our Board and became President and Chief Financial Officer in 2001, after serving as Senior Vice President and Chief Financial Officer since 2000. Ms. Nooyi also served as PepsiCo’s Senior Vice President, Corporate Strategy and Development from 1996 until 2000, and as PepsiCo’s Senior Vice President, Strategic Planning from 1994 until 1996. Prior to joining PepsiCo, Ms. Nooyi spent four years as Senior Vice President of Strategy, Planning and Strategic Marketing for Asea Brown Boveri, Inc. She was also Vice President and Director of Corporate Strategy and Planning at Motorola, Inc.

Skills and Qualifications

Indra K. Nooyi brings to the Board of Directors strong leadership, extensive strategic planning, business and operating experience and tremendous knowledge of our Company. Her 19 years with PepsiCo have provided her with extensive knowledge of the global food and beverage industry. In addition, Ms. Nooyi brings her broad strategic vision for PepsiCo to the Board of Directors. Ms. Nooyi’s service as the Chairman and CEO of PepsiCo creates a critical link between management and the Board of Directors, enabling the Board to perform its oversight function with the benefits of management’s perspectives on the business.

Table of Contents***SHARON PERCY ROCKEFELLER*****Director Since: 1986****Age: 68****Independent**

SHARON PERCY ROCKEFELLER, 68, was elected to our Board of Directors in 1986. She is President and Chief Executive Officer of WETA public radio and television stations in Washington, D.C., a position she has held since 1989, and was a member of the Board of Directors of WETA from 1985 to 1989. She was a member of the Board of Directors of the Corporation for Public Broadcasting until 1992 and is currently a director of the Public Broadcasting Service (PBS) in Washington, D.C. Ms. Rockefeller currently serves as Trustee and President of the International Council of The Museum of Modern Art and as a Trustee on the following not-for-profit boards: National Gallery of Art, Johns Hopkins Medicine, Colonial Williamsburg Foundation and Rockefeller Philanthropy Advisors.

Skills and Qualifications

As a member of our Board of Directors, Sharon Percy Rockefeller brings to PepsiCo her diverse perspective, international and media experience gained through over 23 years as the leader of public radio and television stations, and keen knowledge of government and public policy matters. Ms. Rockefeller's activities in the United States and internationally with not-for-profit organizations focused on art, medicine and public broadcasting have provided her with invaluable management and leadership experiences.

JAMES J. SCHIRO**Director Since: 2003****Age: 67****Independent**

JAMES J. SCHIRO, 67, was elected to our Board of Directors in 2003. Mr. Schiro was Chief Executive Officer of Zurich Financial Services from May 2002 to December 2009, after serving as Chief Operating Officer Group Finance since March 2002. He joined Price Waterhouse in 1967, where he held various management positions. In 1994 he was elected Chairman and senior partner of Price Waterhouse, and in 1998 became Chief Executive Officer of PricewaterhouseCoopers, after the merger of Price Waterhouse and Coopers & Lybrand. Mr. Schiro is also a director of Koninklijke Philips Electronics N.V., Goldman Sachs Group, Inc. and REVA Medical, Inc. and is a senior advisor at CVC Capital Partners, a private equity and investment advisory firm.

Skills and Qualifications

James J. Schiro's credentials include his extensive risk management experience gained while he was Chief Executive Officer of Zurich Financial Services, as well as his knowledge of global capital markets. He also brings significant financial expertise and banking acumen gained from his role at PricewaterhouseCoopers, a large, public accounting firm. In addition, Mr. Schiro's experiences with consumer products, technology and financial services as a director on several public company boards benefit PepsiCo and the Board.

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Table of Contents***LLOYD G. TROTTER*****Director Since: 2008****Age: 67****Independent**

LLOYD G. TROTTER, 67, was elected to our Board of Directors in 2008. Mr. Trotter is a managing partner at GenNx360 Capital Partners, a private equity firm, a position he has held since February 2008. He served as Vice Chairman, General Electric, a diversified technology and financial services corporation, and as President and Chief Executive Officer of GE Industrial, from 2006 through February 2008. Between 1989 and 2006, he held various positions at GE, including Executive Vice President, Operations, from 2005 to 2006, President and Chief Executive Officer of GE Consumer and Industrial Systems from 1998 to 2005 and President and Chief Executive Officer, Electrical Distribution and Control from 1992 to 1998. Mr. Trotter was a director of Genpact Limited from 2007 to 2008. Mr. Trotter is also a director of Textron, Inc. and Daimler AG.

Skills and Qualifications

Lloyd G. Trotter's qualifications include his extensive experience in business operations, consumer goods and information technology gained from his many years working in global leadership roles at General Electric. Mr. Trotter also has significant multi-industry and corporate governance experience as a result of serving on the boards of directors at several public companies.

DANIEL VASELLA, MD**Director Since: 2002****Age: 59****Independent**

DANIEL VASELLA, MD, 59, was elected to our Board of Directors in 2002. Dr. Vasella served as Chairman of the Board of Novartis AG from 1999 until February 2013. Dr. Vasella served as Chief Executive Officer of Novartis from 1999 to January 2010, after serving as President since 1996. 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 also a director of American Express Company.

Skills and Qualifications

As a member of our Board of Directors, Daniel Vasella offers PepsiCo his experience as the former Chairman and Chief Executive Officer of the global healthcare company, Novartis AG. His expertise in the important areas of health and wellness and nutrition, his extensive experience with regulatory matters, and his global perspective in leading and serving on the boards of directors at international organizations, provides a great benefit to PepsiCo and its Board.

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ALBERTO WEISSER

Director Since: 2011

Age: 57

Independent

ALBERTO WEISSER, 57, was elected to our Board of Directors in 2011. Mr. Weisser is Chairman and Chief Executive Officer of Bunge Limited, a global food, commodity and agribusiness company, a position he has held since 1999. He will retire as Chairman of Bunge in June 2013 and will serve as its Executive Chairman until the end of 2013. Mr. Weisser previously served as Bunge's Chief Financial Officer from 1993 to 1999. Mr. Weisser is a member of the North American Agribusiness

Advisory Board sponsored by Rabobank Nederland and served as a director of International Paper Company from 2006 until 2012.

Skills and Qualifications

Alberto Weisser is an experienced business leader, having served as Chairman and Chief Executive Officer of Bunge since 1999. Mr. Weisser has a deep understanding of the strategic, financial, risk and compliance issues facing a large, diversified, publicly traded company. Mr. Weisser's significant global experience, particularly with respect to emerging markets, and his keen understanding of commodities, are of great value to PepsiCo. Mr. Weisser also brings strong financial acumen to our Board resulting from his previous six years of experience serving as Bunge's Chief Financial Officer.

Skills and Qualifications of Board of Directors

The table below includes the skills and qualifications of each director that led our Board of Directors to conclude that the director is qualified to serve on our Board.

Table of Contents*Stock Ownership of Officers and Directors*

The following table shows, as of February 28, 2013: (1) the number of shares of our Common Stock and Convertible Preferred Stock beneficially owned by each director (including each nominee), by each of the executive officers identified in the 2012 Summary Compensation Table on page 44 of this Proxy Statement (**NEOs**) and by all directors and all executive officers as a group; and (2) the number of phantom units of our Common Stock held in the Company's income deferral programs by each director (including each nominee), by each NEO and by all directors and all executive officers as a group. Each phantom unit is intended to be the economic equivalent of one share of our Common Stock. The information in this table is based solely on statements in filings with the SEC or other reliable information.

As of February 28, 2013, the directors and executive officers as a group own less than 1% of our outstanding Common Stock and less than 1% of our outstanding Convertible Preferred Stock.

Name of Individual or Group	Number of Shares of PepsiCo Common Stock Beneficially Owned ⁽¹⁾⁽²⁾	Number of Shares of PepsiCo Convertible Preferred Stock Beneficially Owned	Number of Phantom Units of PepsiCo Common Stock Held in PepsiCo's Deferral Programs ⁽³⁾	Total
Zein Abdalla	213,594	0	0	213,594
Saad Abdul-Latif	236,525	0	0	236,525
Shona L. Brown	1,000	0	16,037	17,037
George W. Buckley	1,000	0	2,673	3,673
Ian M. Cook	3,569	0	14,229	17,798
Brian Cornell	12,531	0	0	12,531
Dina Dublon	10,413	0	15,249	25,662
Victor J. Dzau	10,911	0	25,262	36,173
Ray L. Hunt ⁽⁴⁾	520,902	0	42,363	563,265
Alberto Ibarguen	12,326	0	16,267	28,593
Hugh F. Johnston	235,361	0	11,673	247,034
Indra K. Nooyi	2,368,737	0	47,048	2,415,785
Sharon Percy Rockefeller	61,083	0	14,694	75,777
James J. Schiro	29,690	0	32,106	61,796
Lloyd G. Trotter	1,000	0	23,620	24,620
Daniel Vasella	23,238	0	25,862	49,100
Alberto Weisser	1,000	0	5,358	6,358

All directors and executive officers as a group (24 persons) 5,160,951 0 305,945 5,466,896

(1) The shares shown include the following shares that directors and executive officers have the right to acquire within 60 days after February 28, 2013 through the exercise of vested stock options: Zein Abdalla, 135,180 shares; Saad Abdul-Latif, 180,635 shares; Dina Dublon, 7,958 shares; Victor J. Dzau, 6,588 shares; Alberto Ibarguen, 6,588 shares; Hugh F. Johnston, 185,239 shares; Indra K. Nooyi, 2,018,333 shares; Sharon Percy Rockefeller, 12,618 shares; James J. Schiro, 19,070 shares; Daniel Vasella, 13,040 shares; and all directors and executive officers as a group, 3,763,908 shares. Except as otherwise noted, the directors and executive officers exercise sole voting and investment power over their shares shown in the table and none of the shares are subject to pledge.

(2) The shares shown include Performance-Based Stock Units (**PSUs**) and/or Restricted Stock Units (**RSUs**) that executive officers have the right to acquire within 60 days after February 28, 2013 which will convert into the following gross amounts of PepsiCo Common Stock: Zein Abdalla, 14,286 shares; Saad Abdul-Latif, 14,286 shares; Brian Cornell, 12,531 shares; Hugh F. Johnston, 11,446 shares; Indra K. Nooyi, 94,195 shares; and all executive officers as a group, 215,043 shares.

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(3) Reflects phantom units of our Common Stock held in the PepsiCo Executive Income Deferral Program and the PepsiCo Director Deferral Program.

(4) The shares shown for Mr. Hunt include (i) 288,986 shares held in a corporation over which Mr. Hunt has sole voting and investment power and (ii) 231,916 shares held in a trust over which Mr. Hunt has sole voting power and no investment power.

Stock Ownership of Certain Beneficial Owners

The following table sets forth information regarding persons or groups known to the Company to be beneficial owners of more than 5% of our outstanding Common Stock or Convertible Preferred Stock.

Name and Address	Number of Shares	Percent of Class
	Beneficially Owned	Outstanding
Of Beneficial Owner	as of December 31, 2012	as of December 31, 2012
The Vanguard Group	78,145,863	5.05%
100 Vanguard Blvd.		
Malvern, PA 19355		

(1) On a Schedule 13G filed with the SEC on February 13, 2013, The Vanguard Group reported that, as of December 31, 2012, it had sole voting power for 2,716,706 shares of our Common Stock, sole dispositive power for 75,467,203 shares of our Common Stock, and shared dispositive power over 2,678,660 shares of our Common Stock.

Section 16 of the Securities Exchange Act of 1934, as amended (the **Exchange Act**), requires our directors and executive officers to file reports of ownership and changes in ownership of our Common Stock and Convertible Preferred Stock. We received written representations from each such person who did not file an annual statement with the SEC on Form 5 that no Form 5 was due.

To the best of our knowledge, based on a review of those forms and written representations, in 2012 all required forms were filed on time with the SEC. However, one transaction involving under-reporting of 3,853 shares in a Form 3 filed on behalf of Saad Abdul-Latif due to an administrative error was corrected on a Form 3/A.

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BOARD OF DIRECTORS

Our business and affairs are overseen by our Board of Directors pursuant to the North Carolina Business Corporation Act and our By-Laws. Members of the Board of Directors are kept informed of the Company's business through discussions with the Chairman and CEO and with key members of management, by reviewing materials provided to them and by participating in Board and Committee meetings. All members of the Board of Directors are elected annually by the shareholders.

Regular attendance at Board meetings and the Annual Meeting is required of each director. Our Board of Directors held seven meetings during 2012. Average director attendance at Board and applicable standing Committee meetings (held during the period that such director served) in 2012 was 95%. No director attended fewer than 75% of the total number of Board and applicable Committee meetings (held during the period that such director served) in 2012. The independent directors met in executive session at six Board meetings in 2012. All current directors (excluding Dr. Buckley, who joined the Board in September 2012) attended the 2012 Annual Meeting of Shareholders.

Strong corporate governance is and has been a long-standing priority at PepsiCo. In 2002, the Board of Directors adopted Corporate Governance Guidelines for the Company, which Guidelines are periodically amended. Our Corporate Governance Guidelines are available at www.pepsico.com under Company Corporate Governance and are available in print to any shareholder who requests a copy.

PepsiCo is also proud of its commitment to be a socially, environmentally and ethically responsible company. This commitment is evidenced in part by our robust Global Code of Conduct. Our Code is available on the Company's website at www.pepsico.com under Company Global Code of Conduct. Annually, all of PepsiCo's directors and executives, including each executive

officer, complete certifications with respect to their compliance with our Global Code of Conduct.

In 2012, we revised our Global Code of Conduct to address changing areas of law that impact our business. Our Code is designed to provide our employees with guidance on how to act legally and ethically while performing work for PepsiCo.

BOARD LEADERSHIP STRUCTURE

PepsiCo's governing documents allow the roles of Chairman 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 and the Board's assessment of the Company's leadership from time to time. A majority of the votes cast at our 2012 Annual Shareholders' Meeting voted against a proposal that our Board adopt a policy requiring our Chairman to be an independent director. Although our Board regularly considers and is open to different structures as circumstances may warrant, the Board believes that the current arrangement of having a strong independent Presiding Director combined with the leadership of our Chair and CEO is currently in the best interests of PepsiCo and its shareholders.

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. The position of Presiding Director rotates among the independent directors of the Board for a three-year term, and the Board evaluates the Presiding Director's performance annually under the guidance of the Nominating and Corporate Governance Committee.

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Presiding Director Duties:

Preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors

Serve as a liaison between the Chairman and the independent directors

Have authority to approve information sent to the Board

Approve meeting agendas for the Board

Approve meeting schedules to assure that there is sufficient time for discussion of all agenda items

Have the authority to call meetings of the independent directors

If requested by major shareholders, ensure that he or she is available for consultation and direct communication

Based on feedback received from our shareholders, our Board recently determined to amend PepsiCo's Corporate Governance Guidelines to clarify that our Presiding Director has authority to approve information sent to the Board, rather than only provide advice with respect to such information. The amended Corporate Governance Guidelines are available on our website at www.pepsico.com under Company Corporate Governance.

In May 2010, the Board of Directors appointed James J. Schiro as the Presiding Director of the Board to serve a three-year term. Mr. Schiro continued in the role throughout 2012 and performed the above duties in addition to assisting the Board of Directors in the fulfillment of its responsibilities in general. In February 2013, the independent members of our Board of Directors designated Ian M. Cook to serve as the Presiding Director of the Board for a three-year term beginning in May 2013, upon expiration of Mr. Schiro's term as Presiding Director.

Chairman of the Board

Each year, our Board of Directors elects one of its own members as Chairman by considering the best interests of PepsiCo and its shareholders. This is a topic of great importance to our Board, as the Board believes the determination of PepsiCo's leadership structure is one of its primary responsibilities. In making this critical determination, our Board carefully considers various factors, including: the strategic goals of the Company; the unique opportunities and challenges PepsiCo is facing; the various capabilities of our Directors; the dynamics of our Board; best practices in the market; and feedback from our shareholders and other constituents.

As part of its most recent Board leadership assessment, the Board gave thorough consideration to the results of the Independent Chairman proposal voted on at our 2012 Annual Shareholders Meeting and to each of the other factors outlined above, among others. The Board determined that the most effective leadership structure for PepsiCo at the present time is to strike the right balance between effective

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independent oversight of PepsiCo's business and Board activities with a strong, independent Presiding Director and consistent corporate leadership in the form of our combined Chairman and CEO.

DIRECTOR INDEPENDENCE