



PepsiCo

**Presentation to Consumer Analyst Group of New York
February 18, 2016**

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Chairman and Chief Executive Officer

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Safe Harbor Statement & Non-GAAP Information



This presentation should be viewed in conjunction with PepsiCo's webcast presentation at the Consumer Analyst Group of New York Conference on February 18, 2016 and PepsiCo's Form 8-K filed with the Securities and Exchange Commission on February 11, 2016.

Safe Harbor Statement

Statements in this communication that are "forward-looking statements", are based on currently available information, operating plans and projections about future events and trends. Terminology such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "expressed confidence," "forecast," "future," "goal," "guidance," "intend," "may," "objective," "outlook," "plan," "position," "potential," "project," "seek," "should," "strategy," "target," "will" or similar statements or variations of such terms are intended to identify forward-looking statements, although not all forward-looking statements contain such terms. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such forward-looking statements. 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 the legal and regulatory environment; imposition of new taxes, disagreements with tax authorities or additional tax liabilities; PepsiCo's ability to compete effectively; PepsiCo's ability to grow its business in developing and emerging markets or unstable political conditions, civil unrest or other developments and risks in the markets where PepsiCo's products are made, manufactured, distributed or sold; unfavorable economic conditions in the countries in which PepsiCo operates; increased costs, disruption of supply or shortages of raw materials and other supplies; failure to realize anticipated benefits from PepsiCo's productivity initiatives or global operating model; business disruptions; product contamination or tampering or issues or concerns with respect to product quality, safety and integrity; damage to PepsiCo's reputation or brand image; failure to successfully complete or integrate acquisitions and joint ventures into PepsiCo's existing operations or to complete or manage divestitures or refranchisings; changes in estimates and underlying assumptions regarding future performance that could result in an impairment charge; PepsiCo's ability to recruit, hire or retain key employees or a highly skilled and diverse workforce; loss of any key customer or changes to the retail landscape; any downgrade or potential downgrade of PepsiCo's credit ratings; the ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption; PepsiCo's ability to implement shared services or utilize information technology systems and networks effectively; fluctuations or other changes in exchange rates; climate change or water scarcity, or legal, regulatory or market measures to address climate change or water scarcity; failure to successfully negotiate collective bargaining agreements, or strikes or work stoppages; infringement of intellectual property rights; potential liabilities and costs from litigation or legal proceedings; and other factors that may adversely affect the price of PepsiCo's common stock and financial performance.

For additional information on these and other factors that could cause PepsiCo's actual results to materially differ from those set forth herein, please see PepsiCo's filings with the Securities and Exchange Commission, including its 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.

Non-GAAP Information

Please refer to the "Investors" section of PepsiCo's web site at www.pepsico.com under the heading "Events and Presentations" to find disclosure and a reconciliation of any non-GAAP financial measures contained herein.

Glossary

Please refer to the Glossary and attachments to PepsiCo's Form 8-K filed with the Securities and Exchange Commission on February 11, 2016 available at www.pepsico.com for the definitions of non-GAAP financial measures including organic, core, constant currency, and free cash flow excluding certain items.

Portrait of a Consistent and Durable CPG Company



Revenue **\$63B**

Free Cash Flow (ex certain items) **\$8.1B**

Organic Revenue Growth **5%**

Core Operating Margin **15.8%**

Core Net ROIC **19.6%**

3 Yr Core Constant Currency EPS (Avg) **9%**

3 Yr Dividends per Share CAGR **9%**

3 Yr Cumulative Cash Returns **\$24B**



Note: All figures are for the year 2015. Certain of the above items represent Non-GAAP financial measures that exclude certain items. Please refer to the "Reconciliation of GAAP and Non-GAAP Information" attachment posted on February 18, 2016 under the "Investors – Events and Presentations" section on PepsiCo's website at www.pepsico.com to find disclosure and a reconciliation of the above non-GAAP financial measures.

2015: Delivered Our Financial Targets

Target	Result	
MSD Organic Revenue Growth	+5%	✓
Core Operating Margin Improvement	+30 bps	✓
Productivity ~\$1 Billion	\$1 billion +	✓
Core Constant Currency EPS Growth +7%, raised to +9%	+10%	✓
Share Repurchases of \$4.5 to \$5 Billion, Raised to \$5 Billion	\$5 billion	✓
Dividends of \$4 Billion	\$4 billion	✓

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Navigating a Stormy Global Environment



Significant Macro Challenges

Slowing Growth /
Recession



Geopolitical Instability



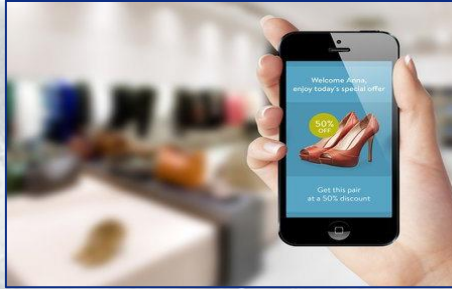
Regulatory
Change



Shifting
Consumer Behavior



Changing
Retail Environment



Growing Environmental
Consciousness



... But Some Pockets of Stability / Recovery

We are Performing as We are Transforming



Transforming our Product Portfolio



Balancing our Geographic Footprint



Driving Productivity to Fund Investments



Building Capabilities and Adapting our Business Model



Reinforcing the Best and Strongest Elements of our Culture

**All While Delivering
Attractive
Financial Results**



Delivering top-tier results in a way that sustains and respects the business, society and the planet



**Human
Sustainability**



**Environmental
Sustainability**



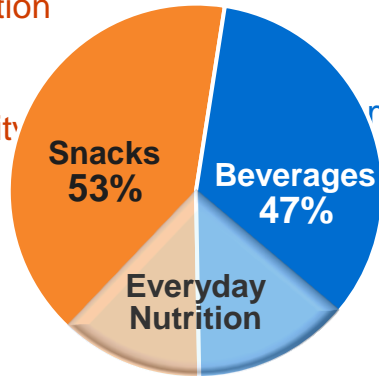
**Talent
Sustainability**



Balanced Mix in Attractive Growth Categories

Social Snacks

- Projected global growth **+5%**
- Clear #1 position
- Leadership in salty snacks and opportunity to target other macrosnack occasions



Everyday Nutrition

- Projected global growth **+6%**

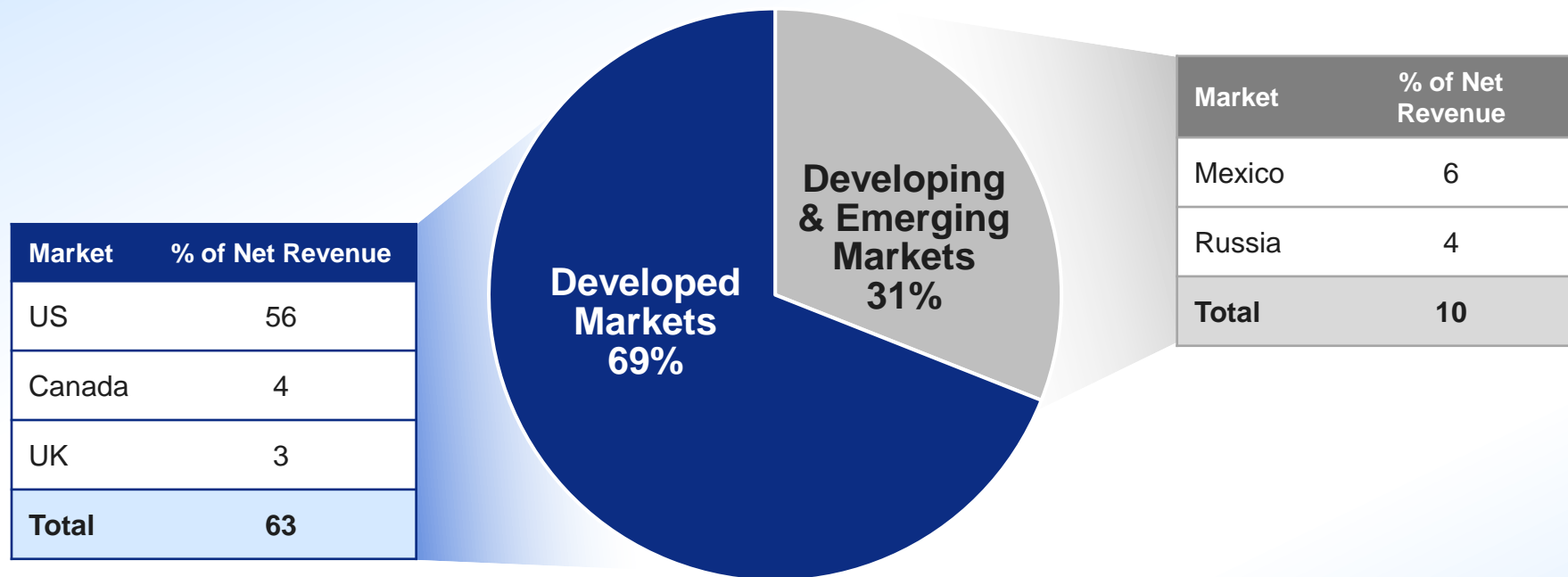
Social Beverages

- Projected global growth **+4%**
- Strong #2 position with leadership in many markets
- Compete broadly in all LRB categories

Highly Complementary, but Diverse Portfolio



Balanced Geographic Mix



Five Countries Comprise ~75% of Total Revenue

Well Positioned In Top 5 Markets...



	<i>Rank</i>	United States	Canada	United Kingdom	Mexico	Russia
	Food & Beverage Market Share	#1	#1	#1	#2	#1
	Contribution to Retail Sales Growth ('10-'14)	#1	#1	#1	#2	#1

Source: IRI MULOC (US); Euromonitor Packaged Snacks, Liquid Refreshment Beverages and Nutrition Sales, 2014 (International Markets); branded manufacturers; LRB represents system-wide sales; Contribution to retail sales growth excludes the impact of M&A

...Good Mix of High Current Margins / Returns *and* Potential for Future Margin / Return Expansion

	Emerging	Developing	Developed
Growth Driver	Penetration	Frequency	Expansion
Role in Portfolio			
Revenue Growth	✓ ✓ ✓	✓ ✓	✓
Absolute Margin / ROIC	✓	✓ ✓	✓ ✓ ✓
Margin Improvement	✓ ✓	✓ ✓ ✓	✓
Cash Flow	✓	✓ ✓	✓ ✓ ✓
ROIC Improvement	✓	✓ ✓ ✓	✓ ✓

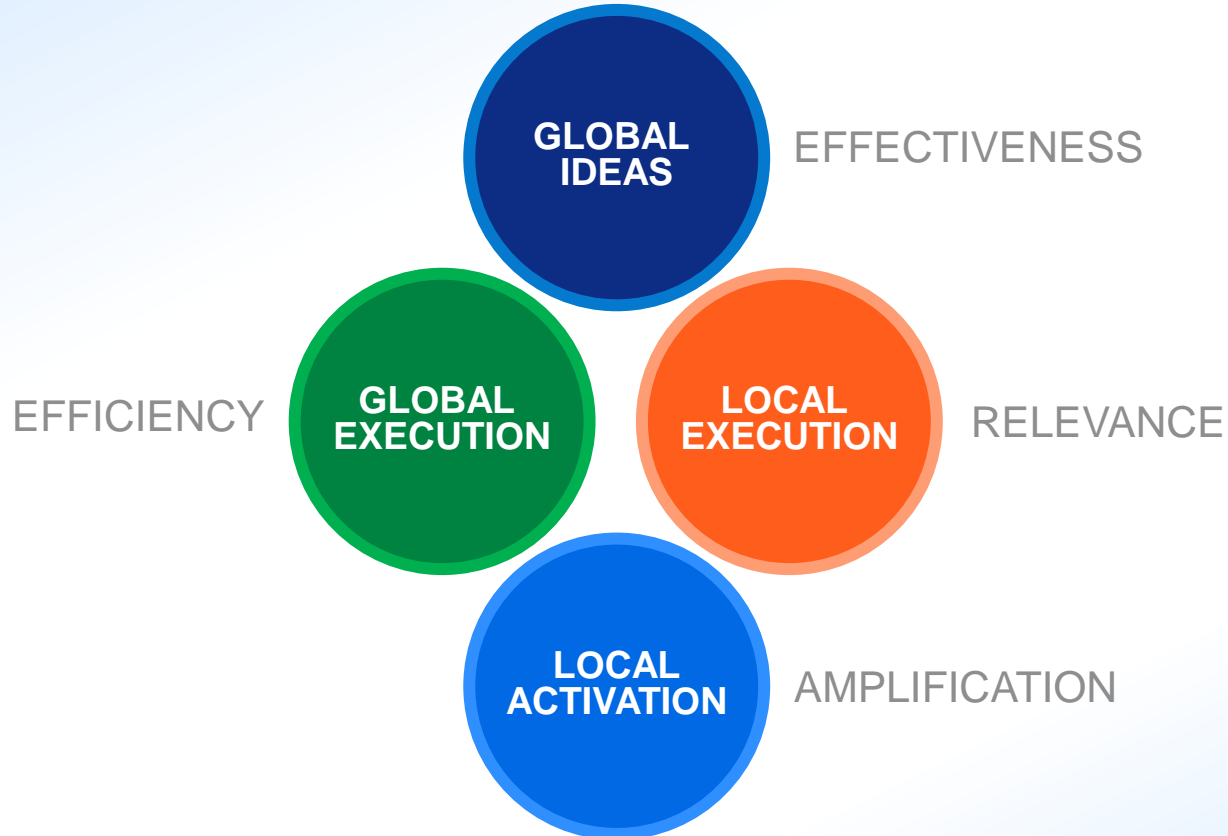
Transformation Journey Continues





- Drive Innovation Using Demand Space Framework
- Capture Health & Wellness Growth Potential
- Lift and Adapt to Leverage Our Global Scale
- Focus on New Partnerships and Foodservice Opportunities







Commercial: Mtn Dew Kickstart

Launched in 2013 • Estimated Annual Retail Sales Approaching \$400 million • Global Expansion



Mtn Dew
Returned to
the Super
Bowl for the
First Time
Since 2000



Entrepreneur

The Best and Worst Ads of Super Bowl 50

Best

1. Mountain Dew's 'Puppymonkeybaby' freak show



R.L. Stine  @RL_Stine · Feb 7

Did [#Puppymonkeybaby](#) come from a horror movie? It terrified me.

  259  461 



Tom Swartz  · Feb 7

This commercial was more entertaining than the actual game
[#puppymonkeybaby](#) @MountainDew

  203  391 



Matt Arnold  · 2h

[#puppymonkeybaby](#) is the greatest super bowl commercial ever made!! Ever!

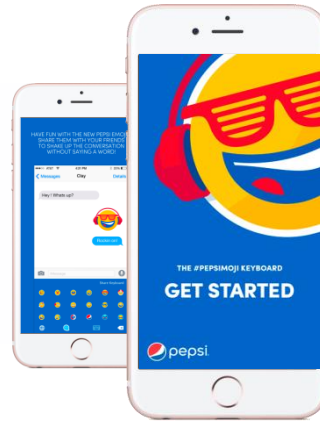


If you ask us,
"Puppymonkeybaby" won the Super Bowl and [the Internet](#) last night.

"Puppymonkeybaby" won the Super Bowl and [the Internet](#) last night. Everyone and their brother is talking about that unforgettable freak show today, trying to wrap their brain buckets around the viral Frankenstein that Mountain Dew burped up, and that's precisely the point. Well played, PepsiCo. Our [nightmares](#) are now branded.



- More than two billion smartphone users globally who send six billion emojis on a daily basis

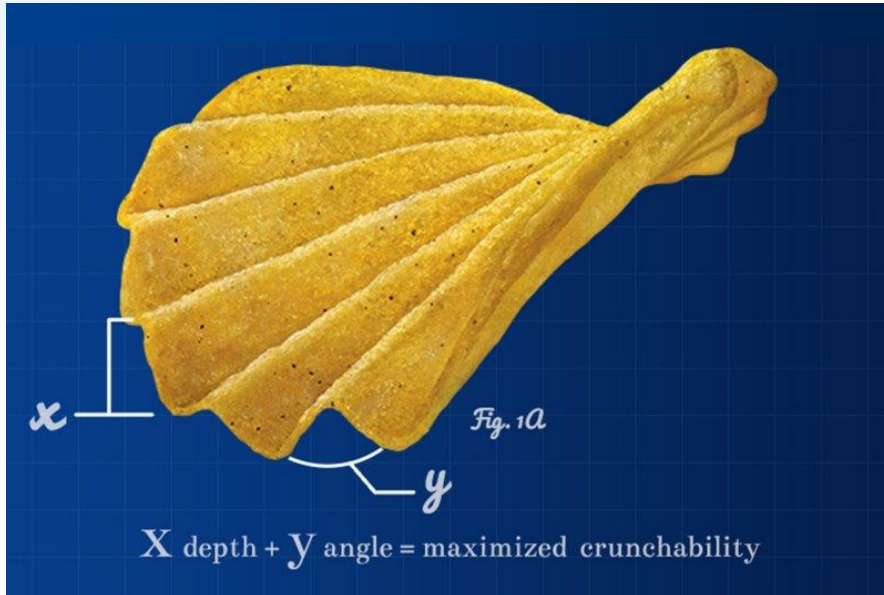


- Launched in Russia, Canada and Thailand in 2015
- Expanding to 100+ markets



Commercial: MAXX Deep Ridged Chips

- Launched in 2012
- Now in 33 countries with approximately \$250 million estimated annual retail sales



- Launched in 2007
- Now available in eight markets with \$400 million of estimated annual retail sales
- Uniquely crunchy wholegrain chips with a wholesome taste



Crispy Crackers



Pitta Bakes



Crackers & Dip



Crispy Snacks



Commercial: Quaker High Fiber Oats Drink



Commercial: Quaker Gluten Free



Commercial: Lipton Pure Leaf





Live Nation



FIZZ



NSPIRE



Stubborn Soda



Hello Goodness



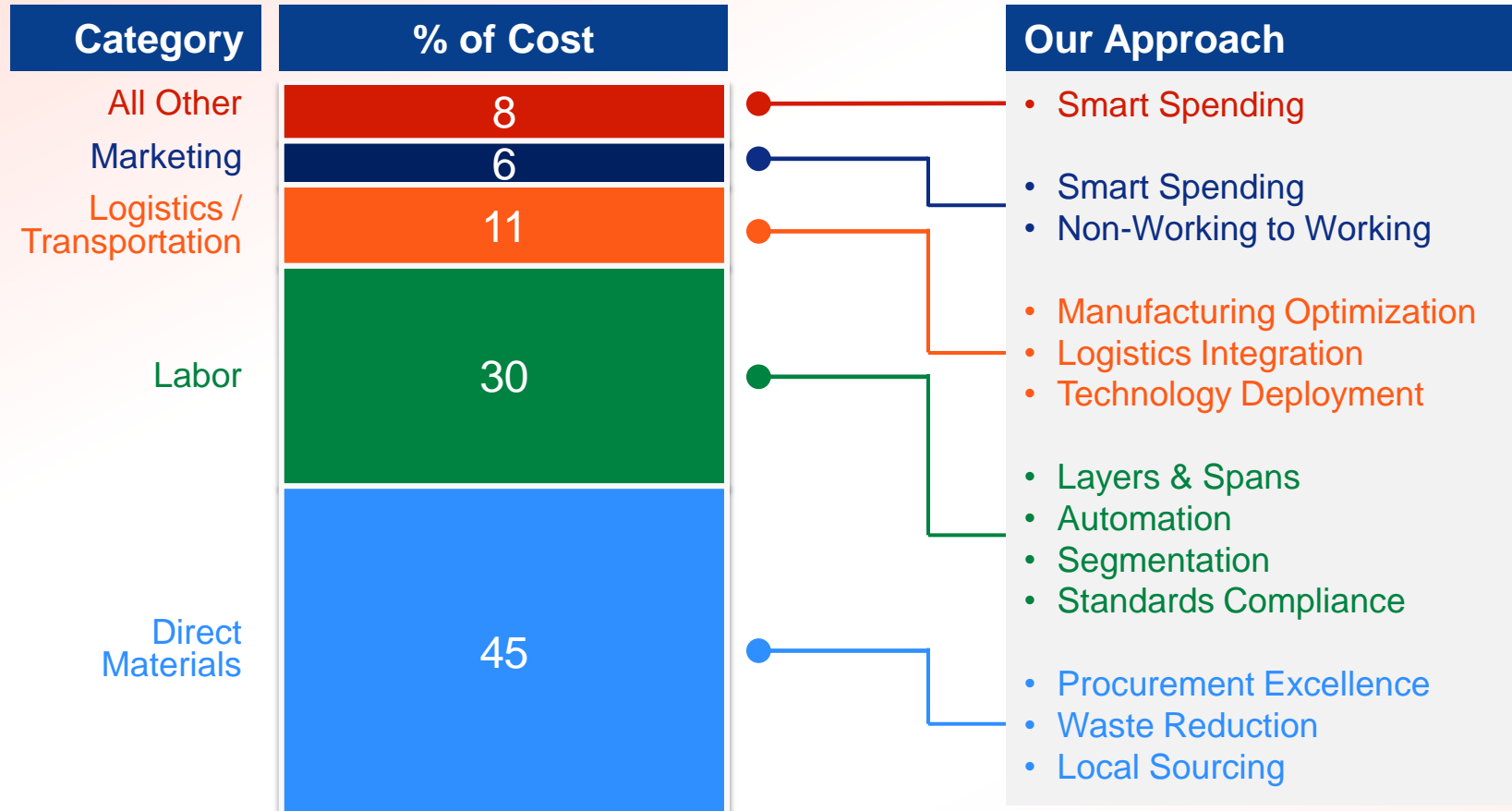
Kola House



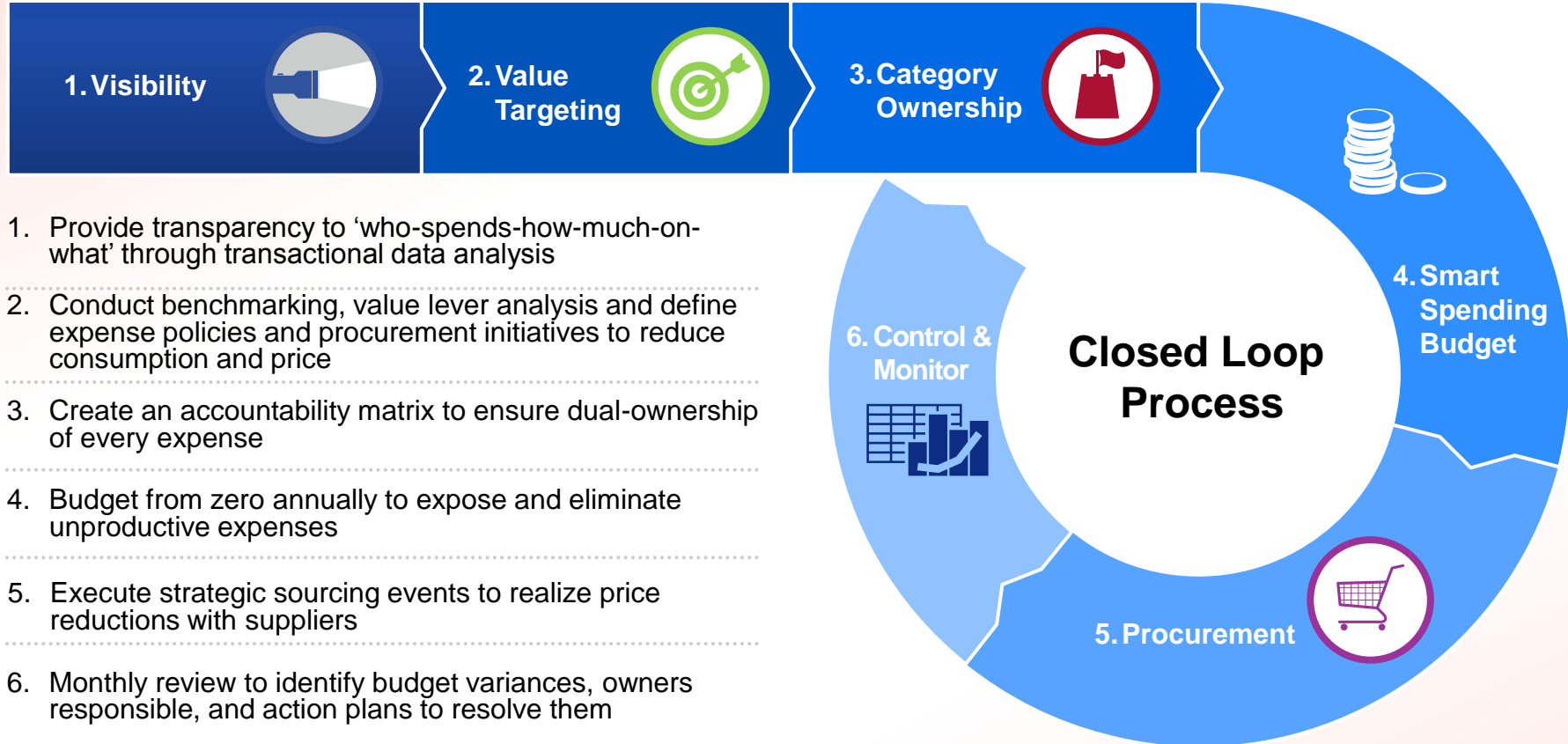


- ~\$1B Annual Productivity Savings Targeted Through 2019
- Leverage Global Functions and Capabilities
- Exploit Automation and Technology
- Global Smart Spending Implementation

Cost: Addressing \$53B of Global Costs



Note: Estimated based on 2014 data



Cost: Driving Operations Productivity

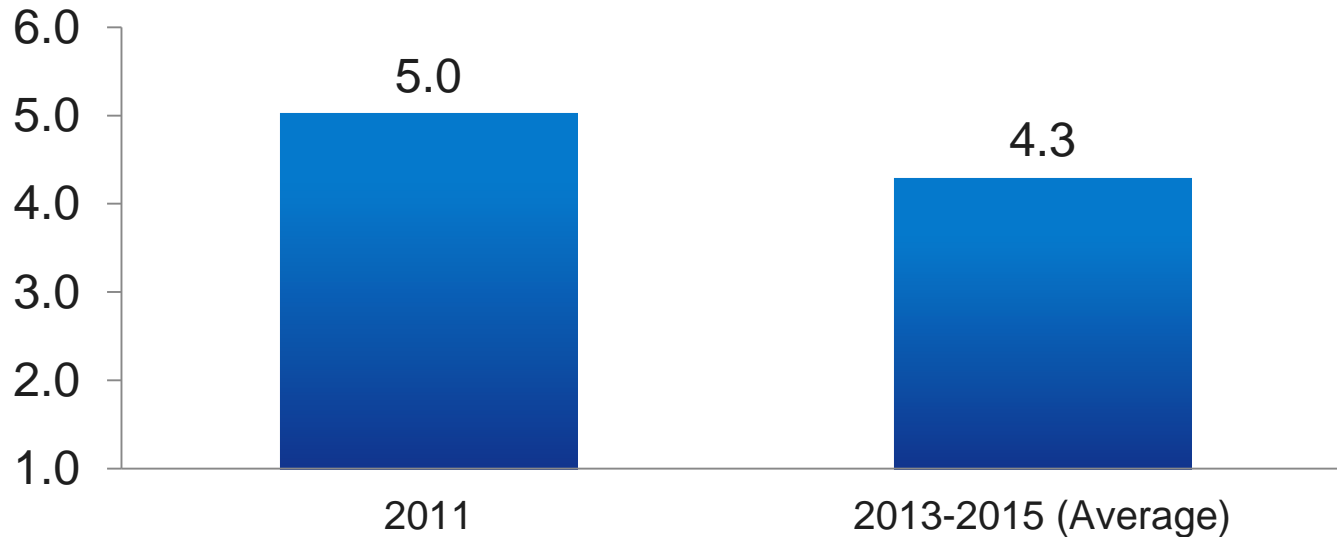




- Disciplined Capital Allocation
- Drive Individual Business Country Performance to Higher EVA
- Leverage Partnerships to Improve Returns and Competitive Positions
- Implement Low-Cost Business Models

Capex to Net Revenue (%)

3-Year average 70 basis points lower than 2011 percentage

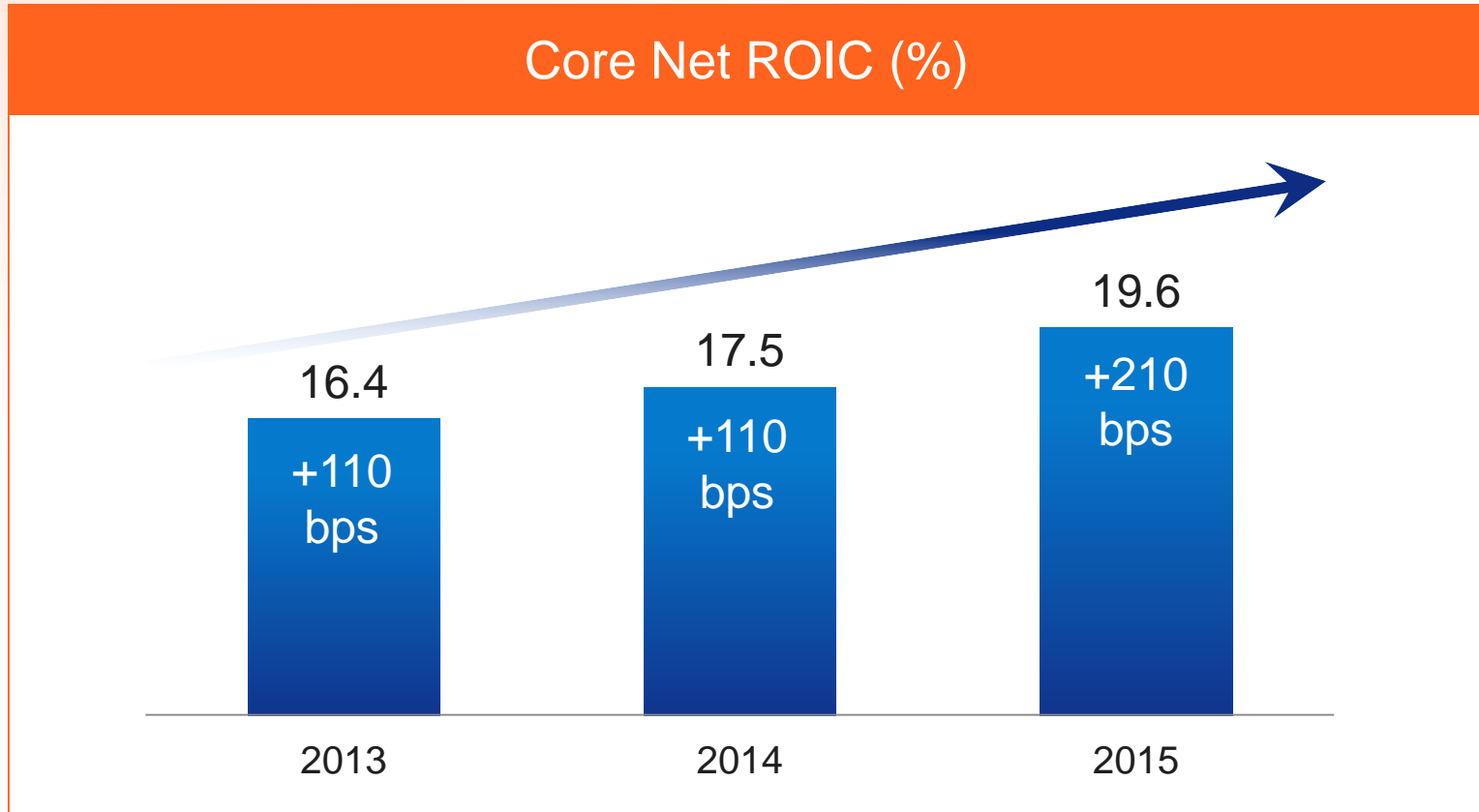


Integrated Logistics Network



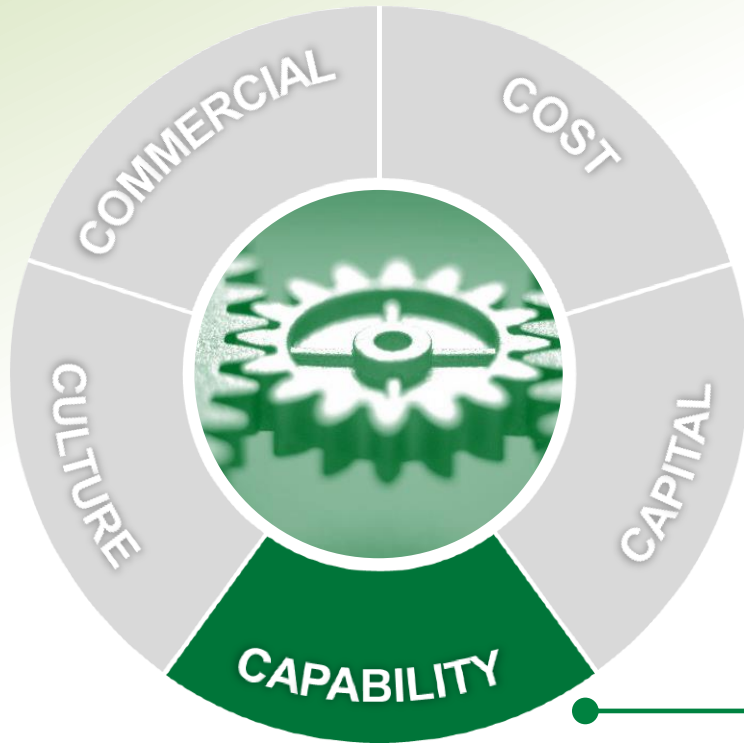
Boosting Throughput





Note: Core Net ROIC represents a Non-GAAP financial measure that excludes certain items. Please refer to the "Reconciliation of GAAP and Non-GAAP Information" attachment posted on February 18, 2016 under the "Investors – Events and Presentations" section on PepsiCo's website at www.pepsico.com to find disclosure and a reconciliation of the above non-GAAP financial measures.





Advance Our Commercial Agenda with New Capabilities

- eCommerce
- Design
- Revenue Management
- Front Line Selling Tools
- Data Analytics

Brand Identity



Brand Experiences



Innovation



Customer Partnerships



Lay's Promotion Strategy



Pepsi Mini Cans



— LITTLE CAN —
EPIC SATISFACTION

Capability: Front Line Selling Tools



- Live Our Values
- Reward Excellence
- Cultivate Efficiency and Accountability
- Expect Collaboration



Virtuous, Self-Reinforcing Growth Cycle

- Well Positioned in Attractive Categories

- Brand Building
- Innovation
- Go-to-Market Capability



- Scale Leverage
- Aggressive Productivity Programs

Long-Term Goals

Top Tier TSR

- Organic Revenue Growth: +MSD
- Operating Margin Expansion: +30-50 bps / year
- Core, Constant Currency EPS: +HSD
- Core FCF Growth = Net Income Growth
- Core Net ROIC: 50+ bps / year
- Strong Returns to Shareholders (dividends and share repurchases)
- Complementary Portfolio of Brands in Snacks, Beverages and Nutrition Categories
- Globally Balanced Geographic Footprint

Supporting Fundamentals:

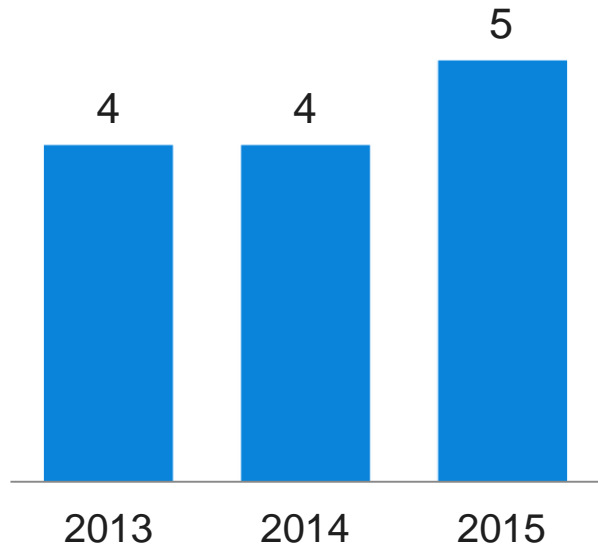
- Leading Brand Building, Innovation and Go-to-Market Capabilities
- Flexible, Low-Cost Supply Chains That Are Environmentally Sustainable
- Focus on Productivity
- World-Class Talent Development

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Consistent, Strong Performance

Organic Revenue Growth (%)

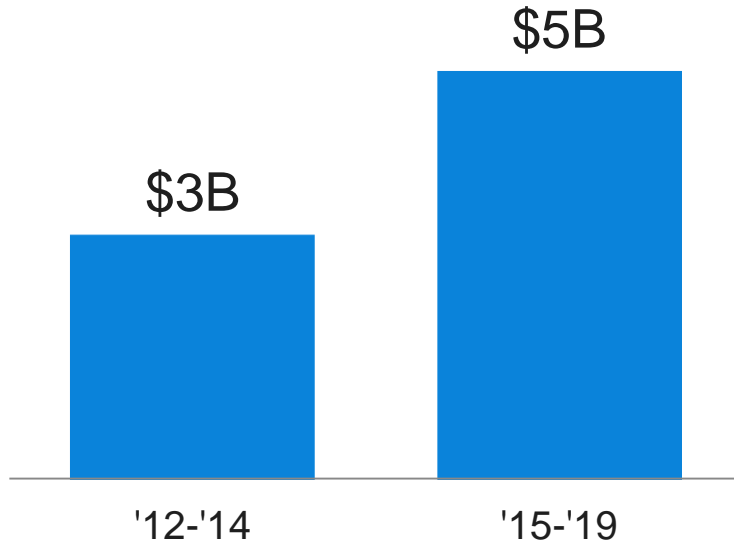
Consistent with long-term target



Note: Organic revenue represents a Non-GAAP financial measure that excludes certain items. Please refer to the "Reconciliation of GAAP and Non-GAAP Information" attachment posted on February 18, 2016 under the "Investors – Events and Presentations" section on PepsiCo's website at www.pepsico.com to find disclosure and a reconciliation of the above non-GAAP financial measure.

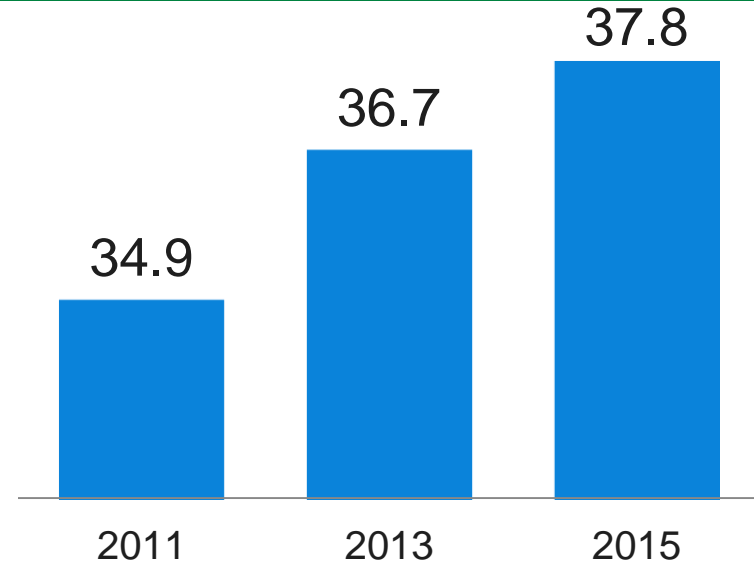
On Track to Deliver Aggressive, but Realistic Productivity Targets

Rationalized 30+ plants since 2013



Core Operating Profit per Employee (\$M)

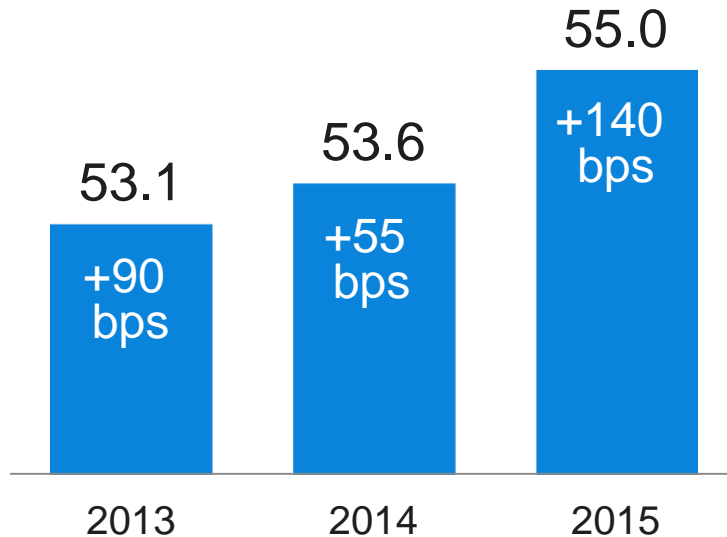
+8% since 2011



Gross and Operating Margin Expansion

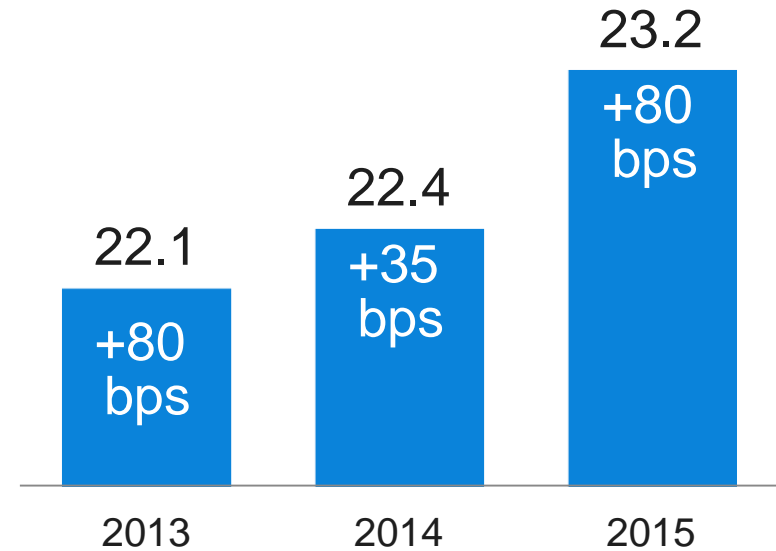
Core Gross Margin (%)

+285 bps expansion since 2012



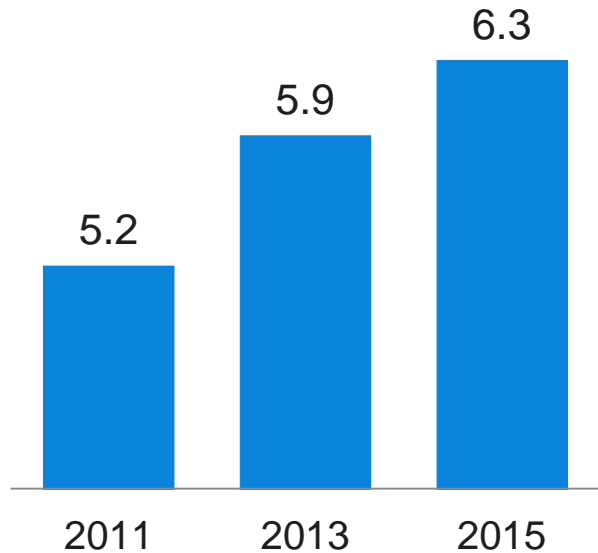
Core Operating Margin (%) (excluding A&M and R&D)

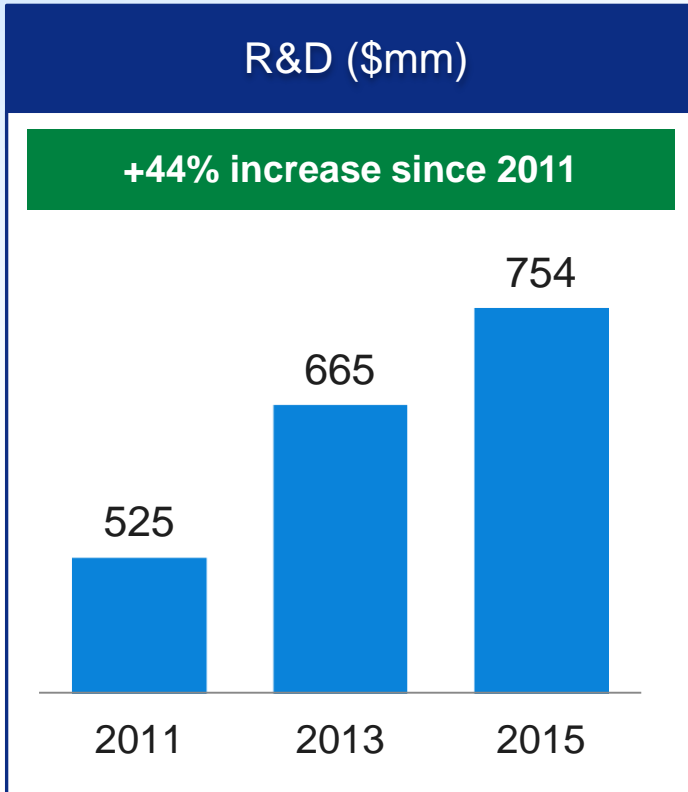
+195 bps expansion since 2012



A&M as a % of Revenue

+~110 bps since 2011

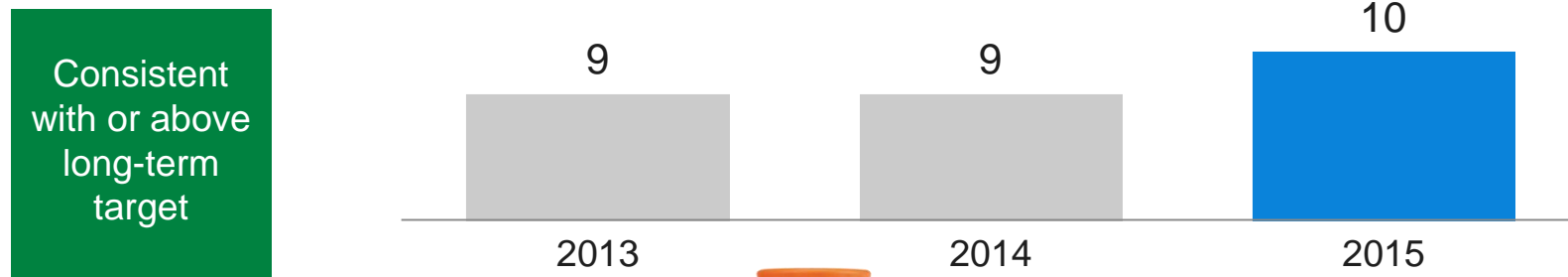




Strengths of our Current Global R&D Model

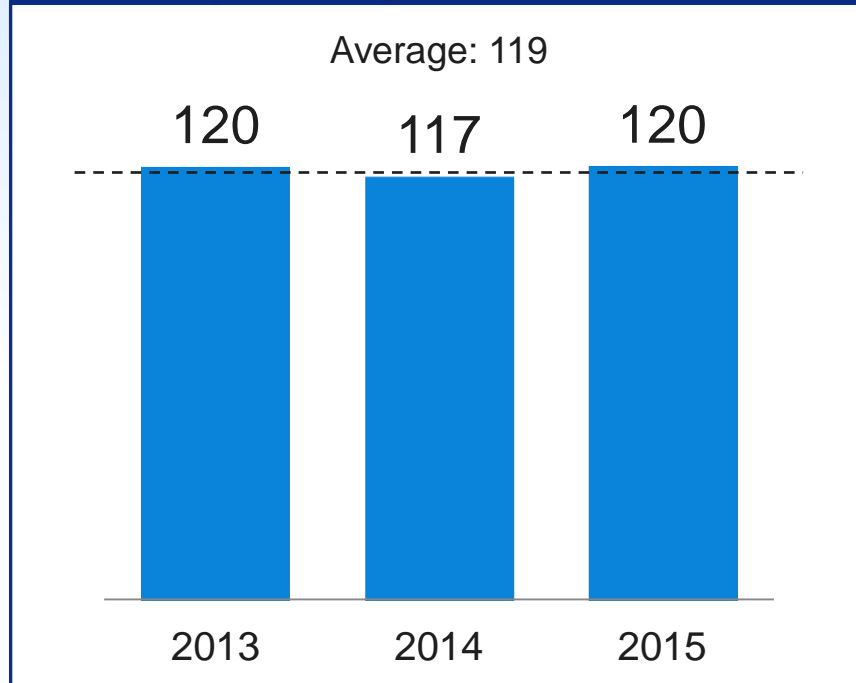


Core Constant Currency EPS Growth (%)

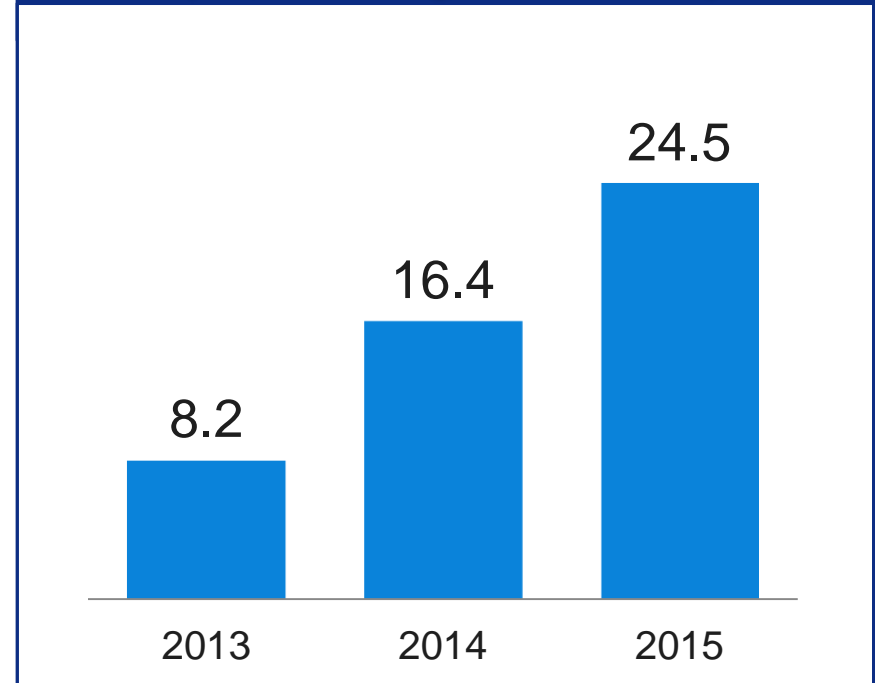


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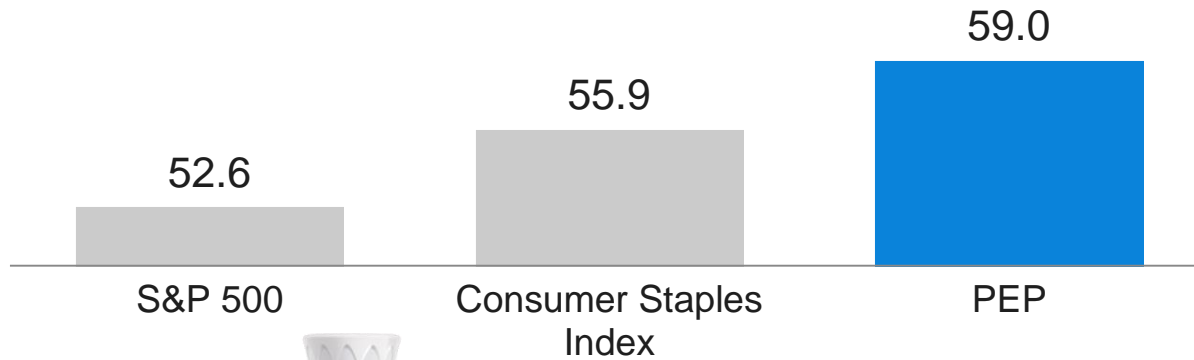
FCF as % of Core Net Income (excluding certain items)



Cumulative Free Cash Flow (\$B, excluding certain items)



3-Year Cumulative TSR Growth (%)





Well-Positioned, Balanced Portfolio



Performing as we Transform



Clear Priorities



Managing business for level and duration of returns



PEPSICO