

PEPSICO INC
Form S-4/A
December 08, 2009
Table of Contents

As filed with the Securities and Exchange Commission on December 8, 2009

Registration No. 333-162260

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

PepsiCo, Inc.

(Exact Name of Registrant as Specified in Its Charter)

North Carolina
(State or Other Jurisdiction of
Incorporation or Organization)

2080
(Primary Standard Industrial
Classification Code Number)

13-1584302
(I.R.S. Employer
Identification Number)

Edgar Filing: PEPSICO INC - Form S-4/A

700 Anderson Hill Road

Purchase, New York 10577

(914) 253-2000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Thomas H. Tamoney, Jr.

Senior Vice President, Deputy General Counsel and Assistant Secretary

700 Anderson Hill Road

Purchase, New York 10577

(914) 253-2000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

George R. Bason, Jr.

Brian D. Wenger

James C. Morphy

Marc O. Williams

Brett D. Anderson

Audra D. Cohen

Davis Polk & Wardwell LLP

Briggs and Morgan, P.A.

Sullivan & Cromwell LLP

450 Lexington Avenue

2200 IDS Center

125 Broad Street

New York, New York 10017

80 South Eighth Street

New York, New York 10004

(212) 450-4000

Minneapolis, Minnesota 55402

(212) 558-4000

(612) 977-8400

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement and the effective time of the merger of PepsiAmericas, Inc. (**PAS**) with and into Pepsi-Cola Metropolitan Bottling Company, Inc. (**Metro**), a wholly owned subsidiary of PepsiCo, Inc. (**PepsiCo**), as described in the Agreement and Plan of Merger dated as of August 3, 2009 among PAS, PepsiCo and Metro.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the **Securities Act**), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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

Edgar Filing: PEPSICO INC - Form S-4/A

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Information contained herein is subject to completion or amendment. A registration statement relating to the shares of PepsiCo common stock to be issued in the merger has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY PROXY STATEMENT/PROSPECTUS**DATED DECEMBER 8, 2009, SUBJECT TO COMPLETION**

4000 RBC Plaza

60 South Sixth Street

Minneapolis, Minnesota 55402

Dear Fellow Stockholders:

On behalf of your board of directors, we are pleased to invite you to attend a special meeting of stockholders of PepsiAmericas, Inc., which will be held at Briggs and Morgan, P.A., 80 South Eighth Street, Suite 2200, Minneapolis, Minnesota, 55402, on [], 2010, at [] a.m., local time. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated as of August 3, 2009 among PepsiAmericas, Inc., PepsiCo, Inc. and Pepsi-Cola Metropolitan Bottling Company, Inc., a wholly owned subsidiary of PepsiCo, Inc.

The merger agreement sets forth the terms and conditions under which PepsiAmericas will merge with and into Pepsi-Cola Metropolitan Bottling, with Pepsi-Cola Metropolitan Bottling continuing as the surviving corporation and a wholly owned subsidiary of PepsiCo. As of the effective time of the merger, holders of PepsiAmericas outstanding common stock (other than PepsiCo and its subsidiaries (including Pepsi-Cola Metropolitan Bottling) and any stockholders who properly exercise and perfect their appraisal rights under Delaware law) will have the right to receive either 0.5022 shares of PepsiCo common stock or, at their election, \$28.50 in cash, without interest, per share of PepsiAmericas common stock, subject to proration provisions which provide that an aggregate of 50% of the outstanding shares of PepsiAmericas common stock not held by PepsiCo or any of its subsidiaries will be converted into the right to receive PepsiCo common stock and an aggregate of 50% of the outstanding shares of PepsiAmericas common stock not held by PepsiCo or any of its subsidiaries will be converted into the right to receive cash. Subject to the proration provisions described in the preceding sentence, each share with respect to which a valid cash election is not made will be converted into the right to receive 0.5022 shares of PepsiCo common stock at the effective time of the merger.

The following table sets forth the closing sale price per share of PepsiCo common stock and PepsiAmericas common stock as reported on the New York Stock Exchange as of August 3, 2009, the last full trading day before the public announcement of the merger agreement, and as of [], 2009, the most recent practicable trading day prior to the date of this proxy statement/prospectus. The table also shows the equivalent price of the merger consideration per share of PepsiAmericas common stock as of the same two respective dates. The equivalent price per share based on a 50% cash/50% stock split as of the relevant date is calculated as the sum of (a) \$28.50 (the cash portion of the merger consideration) multiplied by 50% and (b) the closing sale price of one share of PepsiCo common stock on the relevant date multiplied by (x) the exchange ratio of 0.5022 and (y) 50%.

	PepsiCo Common Stock	PepsiAmericas Common Stock	Equivalent Price Per Share based on 50%-50% Cash- Stock Split of Merger Consideration	Cash-
August 3, 2009	\$ 56.20	\$ 26.15	\$	28.36
[], 2009	\$ []	\$ []	\$	[]

The market prices of both PepsiCo common stock and PepsiAmericas common stock will fluctuate prior to completion of the merger. You are urged to obtain current market quotations for PepsiCo common stock and PepsiAmericas common stock.

This proxy statement/prospectus gives you detailed information about the special meeting, the merger agreement and the merger, and a copy of the merger agreement is included as Appendix A to this proxy statement/prospectus. **You are encouraged to read this proxy statement/prospectus in its entirety, including the section entitled Risk Factors beginning on page [] of this proxy statement/prospectus, and the merger agreement carefully.**

Edgar Filing: PEPSICO INC - Form S-4/A

The board of directors of PepsiAmericas, after considering the unanimous recommendation of its transactions committee comprised entirely of independent directors, has approved and declared advisable the merger agreement and the transactions contemplated thereby and determined that the merger agreement and the transactions contemplated thereby are fair to and in the best interests of PepsiAmericas and its stockholders (other than PepsiCo, Pepsi-Cola Metropolitan Bottling and other affiliates of PepsiCo). The PepsiAmericas transactions committee made its recommendation to the PepsiAmericas board of directors after consultation with its legal and financial advisors and consideration of a number of other factors. **The board of directors of PepsiAmericas therefore recommends that you vote FOR approval of the proposal to adopt the merger agreement.**

Each of PepsiAmericas' board of directors and transactions committee believes that the merger is both procedurally and substantively fair to the stockholders of PepsiAmericas other than PepsiCo, Pepsi-Cola Metropolitan Bottling and other affiliates of PepsiCo.

In addition, each of PepsiCo and Pepsi-Cola Metropolitan Bottling believes that the merger is both procedurally and substantively fair to the unaffiliated stockholders of PepsiAmericas.

Approval of the proposal to adopt the merger agreement requires the affirmative vote of at least a majority of the shares of PepsiAmericas common stock entitled to vote, except in limited circumstances as described elsewhere in this proxy statement/prospectus. PepsiCo has agreed to vote all shares of the common stock of PepsiAmericas beneficially owned by it and its subsidiaries for approval of the proposal to adopt the merger agreement.

YOUR VOTE IS VERY IMPORTANT. Therefore, whether or not you plan to attend the special meeting, please complete and promptly mail your proxy card in the return envelope enclosed, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card. This will not prevent you from voting in person at the special meeting if you so desire. **The failure to vote will have the same effect as a vote against approval of the proposal to adopt the merger agreement.**

Sincerely yours,

Robert C. Pohlard

Chairman of the Board and

Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, passed upon the merits or fairness of the merger, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [], 2009, and is first being mailed to stockholders of PepsiAmericas on or about [], 2009.

Table of Contents

ADDITIONAL INFORMATION

This document is the proxy statement of PepsiAmericas, Inc. for its special meeting of stockholders and the prospectus of PepsiCo, Inc. for the shares of PepsiCo, Inc. common stock to be issued in the merger. This proxy statement/prospectus incorporates important business and financial information about PepsiCo, Inc. and PepsiAmericas, Inc. from documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from PepsiCo, Inc. or PepsiAmericas, Inc. at the following addresses:

PepsiCo, Inc.	PepsiAmericas, Inc.
700 Anderson Hill Road	4000 RBC Plaza
Purchase, New York 10577	60 South Sixth Street
Manager, Shareholder Relations	Minneapolis, Minnesota 55402
Telephone: 914-253-3055	Investor Relations
Email: investor@pepsico.com	Telephone: 612-661-3883

Email: shareholderrelations@pepsiamericas.com

If you would like additional copies of this proxy statement/prospectus, please contact Innisfree M&A Incorporated, the proxy solicitor for PepsiAmericas, Inc., toll-free at 1-877-717-3926 (banks and brokerage firms call collect at 1-212-750-5833).

If you would like to request documents, please do so by [], 2010 in order to receive them before the special meeting.

See Where You Can Find More Information beginning on page [] of this proxy statement/prospectus for further information.

Table of Contents

Notice of Special Meeting of Stockholders

Time and Date	[], a.m., local time on [], 2010.
Place 80 South Eighth Street, Suite 2200 Minneapolis, MN 55402	Briggs and Morgan, P.A.
Items of Business	<p>(1) To consider and vote upon the proposal to adopt the Agreement and Plan of Merger, dated as of August 3, 2009, as it may be amended from time to time, among PepsiAmericas, Inc., a Delaware corporation, PepsiCo, Inc., a North Carolina corporation, and Pepsi-Cola Metropolitan Bottling Company, Inc., a New Jersey corporation and a wholly owned subsidiary of PepsiCo, Inc., as more fully described in the enclosed proxy statement/prospectus.</p> <p>(2) To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.</p>
Record Date	You are entitled to vote only if you were a holder of common stock of PepsiAmericas as of the close of business on [], 2009.
Meeting Admission	You are entitled to attend the special meeting only if you were a holder of common stock of PepsiAmericas as of the close of business on [], 2009. Stockholders who plan to attend the special meeting must present valid photo identification. If you hold shares in street name through an account with a bank, broker or other nominee and you plan to attend the meeting, you should bring your account statement or other evidence of your share ownership with you to the meeting. If you hold shares in street name and you plan to attend the meeting and vote in person, you should contact your broker or nominee to obtain a legal proxy and bring it to the special meeting.
Proxy Voting	<p>Your vote is very important. Whether or not you plan to attend the special meeting, please promptly vote by Internet or telephone, or by marking, signing, dating and returning the enclosed proxy card if you are a registered holder of shares of PepsiAmericas common stock, or the voting instruction card provided by your bank or broker if you hold your shares of PepsiAmericas common stock through an account with a bank or broker, so that your shares of PepsiAmericas common stock will be represented at the special meeting.</p> <p>The board of directors of PepsiAmericas, Inc. recommends that you vote FOR approval of the proposal to adopt the merger agreement. Failure to submit a proxy or to vote in person or a vote to abstain will have the same effect as a vote AGAINST the proposal to adopt the merger agreement.</p>

By Order of the Board of Directors,

Brian D. Wenger

Corporate Secretary

[], 2009

Table of Contents**TABLE OF CONTENTS**

	Page
<u>SUMMARY</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	19
<u>SPECIAL FACTORS</u>	26
<u>General</u>	26
<u>The PBG Merger</u>	26
<u>Background of the Merger</u>	26
<u>Recommendation of PAS Transactions Committee and PAS Board of Directors as to Fairness of the Merger</u>	43
<u>PepsiCo's Reasons for, and Purpose of, the Merger</u>	49
<u>Position of PepsiCo and Metro Regarding Fairness of the Merger</u>	50
<u>Effects of the Merger on PAS</u>	52
<u>Plans for PAS</u>	53
<u>Certain PAS Forecasts</u>	54
<u>Opinion of PAS Financial Advisor</u>	56
<u>Opinion of PepsiCo's Financial Advisors</u>	63
<u>Accounting Treatment</u>	76
<u>Regulatory Approvals Required for the Merger</u>	76
<u>Material United States Federal Income Tax Consequences</u>	78
<u>Appraisal Rights</u>	82
<u>Certain Litigation Matters</u>	84
<u>Financing of the Merger</u>	87
<u>Fees and Expenses Relating to the Merger</u>	88
<u>RISK FACTORS</u>	89
<u>FORWARD-LOOKING STATEMENTS</u>	94
<u>SPECIAL MEETING OF STOCKHOLDERS OF PAS</u>	96
<u>Date, Time and Place</u>	96
<u>Purpose of the Special Meeting</u>	96
<u>Record Date; Shares Entitled to Vote; Quorum</u>	96
<u>Vote Required; Abstentions and Broker Non-Votes</u>	96
<u>Shares Held by PAS Directors and Executive Officers</u>	97
<u>Voting of Proxies</u>	97
<u>Revocability of Proxies</u>	98
<u>Election to Receive Cash Consideration</u>	98
<u>PAS Board of Directors Recommendation</u>	99
<u>Appraisal Rights</u>	99
<u>Solicitation of Proxies and Expenses</u>	99
<u>Stockholder List</u>	100
<u>THE COMPANIES</u>	101
<u>PepsiCo</u>	101
<u>Metro</u>	101
<u>PAS</u>	101
<u>THE MERGER AGREEMENT</u>	102
<u>Explanatory Note Regarding the Summary of the Merger Agreement</u>	102
<u>Structure of the Merger</u>	102

Table of Contents

	Page
<u>Merger Consideration</u>	102
<u>Election Procedure</u>	103
<u>Proration</u>	105
<u>Procedures for Surrendering PAS Stock Certificates</u>	108
<u>Employee Matters</u>	109
<u>Treatment of PAS Equity Awards</u>	110
<u>Fractional Shares</u>	111
<u>Effective Time</u>	111
<u>Conditions to the Completion of the Merger</u>	111
<u>Shares Subject To Properly Exercised Appraisal Rights</u>	113
<u>Representations and Warranties</u>	113
<u>Conduct of Business Pending the Merger</u>	115
<u>Termination of the Merger Agreement</u>	119
<u>Termination Fees Payable by PAS</u>	119
<u>Amendments: Waivers</u>	120
<u>Stock Market Listing</u>	120
<u>Expenses</u>	120
<u>THE PBG MERGER</u>	121
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	122
<u>DIRECTORS AND EXECUTIVE OFFICERS OF PEPSICO AND METRO</u>	140
<u>Directors and Executive Officers of PepsiCo</u>	140
<u>Directors and Executive Officers of Metro</u>	146
<u>DIRECTORS AND EXECUTIVE OFFICERS OF PAS</u>	147
<u>Directors and Executive Officers of PAS</u>	147
<u>INTERESTS OF CERTAIN PERSONS IN THE MERGER</u>	151
<u>PepsiCo and Metro</u>	151
<u>PAS</u>	151
<u>RELATED PARTY TRANSACTIONS</u>	158
<u>Background of PepsiCo and its Subsidiaries – Beneficial Ownership of Shares</u>	158
<u>Second Amended and Restated Shareholder Agreement between PepsiCo and PAS</u>	158
<u>Commercial Relationships</u>	158
<u>Other Transactions</u>	159
<u>Transactions with Bottlers in Which PepsiCo Holds an Equity Interest</u>	159
<u>DESCRIPTION OF PEPSICO CAPITAL STOCK</u>	160
<u>Authorized and Issued PepsiCo Stock</u>	160
<u>PepsiCo Common Stock</u>	160
<u>PepsiCo Convertible Preferred Stock</u>	160
<u>Transfer Agent and Registrar</u>	163
<u>Stock Exchange Listing</u>	163
<u>COMPARATIVE RIGHTS OF STOCKHOLDERS</u>	164
<u>Authorized Capital Stock</u>	164
<u>Voting Rights</u>	164
<u>Cumulative Voting</u>	165
<u>Dividends</u>	165
<u>Size of Board of Directors</u>	166
<u>Removal of Directors and Filling Vacancies on the Board of Directors</u>	166
<u>Special Meetings of Stockholders</u>	167

Table of Contents

	Page
<u>Notice of Stockholder Proposals and Nominations of Director Candidates by Stockholders</u>	167
<u>Preemptive Rights</u>	167
<u>Stockholder Action Without a Meeting</u>	168
<u>Amendments to Articles of Incorporation or Certificate of Incorporation</u>	168
<u>Amendments to Bylaws</u>	168
<u>Stockholders' Rights Agreement</u>	169
<u>Stockholder Vote on Fundamental Issues or Extraordinary Corporate Transactions</u>	170
<u>Anti-Takeover Provisions</u>	171
<u>Appraisal Rights</u>	171
<u>Directors and Officers Liability and Indemnification</u>	172
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF PAS</u>	174
<u>CERTAIN INFORMATION CONCERNING PEPSICO AND METRO</u>	177
<u>Information Regarding Directors and Executive Officers</u>	177
<u>Prior Public Offerings</u>	177
<u>CERTAIN INFORMATION CONCERNING PAS</u>	177
<u>Information Regarding Directors and Executive Officers</u>	177
<u>Prior Public Offerings</u>	177
<u>Purchase of Equity Securities</u>	178
<u>PROVISIONS FOR UNAFFILIATED STOCKHOLDERS</u>	178
<u>LEGAL MATTERS</u>	178
<u>EXPERTS</u>	178
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	180
APPENDICES	
<u>Appendix A Agreement and Plan of Merger</u>	A-1
<u>Appendix A-1 Waiver Letter from PepsiCo</u>	A-1-1
<u>Appendix B Opinion of Goldman, Sachs & Co.</u>	B-1
<u>Appendix C Section 262 of the Delaware General Corporation Law</u>	C-1

Table of Contents

SUMMARY

*This summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that is important to you. You are urged to read the entire proxy statement/prospectus carefully and the other documents which are referred to in order to fully understand the merger and the merger agreement. See *Where You Can Find More Information* beginning on page [] of this proxy statement/prospectus.*

Information about PepsiCo, Metro and PAS (See Page []).

PepsiCo, Inc.

700 Anderson Hill Road

Purchase, New York 10577

(914) 253-2000

PepsiCo, Inc. (**PepsiCo**) is a leading global beverage, snack and food company with 2008 annual revenues of more than \$43 billion. PepsiCo employs approximately 198,000 people worldwide, and its products are sold in approximately 200 countries. PepsiCo manufactures or uses contract manufacturers, markets and sells a variety of salty, convenient, sweet and grain-based snacks, carbonated and non-carbonated beverages and foods in approximately 200 countries, with its largest operations in North America (United States and Canada), Mexico and the United Kingdom.

The principal trading market for PepsiCo's common stock is the New York Stock Exchange (NYSE: PEP). PepsiCo's common stock is also listed on the Chicago and Swiss Stock Exchanges.

PepsiCo was incorporated in Delaware in 1919 and was reincorporated in North Carolina in 1986.

Pepsi-Cola Metropolitan Bottling Company, Inc.

700 Anderson Hill Road

Purchase, New York 10577

(914) 253-2000

Pepsi-Cola Metropolitan Bottling Company, Inc. (**Metro**) is a New Jersey corporation, incorporated in 1934 and a wholly owned subsidiary of PepsiCo. Metro currently operates within PepsiCo's PepsiCo Americas Beverages business segment, and holds the stock of numerous active operating subsidiaries and bottling companies. Metro does not have any employees.

PepsiAmericas, Inc.

4000 RBC Plaza

60 South Sixth Street

Minneapolis, Minnesota 55402

(612)-661-4000

PepsiAmericas, Inc. (**PAS**) is a publicly traded Delaware corporation and the world's second-largest manufacturer, seller and distributor of PepsiCo beverages with 2008 annual sales of more than \$4.9 billion. PAS manufactures, distributes and markets a broad portfolio of beverage products in the United States, Central and Eastern Europe and, through PAS's new joint venture, the Caribbean and Central America. PAS also distributes snack foods in certain markets. PAS sells a variety of brands that it bottles under licenses from PepsiCo or PepsiCo joint ventures,

Edgar Filing: PEPSICO INC - Form S-4/A

which accounted for approximately 80% of PAS total net sales in fiscal year 2008. During fiscal year 2008, PAS accounted for approximately 19% of all PepsiCo beverage products sold in the United States. In some territories, PAS manufactures, packages, sells and distributes products under brands licensed by companies other than PepsiCo, and in some territories PAS distributes its own brands, such as Sandora, Sadochok and Toma.

Table of Contents

The principal trading market for PAS common stock is the New York Stock Exchange (NYSE:PAS).

PAS was incorporated in Delaware in 1963. In October 1999, PepsiCo formed a business venture with Pohlads Companies, through which PepsiCo retained a non-controlling ownership interest of approximately 24% in the former PepsiAmericas, and in November 2000, the former PepsiAmericas merged with Whitman Corporation, following which the combined bottler changed its name to PepsiAmericas, Inc.

The Merger (See Page []).

PepsiCo, PAS and Metro have entered into the merger agreement, which provides for the merger of PAS with and into Metro, with Metro continuing as the surviving corporation. The merger agreement is attached as Appendix A to this proxy statement/prospectus. You should read the merger agreement because it is the legal document that governs the merger.

On the same date that the merger agreement was entered into, PepsiCo, Metro and The Pepsi Bottling Group, Inc. (**PBG**) entered into the PBG merger agreement, which provides for the merger of PBG with and into Metro. The PBG merger is a separate transaction, however, the satisfaction of specified conditions in the PBG merger agreement to the extent they relate to antitrust and competition laws is a condition to completion of the merger.

Special Meeting of PAS Stockholders (See Page []).

The special meeting of PAS stockholders will be held at [], local time, on [], 2010, at Briggs and Morgan, P.A., located at 80 South Eighth Street, Suite 2200, Minneapolis, Minnesota. At the special meeting, PAS stockholders will be asked to vote upon the proposal to adopt the merger agreement. You can vote at the special meeting if you were a record holder of PAS common stock at the close of business on [], 2009, the record date for the special meeting.

Adoption of the merger agreement requires the affirmative vote of a majority of the shares of PAS common stock entitled to vote. In the event that PAS board of directors withdraws, modifies or qualifies its recommendation to PAS stockholders to vote for approval of the proposal to adopt the merger agreement in a manner adverse to PepsiCo or recommends to PAS stockholders an acquisition proposal made by a third party, in either case, in response to or as a result of an event, development, occurrence or change in circumstances or facts occurring or arising after the date of the merger agreement which did not exist or was not actually known, appreciated or understood by PAS board of directors as of the date of the merger agreement (which is referred to in this proxy statement/prospectus as an intervening event change of recommendation), then the affirmative vote of a majority of the outstanding shares of PAS common stock excluding any shares held by PepsiCo or any of its affiliates (including Metro), PAS directors and officers or Robert C. Pohlads or certain persons or entities affiliated with him, will also be required to approve the proposal to adopt the merger agreement.

As of the record date, there were [] shares of PAS common stock outstanding and entitled to be voted at the special meeting. As of the record date, [] shares of PAS common stock were held by directors and executive officers of PAS and their affiliates, of which [] shares of PAS common stock were held by Robert C. Pohlads or certain persons or entities affiliated with him, and [] shares of PAS common stock were held by directors and executive officers of PepsiCo and its affiliates, representing approximately []% ([]% held by Robert C. Pohlads or certain persons or entities affiliated with him) and []%, respectively, of the outstanding shares of PAS common stock entitled to vote at the special meeting. As of the record date, 54,004,000 shares were held by PepsiCo or its subsidiaries, representing approximately []% of the outstanding PAS common stock entitled to vote at the special meeting. PepsiCo has agreed under the terms of the merger agreement to vote or cause to be voted all of the shares of PAS common stock beneficially owned by it or any of its subsidiaries (including Metro) in favor of the proposal to adopt the merger agreement at the PAS special meeting.

Table of Contents**What PAS Stockholders Will Receive in the Merger (See Page []).**

The merger agreement provides that at the effective time of the merger each outstanding share of PAS common stock not held by PepsiCo or any of its subsidiaries, and with respect to which appraisal rights have not been properly exercised and perfected under the Delaware General Corporation Law (**Delaware law**), will be converted into the right to receive either 0.5022 of a share of PepsiCo common stock or \$28.50 in cash, without interest, subject to the proration procedures described in this proxy statement/prospectus, which are intended to provide for a 50% cash/50% stock allocation of the aggregate merger consideration. The aggregate value of the merger consideration of \$28.50 per share (based on the PepsiCo common stock closing price of \$56.75 on July 31, 2009) represents a premium of 43.4% to the last closing price of the shares of PAS common stock prior to the public announcement of PepsiCo's proposal on April 19, 2009 to acquire the outstanding shares of PAS common stock that it did not already own at a value of \$23.27 per share, and a premium of 9.0% to the closing price of the shares of PAS common stock on August 3, 2009, the last trading day prior to the announcement of the merger agreement.

PepsiCo will not issue any fractional shares of PepsiCo common stock in the merger. PAS stockholders will receive cash for any fractional shares of PepsiCo common stock owed to them in an amount, without interest, based on the closing price of PepsiCo common stock on the trading day immediately prior to the closing of the merger. In this proxy statement/prospectus, the cash and shares of PepsiCo common stock to be exchanged by PepsiCo in the merger for the shares of PAS common stock held by PAS stockholders (other than for the shares held by PAS (as treasury stock), by PepsiCo or any of its subsidiaries, or by stockholders who have properly exercised and perfected appraisal rights with respect to their shares under Delaware law), subject to the proration procedures described in this proxy statement/prospectus, which are intended to provide for a 50% cash/50% stock allocation of the aggregate merger consideration are referred to as the merger consideration.

On [], 2009, the most recent practicable trading date prior to the filing of this proxy statement/prospectus, the closing price of PepsiCo common stock and PAS common stock was \$[] per share and \$[] per share, respectively.

No assurance can be given that the current market price of PepsiCo common stock will be equivalent to the market price of PepsiCo common stock on the date that stock is received by a PAS stockholder or at any other time. The market price of PepsiCo common stock when received by a PAS stockholder may be greater or less than the current market price of PepsiCo common stock. At the time of completion of the merger, the market price of 0.5022 of a share of PepsiCo common stock could be greater or less than the value of the cash consideration of \$28.50 in cash, without interest, due to fluctuations in the market price of PepsiCo common stock.

You May Elect to Receive Cash Consideration (See Page []).

If you are a record holder of PAS common stock, you may elect to receive cash in exchange for any or all of your shares of PAS common stock by completing the election form and letter of transmittal when you receive it. If you own your shares in street name through a broker or other financial institution and you wish to make an election to receive cash, you will receive or should seek instructions from the institution holding your shares concerning how to make your election. If you (or your record holder) do not make a valid election to receive cash, you will be deemed to have elected to receive, and will receive, PepsiCo common stock in exchange for your shares of PAS common stock, subject to the proration procedures described below.

PepsiCo will pay cash for 50% of the PAS common stock outstanding immediately prior to the effective time of the merger not held by PepsiCo or any of its subsidiaries and issue shares of PepsiCo common stock for the remaining 50% of the outstanding shares of PAS common stock outstanding immediately prior to the effective time of the merger not held by PepsiCo or any of its subsidiaries. If the number of shares of PAS common stock for which a valid election to receive cash is made is higher than 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, a pro rata portion of the shares for which a valid election to receive cash is made will be converted into the right to receive PepsiCo common stock in order to provide for an aggregate 50% cash/50% stock allocation among all outstanding shares of PAS common stock.

Table of Contents

not held by PepsiCo or any of its subsidiaries. If the number of shares of PAS common stock for which a valid election to receive cash is made is lower than 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, a pro rata portion of the shares for which no valid election to receive cash is made will be converted into the right to receive cash in order to provide for an aggregate 50%/50% stock allocation among all outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries. Additionally, the actual number of shares as to which a valid election to receive cash has been made will reflect a reduction for the number of shares with respect to which appraisal rights have been properly exercised and perfected under Delaware law immediately prior to the effective time of the merger. Because of the proration procedures, you cannot be certain of receiving the form of consideration that you choose with respect to all of your shares of PAS common stock. Illustrative examples of the application of the proration procedures appear on pages [] to [] of this proxy statement/prospectus.

An election form and letter of transmittal and instructions will be mailed no more than 40 business days and no fewer than 15 business days before the anticipated effective time of the merger to holders of record of PAS common stock as of two business days before the mailing date. An election to receive cash will only be effective if received no later than 5:00 p.m. New York, NY time on the third business day prior to the effective time of the merger, which date will be announced no later than eight business days prior to the effective time of the merger. All elections and deemed elections are subject to the proration procedures described in this proxy statement/prospectus.

PAS Board of Directors Recommends Stockholder Approval of the Merger (See Page []).

PAS board of directors, after giving consideration to the unanimous recommendation of PAS transactions committee, has determined that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of PAS and its stockholders (other than PepsiCo, Metro and other affiliates of PepsiCo) and has approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement. PAS board of directors recommends that PAS stockholders vote FOR approval of the proposal to adopt the merger agreement. Each of PAS board of directors and transactions committee believes the merger is both procedurally and substantially fair to PAS stockholders (other than PepsiCo, Metro and other affiliates of PepsiCo). A description of the factors on which PAS transactions committee and board of directors based this belief and of PAS reasons for the merger appears beginning on page [] of this proxy statement/prospectus.

No PepsiCo Stockholder Approval (See Page []).

PepsiCo stockholders are not required to adopt the merger agreement or approve the merger or the issuance of shares of PepsiCo common stock which form part of the merger consideration.

Position of PepsiCo and Metro Regarding Fairness of the Merger (See Page []).

PepsiCo and Metro believe that the merger is both procedurally and substantively fair to the unaffiliated stockholders of PAS. A description of the factors on which PepsiCo and Metro based this belief and of PepsiCo's reasons for, and purpose of, the merger begins on page [] of this proxy statement/prospectus.

Opinion of PAS Financial Advisor (See Page []).

PAS board of directors retained Goldman Sachs as its financial advisor in connection with the merger and, following the formation of PAS transactions committee of PAS board of directors, Goldman Sachs also acted as financial advisor to PAS transactions committee. Goldman Sachs orally rendered its opinion to PAS board of directors and PAS transactions committee, subsequently confirmed in writing, that as of August 3, 2009 and based upon and subject to the factors and assumptions set forth in the written opinion, the exchange ratio and the cash election price to be paid to the holders (other than PepsiCo and its affiliates) of shares of PAS common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders.

Table of Contents

The full text of the written opinion of Goldman Sachs, dated August 3, 2009, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix B to this proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of PAS board of directors and PAS transactions committee in connection with their consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of PAS common stock should vote or make any election with respect to the merger or any other matter. Pursuant to an engagement letter between PAS and Goldman Sachs, PAS has agreed to pay Goldman Sachs a transaction fee of approximately \$20 million, all of which is payable upon consummation of the merger.

PAS Officers and Directors Have Some Interests in the Merger that Are Different than or in Addition to Their Interests as Stockholders (See Page []).

In addition to their interests as stockholders, certain directors, executive officers or employees of PAS may have interests in the merger that are different from or in addition to your interests. These interests relate to or arise from, among other things:

certain of PAS executive officers and directors own vested stock options, and certain of PAS executive officers hold restricted stock awards. The vesting of all unvested restricted stock awards would accelerate upon consummation of the merger;

PAS executive officers would be eligible for change in control severance payments if they are terminated without cause or resign for good reason following consummation of the merger;

PAS executive officers may receive lump sum distributions from the PAS Executive Deferred Compensation Plan and lump sum payments from PAS Supplemental Pension Plan upon termination of employment following consummation of the merger;

upon consummation of the merger, directors of PAS will receive lump sum distributions from the PAS Deferred Compensation Plan for Directors and will receive additional payments for their services in connection with the merger; and

under the merger agreement, PepsiCo has agreed to certain indemnification and insurance provisions.

PAS board of directors was aware of these interests and took them into account in its decision to approve the merger agreement and the transactions contemplated by the merger agreement.

Material United States Federal Income Tax Consequences (See Page []).

The merger has been structured so as to qualify as a reorganization for United States federal income tax purposes. The United States federal income tax consequences of the merger to each PAS stockholder will vary depending on whether that stockholder receives shares of PepsiCo common stock, cash, or a combination of PepsiCo common stock and cash, in exchange for PAS common stock. PAS stockholders that receive only PepsiCo common stock will generally not recognize any gain or loss as a result of the merger. PAS stockholders that receive only cash will generally recognize gain or loss equal to the difference between the amount of cash received and the aggregate tax basis of the PAS common stock exchanged therefor. PAS stockholders that receive a combination of PepsiCo common stock and cash will generally recognize gain equal to the lesser of the amount of cash received or the amount of gain realized. The consequences to PAS stockholders may vary if such stockholders acquired PAS common stock in more than one transaction or designate that cash is to be received in exchange for specific shares of PAS common stock. Neither PAS nor PepsiCo will recognize gain or loss for United States federal income tax purposes as a result of the merger. It is a condition to the obligation of each of PAS and PepsiCo to complete the merger that it receives a legal opinion from its outside counsel that the merger will be a reorganization for United States federal income tax purposes.

Table of Contents

The United States federal income tax consequences described above may not apply to all holders of PAS common stock, including certain holders specifically referred to on page []. Your tax consequences will depend on your own situation. You should consult your tax advisor to determine the particular tax consequences to you of the merger and the receipt of the merger consideration in exchange for your shares of PAS common stock.

Appraisal Rights (See Page []).

Under Delaware law, record holders of PAS common stock who do not vote for approval of the proposal to adopt the merger agreement and who properly assert their appraisal rights will be entitled to seek appraisal for, and obtain payment in cash for the judicially determined fair value of, their shares of PAS common stock if the merger is completed, in lieu of receiving the merger consideration. This value could be more than, the same as, or less than the value of the merger consideration. The relevant provisions of Section 262 of Delaware law are included as Appendix C to this proxy statement/prospectus. You are encouraged to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising the right to seek appraisal, PAS stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with these provisions will result in loss of the right of appraisal.

Completion of the Merger Is Subject to Certain Conditions (See Page []).

The obligation of each of PepsiCo, PAS and Metro to complete the merger is subject to the satisfaction of a number of conditions, including the following:

adoption of the merger agreement by a majority of the outstanding shares of PAS common stock, provided that, if PAS board of directors makes an intervening event change of recommendation, then the affirmative vote of a majority of the outstanding shares of PAS common stock excluding any shares held by PepsiCo or any of its affiliates (including Metro), PAS directors and officers or Robert C. Pohlad or certain persons or entities affiliated with him, will also be required to approve the proposal to adopt the merger agreement;

absence of any applicable law prohibiting completion of the merger;

expiration or termination of any applicable waiting period relating to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to in this proxy statement/prospectus as the HSR Act, and under any agreement between PepsiCo, PAS and any governmental authority not to consummate the merger prior to a specific date;

effectiveness of the registration statement for the PepsiCo common stock being issued in the merger, of which this proxy statement/prospectus forms a part, and the absence of any stop order suspending such effectiveness or any proceedings for such purpose pending or threatened by the Securities and Exchange Commission, which is referred to in this proxy statement/prospectus as the SEC;

approval for the listing on the New York Stock Exchange of the shares of PepsiCo common stock to be issued in the merger, subject to official notice of issuance;

other than as described in the third bullet above, all material actions by or in respect of, or material filings with, any governmental authority, required to permit the completion of the merger, having been taken, made or obtained;

accuracy of the representations and warranties made in the merger agreement by the other party, subject to certain materiality thresholds, as of the date of merger agreement and as of the effective time of the merger;

Edgar Filing: PEPSICO INC - Form S-4/A

performance in all material respects by the other party of the obligations required to be performed by it at or prior to the effective time of the merger;

Table of Contents

delivery of opinions of PepsiCo's counsel, in the case of PepsiCo, and PAS's counsel, in the case of PAS, that the merger will qualify as a reorganization for United States federal income tax purposes; and

except for matters disclosed in the other party's filings with the SEC since January 2006 but prior to the date of the merger agreement or in the disclosure schedules of the other party, the absence of the occurrence and continuation of any event, occurrence, development or state of circumstances or facts from the date of the merger agreement to the effective time of the merger which has had or could reasonably be expected to have a material adverse effect on the other party.

In addition, the obligation of PepsiCo and Metro to complete the merger is subject to the satisfaction of the following conditions:

absence of any pending action or proceeding by any government authority that:

challenges or seeks to make illegal, delay materially or otherwise directly or indirectly restrain or prohibit the completion of the merger, or seeks to obtain material damages or otherwise directly or indirectly relating to the transactions contemplated by the merger agreement;

seeks to restrain or prohibit PepsiCo's, Metro's or any of PepsiCo's other affiliates' ability to effectively exercise full rights of ownership of PAS's capital stock, including the right to vote shares of such capital stock acquired or owned by such party following the effective time of the merger on all matters properly presented to PAS stockholders;

seeks to restrain or prohibit PepsiCo's, Metro's or any of PepsiCo's other affiliates' ability to effectively exercise full rights of ownership or operation of any material business or assets of PAS or PepsiCo and their respective subsidiaries;

seeks to compel PepsiCo or any of its subsidiaries or affiliates, including Metro, to dispose of or hold separate all or any of any material business or assets of PAS and its subsidiaries or of PepsiCo and its subsidiaries; or

would reasonably be expected to have, individually or in the aggregate, a material adverse effect on PAS or PepsiCo or, following the effective time of the merger, Metro; and

absence of any action taken or applicable law enacted, enforced, promulgated, issued or deemed applicable to the merger, by any government authority, other than the applicable waiting period provisions of the HSR Act that would reasonably be expected to result in any of the consequences referred to in the preceding five sub-bullets; and

the satisfaction of certain conditions to the completion of the PBG merger to the extent they relate to antitrust and competition laws. Completion of the merger is not subject to a financing condition. Completion of the merger is also not conditioned on completion of the PBG merger, however the satisfaction of specified conditions in the PBG merger agreement to the extent such conditions relate to antitrust and competition laws is a condition to the completion of the merger.

The Merger May Not be Completed Without All Required Regulatory Approvals (See Page []).

Completion of the merger is conditioned upon the receipt of certain governmental clearances or approvals, including, but not limited to, the expiration or termination of the applicable waiting period relating to the merger under the HSR Act. PepsiCo and PAS each filed its required HSR notification and report form with respect to the merger on September 11, 2009. On October 9, 2009, PepsiCo withdrew its notification and report form effective October 13, 2009 and refiled it on October 15, 2009 in order to allow more time for the staff of the Federal Trade Commission to review the proposed transaction. On November 10, 2009, PepsiCo announced that it had again withdrawn its notification and

Edgar Filing: PEPSICO INC - Form S-4/A

report form to provide the Federal Trade Commission more time to review the proposed transaction, and plans to refile it at the appropriate time. PepsiCo and PAS expect to obtain all necessary regulatory approvals, although there can be no certainty as to if or when they will be obtained.

Table of Contents

The Merger Is Expected to Occur by the End of the First Quarter of 2010 (See Page []).

The merger of PAS and PepsiCo will occur within five business days after the conditions to its completion have been satisfied or, to the extent permissible, waived, unless otherwise mutually agreed upon by the parties. As of the date of this proxy statement/prospectus, the merger is expected to occur by the end of the first quarter of 2010. However, there can be no assurance as to when or if the merger will occur.

No Solicitation by PAS (See Page []).

Subject to certain exceptions, PAS has agreed that none of PAS, any of its subsidiaries, or any of their respective directors or officers will, and PAS will use reasonable best efforts to instruct and to cause its and its subsidiaries' representatives not to, directly or indirectly, initiate, solicit or otherwise facilitate or knowingly encourage the submission of any proposal or offer from any third party relating to an acquisition of PAS, including by engaging in discussions or negotiations regarding any such proposal or offer or by furnishing any information relating to PAS or its subsidiaries to such third party, withdraw, modify or qualify the recommendation of PAS' board of directors to PAS stockholders to vote for approval of the proposal to adopt the merger agreement in a manner adverse to PepsiCo or recommend an acquisition proposal made by a third party to PAS stockholders, or enter into an agreement relating to an acquisition proposal by a third party. Notwithstanding these restrictions, however, the merger agreement provides that, under specified circumstances at any time prior to obtaining PAS stockholders' adoption of the merger agreement:

PAS may, in response to a bona fide written unsolicited acquisition proposal or inquiry from a third party that PAS' board of directors believes constitutes or is reasonably likely to lead to a proposal that is superior to the merger, engage in negotiations or discussions with such party, furnish non public information regarding itself to such third party pursuant to a customary confidentiality agreement (provided that all such information is or has been provided or made available to PepsiCo), and approve, recommend or otherwise declare or propose to approve, recommend or declare advisable (publicly or otherwise) such acquisition proposal; and

PAS' board of directors may withdraw, modify or qualify in a manner adverse to PepsiCo its recommendation that PAS stockholders vote for approval of the proposal to adopt the merger agreement or recommend an acquisition proposal made by a third party to PAS stockholders, provided that PAS' board of directors has notified PepsiCo of its intention to change its recommendation in response to an acquisition proposal at least three business days prior to taking such action and PepsiCo does not make, within 48 hours of its receipt of notice from PAS, a binding offer that is at least as favorable to PAS stockholders (other than PepsiCo, Metro and any other affiliates of PepsiCo) as the applicable acquisition proposal by such third party.

The actions described in the preceding two bullets may be taken only if PAS' board of directors determines in good faith, after consultation with outside legal counsel, that failure to take such action would be inconsistent with its fiduciary duties under Delaware law.

PepsiCo has the right to terminate the merger agreement if, prior to the special meeting, the PAS board of directors withdraws, modifies or qualifies its recommendation to PAS stockholders to vote for approval of the proposal to adopt the merger agreement in a manner adverse to PepsiCo or recommends an acquisition proposal made by a third party to PAS, but PAS does not have the right to terminate the merger agreement in connection with such a change of recommendation by the PAS board of directors. In that case, unless PepsiCo has terminated the merger agreement, PAS would remain obligated to call a special meeting of its stockholders for the purpose of voting on a proposal to adopt the merger agreement, but, if such adverse recommendation change resulted from a development after the date of the merger agreement, approval of the proposal to adopt the merger agreement would require the affirmative vote of a majority of the outstanding PAS common stock excluding any shares of PAS common stock held by PepsiCo or any of its affiliates (including Metro), PAS' directors and officers and Robert C. Pohlrad or certain persons or entities affiliates with him in addition to the affirmative vote of a majority of the shares of PAS common stock entitled to vote.

Table of Contents

Termination of the Merger Agreement (See Page []).

PepsiCo and PAS can mutually agree to abandon the merger and terminate the merger agreement at any time prior to the time the merger is completed, even after PAS stockholders have adopted the merger agreement. Also, either PAS or PepsiCo can, without the consent of the other, abandon the merger and terminate the merger agreement in a number of situations, including if:

the merger has not been consummated on or before August 3, 2010, provided that this right is not available to any party whose breach of the merger agreement results in the failure of the merger to occur on or before that date;

any applicable law is in effect that makes completion of the merger illegal or otherwise prohibited or enjoins PAS or PepsiCo from consummating the merger and such applicable law, including an injunction has become final and non appealable;

PAS stockholders fail to adopt the merger agreement at a duly-held stockholders meeting; or

there has been a breach by the other party of any representation or warranty or failure to perform any covenant or agreement that would result in the failure of that party to satisfy the applicable condition to the closing and such condition is incapable of being satisfied by August 3, 2010.

In addition, PepsiCo can terminate the merger agreement if PAS board of directors withdraws, modifies or qualifies its recommendation to PAS stockholders to vote for approval of the proposal to adopt the merger agreement or recommends to PAS stockholders an acquisition proposal made by a third party, or PAS materially breaches its obligations under the merger agreement by reason of a failure to call PAS stockholders meeting.

The merger agreement provides that PAS must pay a termination fee of \$71.6 million to PepsiCo if the merger agreement is terminated under certain circumstances. On November 16, 2009, in connection with the settlement of certain litigation, PepsiCo agreed, among other things, to reduce the termination fee to \$50 million.

Litigation Relating to the Merger (See Page []).

Following the public announcement, on April 20, 2009, of PepsiCo's proposals on April 19, 2009 to acquire the outstanding shares of PAS common stock that it did not already own for \$11.64 in cash and 0.223 shares of PepsiCo common stock per share of PAS common stock and to acquire the outstanding shares of PBG common stock that it did not already own for \$14.75 in cash and 0.283 shares of PepsiCo common stock per share of PBG common stock, several putative stockholder class action complaints challenging the proposals were filed against various combinations of PepsiCo, PAS, PBG, and the individual members of the boards of directors of PAS and PBG in the Court of Chancery of the State of Delaware, the District Court of the State of Minnesota, County of Hennepin, and the Supreme Court of the State of New York, Westchester and New York Counties. The complaints generally seek, among other things, damages and declaratory, injunctive, and other equitable relief and allege, among other things, that the defendants have breached or will breach their fiduciary duties owed to the public stockholders of PAS and PBG, that the April 19 proposals and the transactions contemplated thereunder were not entirely fair to the public stockholders, that the defendants have breached or will breach the Second Amended and Restated Shareholder Agreement between PepsiCo and PAS, dated September 6, 2005 (which is referred to in this proxy statement/prospectus as the PAS Shareholder Agreement), and that certain provisions of the certificates of incorporation of PAS and PBG are invalid and/or inapplicable to the proposed mergers. One of these complaints was amended following the public announcement of the merger agreements to include allegations concerning one of the proposed mergers.

Table of Contents

On November 20, 2009, the parties to the stockholder litigation entered into a Stipulation and Agreement of Compromise, Settlement, and Release to resolve all of these actions. Pursuant to the stipulation, defendants have taken or will take the following actions: PepsiCo, PAS, and PBG have included and will continue to include plaintiffs' counsel in the disclosure process (including providing them with the opportunities to review and comment on drafts of the preliminary and final proxy statements/prospectuses before they were or are filed with the Securities and Exchange Commission); PepsiCo reduced the termination fee that it would, under certain circumstances, be entitled to under the merger agreement from \$71.6 million to \$50 million; PepsiCo reduced the termination fee that it would, under certain circumstances, be entitled to under the PBG merger agreement from \$165.3 million to \$115 million; and PepsiCo agreed to shorten the termination fee tails set forth in the merger agreement and the PBG merger agreement from 12 months to 6 months. Pursuant to the stipulation, the respective stockholder litigation will be dismissed with prejudice and all defendants will be released from any and all claims relating to the transactions. The stipulation is subject to customary conditions, including consummation of both the merger and the PBG merger, completion of certain confirmatory discovery, class certification, and final approval by the Court of Chancery of the State of Delaware following notice to the stockholders of PAS and PBG. On December 2, 2009, the Court of Chancery entered an order setting forth the schedule and procedures for notice to the stockholders of PAS and PBG and the court's review of the settlement. The Court of Chancery scheduled a hearing for April 12, 2010 at 10:00 a.m., at which the court will consider the fairness, reasonableness, and adequacy of the settlement. The settlement will not affect the form or amount of the consideration to be received by PAS stockholders in the merger or by PBG stockholders in the PBG merger. See "Special Factors - Certain Litigation Matters" beginning on page [] of this proxy statement/prospectus.

Financing (See Page []).

PepsiCo and Metro's obligations to complete the merger are not conditioned upon their ability to obtain financing for the merger. PepsiCo estimates that the total amount of funds necessary to complete the merger, the PBG merger, and related transactions, is approximately \$4.0 billion.

PepsiCo has received a commitment letter pursuant to which, subject to the conditions set forth therein, Bank of America, N.A., Banc of America Securities LLC, affiliates of Citigroup Global Markets Inc. and a group of seven other lenders have committed to provide up to \$4.0 billion of loans under a bridge facility in connection with the merger and the PBG merger. In addition, subject to market conditions, PepsiCo intends to pursue other methods of raising portions of the required financing for the merger, including the issuance of long-term debt securities. If issued on or prior to the closing date, the proceeds from such financing will be used to finance a portion of the purchase price for the merger and the PBG merger, and to pay related fees and expenses in connection with the mergers. To the extent that such financing is obtained, the bridge facility will not be drawn.

The PBG Merger (See Page []).

PepsiCo and Metro have also entered into the PBG merger agreement, pursuant to which all outstanding shares of PBG common stock not held by PepsiCo or any of its subsidiaries, or with respect to which appraisal rights have been properly exercised and perfected under Delaware law, will be converted into the right to receive either 0.6432 of a share of PepsiCo common stock or, at the election of each PBG stockholder, \$36.50 in cash, without interest, in each case subject to certain proration procedures. This represents a premium of 44.8% to the last closing price of the shares of PBG common stock prior to the public announcement of PepsiCo's proposal on April 19, 2009 to acquire the outstanding shares of PBG common stock that it did not already own at a value of \$29.50 per share, and a premium of 8.6% to the closing price of the shares of PBG common stock on August 3, 2009, the last trading day prior to the announcement of the PBG merger agreement. Shares of PBG common stock and PBG Class B common stock held by PepsiCo or any of its subsidiaries (including Metro) will either be canceled or each automatically converted into the right to receive 0.6432 shares of PepsiCo common stock at the effective time of the merger. The completion of the merger is subject to the satisfaction of certain conditions to the completion of the PBG merger to the extent that they relate to antitrust and competition laws.

Table of Contents**Share Information and Dividends.**

The principal trading market for PepsiCo's common stock is the New York Stock Exchange, on which PepsiCo's common stock is listed under the symbol PEP. PepsiCo's common stock is also listed on the Chicago and Swiss Stock Exchanges. PAS common stock is listed on the New York Stock Exchange under the symbol PAS.

The following table sets forth the closing sale price per share of PepsiCo common stock and PAS common stock as reported on the New York Stock Exchange as of August 3, 2009, the last full trading day before the public announcement of the merger agreement, and as of [], 2009, the most recent practicable trading day prior to the date of this proxy statement/prospectus.

The table also shows the equivalent price of the merger consideration per share of PAS common stock as of the same two respective dates. The form of consideration received by PAS stockholders (other than PepsiCo or any of its subsidiaries) in the aggregate will be split 50% cash and 50% stock, based on the application of the proration procedures described in this proxy statement/prospectus. The equivalent price per share based on a 50% cash/50% stock allocation as of the relevant date is calculated as the sum of (a) \$28.50 (the cash portion of the merger consideration) multiplied by 50% and (b) the closing sale price of PepsiCo common stock on the relevant date multiplied by (x) the exchange ratio of 0.5022 and (y) 50%.

	PepsiCo Common Stock	PAS Common Stock	Equivalent Price Per Share based on 50%-50% Cash- Stock Split of Merger Consideration
August 3, 2009	\$ 56.20	\$ 26.15	\$ 28.36
[], 2009	\$ []	\$ []	\$ []

The market prices of both PepsiCo and PAS common stock will fluctuate prior to completion of the merger. You should obtain current market quotations for PepsiCo common stock and PAS common stock.

PepsiCo currently pays a quarterly dividend on its common stock and last paid dividends on September 30, 2009 of \$0.45 per share of PepsiCo common stock. On November 13, 2009, PepsiCo declared a dividend of \$0.45 per share of PepsiCo common stock, payable on January 4, 2010 to all holders of PepsiCo common stock of record as of December 4, 2009.

PAS currently pays a quarterly dividend on its common stock, and last paid dividends on October 1, 2009, of \$0.14 per share of PAS common stock. On October 15, 2009, PAS declared a dividend of \$0.14 per share of PAS common stock, payable on January 4, 2010 to all holders of PAS common stock of record as of December 15, 2009. Under the terms of the merger agreement, during the period before the closing of the merger, PAS is prohibited from declaring, setting aside or paying any dividends or other distributions other than its regular quarterly dividends at the current rate, which is not to exceed \$0.14 per share, or dividends by any wholly owned subsidiary of PAS to PAS or other wholly owned subsidiaries of PAS.

If, between the date of the merger agreement and the effective time of the merger, the outstanding shares of capital stock of PAS or PepsiCo are changed into a different number or class of shares by reason of any reclassification, recapitalization, stock split or combination, exchange or readjustment of shares, or any stock dividend is declared with a record date during such period, or any other similar event (excluding any change resulting from exercise of options outstanding as of the date of the merger agreement to purchase shares of PAS common stock under stock option or compensation plans or arrangements in effect as of the date of the merger agreement) appropriate adjustments will be made to the merger consideration.

Table of Contents**Selected Historical Financial Data**

The following tables present selected historical financial information of PepsiCo and PAS. The information below is derived from audited financial statements as of December 27, 2008 and December 29, 2007, and for the fiscal years ended December 27, 2008, December 29, 2007 and December 30, 2006 for PepsiCo, and as of January 3, 2009 and December 29, 2007, and for the fiscal years ended January 3, 2009, December 29, 2007, and December 30, 2006 for PAS, which have been incorporated by reference into this proxy statement/prospectus. The information as of December 30, 2006, and as of, and for the fiscal years ended December 31, 2005 and December 25, 2004 for PepsiCo, and as of December 30, 2006, and as of, and for the fiscal years ended December 31, 2005 and January 1, 2005 for PAS, are derived from unaudited financial statements of PepsiCo and PAS, respectively, which have not been incorporated by reference into this proxy statement/prospectus. The information as of, and for the 36 weeks ended September 5, 2009 and September 6, 2008, for PepsiCo, and as of, and for the first 9 months ended October 3, 2009 and September 27, 2008, for PAS, is derived from their respective interim unaudited financial statements, which have been incorporated by reference into this proxy statement/prospectus. In all cases, the financial information for each of PepsiCo and PAS is presented on a consolidated basis.

The information in the following tables is only a summary and should be read together with the historical financial statements and related notes that PepsiCo and PAS have presented in their prior filings with the SEC. See [Where You Can Find More Information](#) beginning on page [] of this proxy statement/prospectus.

Selected Consolidated Financial Data of PepsiCo

	36 Weeks Ended		Full Year				
	2009	2008	2008	2007	2006	2005	2004
(in millions, except per share data)							
Summary of Net Revenue and Earnings							
Net revenue	\$ 29,935	\$ 30,522	\$ 43,251	\$ 39,474	\$ 35,137	\$ 32,562	\$ 29,261
Net income from continuing operations attributable to PepsiCo	4,512	4,423	5,142	5,658	5,642	4,078	4,174
Net income from continuing operations attributable to PepsiCo per common share basic	2.90	2.79	3.26	3.48	3.42	2.43	2.45
Net income from continuing operations attributable to PepsiCo per common share diluted	2.87	2.74	3.21	3.41	3.34	2.39	2.41
Cash dividends declared per common share	1.325	1.225	1.65	1.425	1.16	1.01	0.85
Period-End Financial Position							
Total assets	\$ 38,620	\$ 38,458	\$ 35,994	\$ 34,628	\$ 29,930	\$ 31,727	\$ 27,987
Long-term debt	7,434	6,537	7,858	4,203	2,550	2,313	2,397
Total equity	15,831	16,563	12,582	17,296	15,413	14,251	13,523
Redeemable preferred stock	41	41	41	41	41	41	41
Outstanding Shares							
Weighted average common shares outstanding diluted	1,573	1,612	1,602	1,658	1,687	1,706	1,729

Table of Contents**Selected Consolidated Financial Data of PAS**

	First Nine Months				Full Year		
	2009	2008	2008	2007	2006	2005	2004
	(in millions, except per share data)						
Summary of Net Revenue and Earnings							
Net sales	\$ 3,453	\$ 3,767	\$ 4,937	\$ 4,480	\$ 3,972	\$ 3,726	\$ 3,345
Net income from continuing operations attributable to PepsiAmericas, Inc.	147	198	236	214	158	195	182
Earnings per share from continuing operations attributable to PepsiAmericas, Inc. common shareholders basic	1.20	1.57	1.88	1.69	1.24	1.45	1.31
Earnings per share from continuing operations attributable to PepsiAmericas, Inc. common shareholders diluted	1.18	1.55	1.85	1.66	1.22	1.42	1.28
Cash dividends declared per common share	0.42	0.405	0.54	0.52	0.50	0.34	0.30
Period-End Financial Position							
Total assets	\$ 5,193	\$ 5,511	\$ 5,054	\$ 5,308	\$ 4,207	\$ 4,054	\$ 3,530
Long-term debt	2,006	1,650	1,642	1,804	1,490	1,286	1,007
Total equity	1,874	2,242	1,831	2,132	1,605	1,570	1,624
Outstanding Shares							
Weighted average common shares outstanding diluted	124	127	127	129	130	137	142

Table of Contents

Selected Unaudited Pro Forma Condensed Combined Financial Information

The following selected unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the merger and the PBG merger and has been prepared for informational purposes only and should be read in conjunction with the unaudited pro forma condensed combined financial information, and the accompanying notes thereto, contained elsewhere in this proxy statement/prospectus. The selected unaudited pro forma condensed combined financial information is based upon the historical consolidated financial statements and notes thereto of PepsiCo, PAS and PBG and should be read in conjunction with the:

historical financial statements and the accompanying notes of PepsiCo included in PepsiCo's Current Report on Form 8-K dated August 27, 2009, and Quarterly Reports on Form 10-Q for the quarters ended March 21, 2009, June 13, 2009 and September 5, 2009, each of which are incorporated by reference in this proxy statement/prospectus;

historical financial statements and the accompanying notes of PAS included in PAS' Current Report on Form 8-K dated September 18, 2009 and Quarterly Reports on Form 10-Q for the quarters ended April 4, 2009, July 4, 2009 and October 3, 2009, each of which are incorporated by reference in this proxy statement/prospectus; and

historical financial statements and the accompanying notes of PBG included in PBG's Current Report on Form 8-K dated September 16, 2009 and Quarterly Reports on Form 10-Q for the quarters ended March 21, 2009, June 13, 2009 and September 5, 2009, each of which has been filed with the SEC and is available on PBG's Internet website (see "Where You Can Find More Information" beginning on page [] of this proxy statement/prospectus).

The historical consolidated financial information has been adjusted in the selected unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the merger and the PBG merger, (2) factually supportable, and (3) with respect to the statements of income, expected to have a continuing impact on the combined results of PepsiCo and PAS or PepsiCo, PAS and PBG. Although PepsiCo has entered into the PBG merger agreement, there is no guarantee that the PBG merger will be completed. Accordingly, the following selected unaudited pro forma condensed combined financial information depicts the condensed combined balance sheet as of September 5, 2009 and the condensed combined statements of income for the fiscal year ended December 27, 2008 and the 36 weeks ended September 5, 2009, as if the merger had occurred and as if the PBG merger had occurred. The selected unaudited pro forma condensed combined statements of income have been prepared assuming the merger and the PBG merger had been completed on December 30, 2007, the first day of PepsiCo's 2008 fiscal year. The selected unaudited pro forma condensed combined balance sheet has been computed assuming the merger and the PBG merger had been completed on September 5, 2009, the last day of PepsiCo's 2009 fiscal third quarter. The selected unaudited pro forma condensed combined financial information has been adjusted with respect to certain aspects of the merger and the PBG merger to reflect:

the consummation of the merger and the PBG merger;

the elimination of related party transactions between PepsiCo and PAS;

the elimination of related party transactions between PepsiCo and PBG;

changes in assets and liabilities (as disclosed in more detail elsewhere in this proxy statement/prospectus) to record their preliminary estimated fair values at the date of the closing of the merger and the PBG merger and changes in certain expenses resulting therefrom; and

Edgar Filing: PEPSICO INC - Form S-4/A

additional indebtedness, including, but not limited to, debt issuance costs and interest expense, incurred in connection with the merger and the PBG merger.

Table of Contents

The selected unaudited pro forma condensed combined financial information was prepared in accordance with the acquisition method of accounting under existing United States generally accepted accounting

principles, or GAAP standards, and the regulations of the SEC, and is not necessarily indicative of the financial position or results of operations that would have occurred if the merger and the PBG merger had been completed on the dates indicated, nor is it indicative of the future operating results or financial position of PAS and PepsiCo or of PAS, PBG and PepsiCo. Assumptions and estimates underlying the pro forma adjustments are described in the notes accompanying the unaudited pro forma condensed combined financial information, which should be read in connection with the selected unaudited pro forma condensed combined financial information. The accounting for the merger and the PBG merger is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Due to the fact that the selected unaudited pro forma condensed combined financial information has been prepared based upon preliminary estimates, the final amounts recorded for the merger and the PBG merger may differ materially from the information presented. These estimates are subject to change pending further review of the assets acquired and liabilities assumed.

The selected unaudited pro forma condensed combined statements of income exclude the impact of PAS discontinued operations and do not reflect future events that may occur after the merger and the PBG merger, including, but not limited to, the anticipated realization of ongoing savings from operating synergies. It also does not give effect to certain one-time charges PepsiCo expects to incur in connection with the transaction, including, but not limited to, charges that are expected to achieve ongoing cost savings and synergies. The merger and the PBG merger are expected to create aggregate annual pre-tax synergies of \$300 million by 2012 largely due to greater cost efficiency and also improved revenue opportunities.

In addition, the selected unaudited pro forma condensed combined statements of income exclude an estimated gain resulting from remeasuring PepsiCo's previously held equity interests in PAS and PBG, and certain of their affiliates, from book value to fair value. This estimated gain is reflected as a pro forma adjustment to goodwill and retained earnings in the selected unaudited pro forma condensed combined balance sheet. See Note 11 accompanying the unaudited pro forma condensed combined financial information.

(in millions, except per share amounts)	Pro Forma PEP+PAS		Pro Forma PEP+PAS+PBG	
	36 Weeks Ended September 5, 2009	Full Year 2008	36 Weeks Ended September 5, 2009	Full Year 2008
Summary of Net Revenue and Income				
Net revenue	\$ 32,646	\$ 47,151	\$ 40,038	\$ 58,008
Income from continuing operations attributable to PepsiCo, PAS and PBG	\$ 4,614	\$ 5,302	\$ 5,080	\$ 5,413
Income from continuing operations attributable to PepsiCo, PAS and PBG per common share basic	\$ 2.93	\$ 3.33	\$ 3.13	\$ 3.30
Income from continuing operations attributable to PepsiCo, PAS and PBG per common share diluted	\$ 2.90	\$ 3.27	\$ 3.09	\$ 3.24
Period-End Financial Position				
Total assets	\$ 45,578		\$ 63,452	
Long-term debt	\$ 10,623		\$ 19,249	
Common shareholders' equity	\$ 16,973		\$ 20,636	
Preferred stock	\$ 41		\$ 41	
Outstanding Shares				
Weighted-average common shares outstanding diluted	1,592	1,620	1,645	1,673

Table of Contents
Comparative Per Share Data

The following table sets forth selected historical per share information of PepsiCo, PAS and PBG and unaudited pro forma combined per share information after giving effect to the merger and after giving effect to the PBG merger, under the acquisition method of accounting, assuming that 0.5022 of a share of PepsiCo common stock had been issued in exchange for 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries and that 0.6432 of a share of PepsiCo common stock had been issued in exchange for 50% of the outstanding shares of PBG common stock not held by PepsiCo or any of its subsidiaries. The acquisition method of accounting is based on Statement of Financial Accounting No. 141R (SFAS No. 141R), *Business Combinations*, as amended, which PepsiCo adopted at the beginning of its 2009 fiscal year, and uses the fair value concepts defined in SFAS No. 157, *Fair Value Measurements*, as amended, which PepsiCo has adopted as required. SFAS No. 141R, as amended, requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The acquisition accounting for the merger and the PBG merger is dependent upon certain valuations of PAS and PBG's assets and liabilities and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the respective pro forma adjustments reflect the assets and liabilities of PAS and PBG at their preliminary estimated fair values. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the unaudited pro forma combined per share information set forth in the following table.

In accordance with the requirements of the SEC, the pro forma and pro forma equivalent per share information gives effect to the merger and the PBG merger as if the merger and the PBG merger had been effective on December 30, 2007, the first day of PepsiCo's 2008 fiscal year, in the case of income from continuing operations and dividends paid data, and September 5, 2009, the last day of PepsiCo's 2009 fiscal third quarter, in the case of book value per share data. You should read this information in conjunction with the selected historical financial information included elsewhere in this proxy statement/prospectus, the historical financial statements of PepsiCo and PAS and related notes that are incorporated in this proxy statement/prospectus by reference and the historical financial information and related notes of PBG that have been filed with the SEC. See Selected Consolidated Financial Data of PepsiCo beginning on page [] of this proxy statement/prospectus, Selected Consolidated Financial Data of PAS beginning on page [] of this proxy statement/prospectus and Where You Can Find More Information beginning on page [] of this proxy statement/prospectus. The unaudited PepsiCo pro forma combined per share information is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and related notes included elsewhere in this proxy statement/prospectus. See Unaudited Pro Forma Condensed Combined Financial Information beginning on page [] of this proxy statement/prospectus. The historical per share information below is derived from audited financial statements as of, and for the fiscal year ended December 27, 2008 for each of PepsiCo and PBG and as of, and for the fiscal year ended January 3, 2009 for PAS, and unaudited condensed consolidated financial statements as of, and for the 36 weeks ended September 5, 2009, for each of PepsiCo and PBG, and as of, and for the first nine months ended October 3, 2009 for PAS. The unaudited pro forma PAS and PBG per share equivalents are calculated by multiplying the unaudited PepsiCo pro forma combined per share amounts by the exchange ratio of 0.5022 for PAS and 0.6432 for PBG. The exchange ratio does not include the cash portion of the merger consideration of \$28.50 per share for PAS and \$36.50 per share for PBG.

The unaudited pro forma combined per share information does not purport to represent what the actual results of operations of PepsiCo, PAS and PBG would have been had the companies been combined during these periods or to project PepsiCo's, PAS' and PBG's results of operations that may be achieved after the merger and the PBG merger.

Table of Contents

	PepsiCo Historical	PAS Historical ⁽²⁾	Pro forma Combined PepsiCo and PAS	Per Equivalent PAS Share ⁽⁶⁾	PBG Historical	Pro forma Combined PepsiCo and PAS and PBG	Per Equivalent PAS Share ^(3,6)
As of and for the 36 Weeks Ended September 5, 2009							
Per common share data:							
Income from continuing operations							
Basic	\$ 2.90	\$ 1.20	\$ 2.93	\$ 1.47	\$ 2.44	\$ 3.13	\$ 1.57
Diluted	\$ 2.87	\$ 1.18	\$ 2.90	\$ 1.46	\$ 2.39	\$ 3.09	\$ 1.55
Cash Dividends ⁽⁴⁾	\$ 1.325	\$ 0.42	N/A	N/A	\$ 0.53	N/A	N/A
Book Value ⁽⁵⁾	\$ 9.87	\$ 13.45	\$ 10.76	\$ 5.40	\$ 9.33	\$ 12.70	\$ 6.38
As of and for the Year Ended 2008⁽¹⁾							
Per common share data:							
Income from continuing operations							
Basic	\$ 3.26	\$ 1.88	\$ 3.33	\$ 1.67	\$ 0.75	\$ 3.30	\$ 1.66
Diluted	\$ 3.21	\$ 1.85	\$ 3.27	\$ 1.64	\$ 0.74	\$ 3.24	\$ 1.63
Cash Dividends ⁽⁴⁾	\$ 1.65	\$ 0.54	N/A	N/A	\$ 0.65	N/A	N/A
Book Value ⁽⁵⁾	\$ 7.86	\$ 12.72	N/A	N/A	\$ 6.35	N/A	N/A

- (1) The fiscal year end of PepsiCo and PBG is the last Saturday before December 31. The fiscal year end of PAS is the closest Saturday to December 31.
- (2) PAS historical data is shown as of the first nine months ended October 3, 2009 or the fiscal year ended January 3, 2009, as applicable.
- (3) Assumes completion of both the merger and the PBG merger.
- (4) The dividend policy of PepsiCo will be determined subsequent to the closing of the transaction.
- (5) Amount is calculated by dividing shareholders' equity by common shares outstanding.
- (6) Amount is calculated by multiplying the pro forma combined per share by the exchange ratio of 0.5022.

Table of Contents**Comparative Stock Prices And Dividends**

The following table sets forth, for the periods indicated, the intra-day high and low sales prices per share for PepsiCo common stock and PAS common stock as reported on the New York Stock Exchange, which is the principal trading market for PepsiCo common stock and PAS common stock, and the cash dividends declared per share of PepsiCo common stock and PAS common stock.

	PepsiCo			PAS		
	High	Low	Cash Dividend	High	Low	Cash Dividend
2009⁽¹⁾:						
Third Quarter	\$ 59.64	\$ 52.11	\$ 0.450	\$ 29.20	\$ 26.00	\$ 0.14
Second Quarter	56.95	47.50	0.450	27.43	18.17	0.14
First Quarter	56.93	43.78	0.425	20.97	14.98	0.14
2008⁽²⁾:						
Fourth Quarter	\$ 75.25	\$ 49.74	\$ 0.425	\$ 21.90	\$ 14.51	\$ 0.135
Third Quarter	70.83	63.28	0.425	24.78	18.95	0.135
Second Quarter	72.35	64.69	0.425	27.02	19.94	0.135
First Quarter	79.79	66.30	0.375	34.50	23.00	0.135
2007⁽³⁾:						
Fourth Quarter	\$ 79.00	\$ 68.02	\$ 0.375	\$ 35.99	\$ 31.27	\$ 0.13
Third Quarter	70.25	64.25	0.375	32.96	23.47	0.13
Second Quarter	69.64	62.57	0.375	26.60	22.27	0.13
First Quarter	65.54	61.89	0.300	22.32	20.50	0.13

- (1) For PepsiCo, 2009 data is shown as of the quarterly periods ended September 5, 2009 (Third Quarter), June 13, 2009 (Second Quarter) and March 21, 2009 (First Quarter), and for PAS, 2009 data is shown as of the quarterly periods ended October 3, 2009 (Third Quarter), July 4, 2009 (Second Quarter) and April 4, 2009 (First Quarter).
- (2) For PepsiCo, 2008 data is shown as of the quarterly periods ended December 27, 2008 (Fourth Quarter), September 6, 2008 (Third Quarter), June 14, 2008 (Second Quarter) and March 22, 2008 (First Quarter), and for PAS, 2008 data is shown as of the quarterly periods ended January 3, 2009 (Fourth Quarter), September 27, 2008 (Third Quarter), June 28, 2008 (Second Quarter) and March 29, 2008 (First Quarter).
- (3) For PepsiCo, 2007 data is shown as of the quarterly periods ended December 29, 2007 (Fourth Quarter), September 8, 2007 (Third Quarter), June 16, 2007 (Second Quarter) and March 24, 2007 (First Quarter), and for PAS, 2007 data is shown as of the quarterly periods ended December 29, 2007 (Fourth Quarter), September 29, 2007 (Third Quarter), June 30, 2007 (Second Quarter) and March 31, 2007 (First Quarter).

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: When and where is the special meeting?

A: The special meeting of stockholders of PepsiAmericas, Inc. (**PAS**) will take place on [], 2010, at [] a.m., local time, at the offices of Briggs and Morgan, P.A., located at 80 South Eighth Street, Suite 2200, Minneapolis, Minnesota.

Q: What is happening at the special meeting?

A: At the special meeting, stockholders of PAS will be asked (1) to consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated as of August 3, 2009 (which, as amended from time to time, is referred to in this proxy statement/prospectus as the merger agreement), among PAS, PepsiCo, Inc. (**PepsiCo**) and Pepsi-Cola Metropolitan Bottling Company, Inc. (**Metro**), a wholly-owned subsidiary of PepsiCo, under which, at the effective time of the merger, each outstanding share of PAS common stock not held by PepsiCo or any of its subsidiaries, and with respect to which appraisal rights have not been properly exercised and perfected under the Delaware General Corporation Law, which is referred to in this proxy statement/prospectus as Delaware law, will be converted into the right to receive the merger consideration as described in this proxy statement/prospectus; and (2) to transact any other business that may properly come before the special meeting or any adjournments or postponements of that meeting.

Q: What will happen in the merger?

A: In the merger, PAS will be merged with and into Metro, a wholly owned subsidiary of PepsiCo. Metro will be the surviving corporation in the merger.

Q: How does the merger relate to PepsiCo's proposed acquisition of The Pepsi Bottling Group, Inc.?

A: On August 3, 2009, PepsiCo, The Pepsi Bottling Group, Inc. (**PBG**) and Metro entered into an Agreement and Plan of Merger, which, as amended from time to time, is referred to in this proxy statement/prospectus as the PBG merger agreement, pursuant to which PBG will be merged with and into Metro, with Metro as the surviving corporation in the merger, which is referred to in this proxy statement/prospectus as the PBG merger. Concurrently with the filing of this proxy statement/prospectus, PepsiCo and PBG are filing a proxy statement/prospectus in connection with the PBG merger that will be mailed to stockholders of PBG. The PBG merger is a separate transaction; however, the satisfaction of specified conditions in the PBG merger agreement to the extent they relate to antitrust and competition laws, is a condition to the completion of the merger. Other than satisfaction of those conditions in the PBG merger agreement relating to antitrust and competition laws, which is a condition to the completion of the merger, the merger and the PBG merger are not cross-conditional, i.e., completion of the PBG merger is not a condition to completion of the merger, and vice versa.

Q: What will I receive in the merger?

A: As a result of the merger, each of your shares of PAS common stock will be converted into the right to receive either 0.5022 of a share of PepsiCo common stock, which is referred to in this proxy statement/prospectus as the exchange ratio, or, at your election, \$28.50 in cash, without interest, which is referred to in this proxy statement/prospectus as the cash election price, in each case subject to the proration procedures described below and assuming that you do not properly exercise and perfect appraisal rights in respect of your shares.

Q: *Is it certain that I will receive the form of consideration I choose to receive?*

A: No. PepsiCo will pay \$28.50 in cash, without interest, per share of PAS common stock for 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries and issue 0.5022 of a share of PepsiCo common stock per share of PAS common stock for the remaining 50% of the outstanding

Table of Contents

shares of PAS common stock not held by PepsiCo or any of its subsidiaries, which is referred to in this proxy statement/prospectus as the 50% cash/50% stock allocation. If the total number of PAS shares for which a valid election to receive cash is made, which we refer to as cash election shares in this proxy statement/prospectus, is higher than 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, a pro rata portion of the shares for which a valid election to receive cash is made will be converted into the right to receive PepsiCo common stock in order to provide for an aggregate 50% cash/50% stock allocation among all outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries. If the total number of shares of PAS common stock for which a valid election to receive cash is made is lower than 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, a pro rata portion of the shares for which no valid cash election is made will be converted into the right to receive cash in order to provide for an aggregate 50% cash/50% stock allocation among all outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries. Additionally, the actual number of shares of PAS common stock as to which a valid election to receive cash has been made will reflect a reduction for the number of shares of PAS common stock with respect to which appraisal rights have been properly exercised and perfected under Delaware law immediately prior to the effective time of the merger. Accordingly, there is no assurance that you will receive the form of consideration that you choose to receive with respect to all of the shares of PAS common stock you hold. The treatment of shares of PAS common stock owned by PepsiCo or any of its subsidiaries will not affect the 50% cash/50% stock allocation.

Illustrative Examples of Proration

For illustrative purposes only, the following examples describe the application of the proration provisions of the merger agreement in the case of an oversubscription of cash election shares and in the case of an undersubscription of cash election shares. Solely for the purposes of these examples, it is assumed that 10,000,000 shares of PAS common stock held by holders other than PepsiCo and its subsidiaries were outstanding at the time of the proration calculation, resulting in a cash election number of 5,000,000 (50% of 10,000,000). It is also assumed that there were no shares with respect to which appraisal rights had been properly exercised and perfected under Delaware law.

Example 1 (100% Cash Elections)

Assume that valid cash elections are received with respect to all 10,000,000 of the outstanding shares of PAS common stock. Because PepsiCo will pay cash for a number of shares equal to 50% (or 5,000,000) of such outstanding shares of PAS common stock, 5,000,000 of the 10,000,000 cash election shares (or 50% of the cash election shares) would be converted into the right to receive 0.5022 shares of PepsiCo common stock per share of PAS common stock instead of cash.

Further assume that Stockholder A holds 1,600 shares of PAS common stock. Stockholder A would receive cash for each of 800 (or 50%) of her shares of PAS common stock and 0.5022 shares of PepsiCo common stock for each of the remaining 800 (or 50%) of her shares of PAS common stock.

Example 2 (Oversubscription of Cash Election Shares)

Assume that valid cash elections are received with respect to 6,000,000 shares (60% of the outstanding shares) of PAS common stock. Because PepsiCo will pay cash for a number of shares equal to 50% (or 5,000,000) of such outstanding shares of PAS common stock, 1,000,000 of the 6,000,000 cash election shares (or 16.66% of the cash election shares) would be converted into the right to receive 0.5022 shares of PepsiCo common stock per share of PAS common stock instead of cash.

Application of proration:

Partial Cash Election. Assume that Stockholder A holds 1,600 shares of PAS common stock and makes a valid cash election with respect to 960 (or 60%) of her shares, leaving 640 shares as non-

Table of Contents

electing shares. Pursuant to the proration procedure, 16.66% of her cash election shares (or 160 out of 960 shares) will be converted into the right to receive 0.5022 shares of PepsiCo common stock per share of PAS common stock. All 640 of Stockholder A's non-electing shares will be converted into the right to receive 0.5022 shares of PepsiCo common stock per share of PAS common stock. Stockholder A would therefore receive cash for 800 (or 50%) of her shares of PAS common stock and 0.5022 shares of PepsiCo common stock for each of the remaining 800 of her shares of PAS common stock.

Complete Cash Election. Assume that Stockholder B holds 1,600 shares of PAS common stock and makes a valid cash election with respect to all 1,600 of her shares. Stockholder B would receive 0.5022 shares of PepsiCo common stock for each of 267 (or 16.66%) of her shares of PAS common stock and cash for the remaining 1,333 (or 83.34%) of her shares of PAS common stock.

No Election. Assume that Stockholder C holds 1,600 shares of PAS common stock and does not make a cash election for any of his shares, leaving all 1,600 of his shares as non-electing shares. All of Stockholder C's shares will each be converted into the right to receive 0.5022 shares of PepsiCo common stock, and Stockholder C will not receive any cash.

Example 3 (Subscription of Cash Election Shares Equals 50%)

Assume that valid cash elections are received with respect to 5,000,000 (or 50%) of the outstanding shares of PAS common stock. Because the number of cash election shares is equal to 50% of the shares of such PAS common stock outstanding, no proration will be required and all cash election shares will be converted into the right to receive cash and all non-electing shares will be converted into the right to receive PepsiCo common stock, resulting in the 50% cash/50% stock allocation.

Example 4 (Undersubscription of Cash Election Shares)

Assume that valid cash elections are received with respect to 2,000,000 (or 20%) of the outstanding shares of PAS common stock. Because PepsiCo will pay cash for a number of shares equal to 50% of such outstanding shares of PAS common stock, 3,000,000 of the 8,000,000 non-electing shares (or 37.5% of the non-electing shares) will be converted into the right to receive cash.

Application of proration:

Partial Cash Election. Assume that Stockholder A holds 1,600 shares of PAS common stock and makes a valid cash election with respect to 800 (or 50%) of her shares, leaving 800 shares as non-electing shares. Pursuant to the proration procedure, Stockholder A will receive cash for those 800 shares as well as cash for 37.5% of her non-electing shares (or 300 out of 800 shares). Stockholder A will therefore receive cash for 1,100 (or 68.75%) of her shares of PAS common stock and 0.5022 shares of PepsiCo common stock for each of the remaining 500 of her shares of PAS common stock.

Complete Cash Election. Assume that Stockholder B holds 1,600 shares of PAS common stock and makes a valid cash election with respect to all 1,600 of her shares. Because cash elections are undersubscribed, all of Stockholder B's shares will be converted into cash as elected.

No Election. Assume that Stockholder C holds 1,600 shares of PAS common stock and does not make a cash election for any of his shares, leaving all 1,600 shares as non-electing shares. Pursuant to the proration procedure, Stockholder C will receive cash for 600 (or 37.5%) of his 1,600 shares and 0.5022 shares of PepsiCo common stock for each of the remaining 1,000 of his shares of PAS common stock.

Table of Contents

Example 5 (No Cash Elections)

Assume that no valid cash elections are received. Because PepsiCo will pay cash for a number of shares equal to 50% (or 5,000,000) of the outstanding shares of PAS common stock, 5,000,000 of the 10,000,000 shares (or 50% of the shares) would be converted into the right to receive 0.5022 shares of PepsiCo common stock per share of PAS common stock instead of cash.

Further assume that Stockholder A holds 1,600 shares of PAS common stock. Stockholder A would receive 0.5022 shares of PepsiCo common stock for each of 800 (or 50%) of her shares of PAS common stock and cash for the remaining 800 (or 50%) of her shares of PAS common stock.

Q: How do I elect cash as the form of consideration I prefer to receive in the merger for some or all of my shares?

A: An election form and letter of transmittal and instructions will be mailed no more than 40 business days and no fewer than 15 business days before the anticipated effective time of the merger to holders of record of PAS common stock as of two business days before the mailing date. An election to receive cash will only be effective if received from a record holder no later than 5:00 p.m. New York, NY time on the third business day prior to the effective time of the merger. PepsiCo will publicly announce the deadline for the receipt of election forms from holders of record of PAS stock as soon as practicable but in no event later than eight business days prior to the effective time of the merger. Record holders may also choose to complete the optional cash allocation addendum to the election form and letter of transmittal if you wish to elect to designate the priority in which your shares are to be exchanged for cash. If you do not wish to elect to receive cash, you should not complete the election form and letter of transmittal.

If you own shares of PAS common stock in street name through a broker or other financial institution and you wish to make an election to receive cash, you will receive or should seek instructions from the institution holding your shares concerning how to make your election. Any instructions must be given to your broker or other financial institution sufficiently in advance of the election deadline for record holders in order to allow your broker or financial institution sufficient time to cause the record holder of your shares to make an election as described above. Therefore, you should carefully read any materials you receive from your broker. If you instruct a broker to submit an election for your shares, you must follow your broker's directions for changing those instructions.

All elections are subject to the proration procedures described in the immediately preceding Question and Answer. If you do not make a valid election to receive cash, you will be deemed to have made an election to receive, and will receive, PepsiCo common stock for all of your shares of PAS common stock, subject to the proration procedures described above.

Questions regarding the election form should be directed to:

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, New York 10022

Stockholders, call toll-free: 1-877-717-3926

Banks and brokerage firms, call collect: 1-212-750-5833

Q: How do I elect PepsiCo common stock as the form of consideration I prefer to receive in the merger?

A: You do not need to elect to receive PepsiCo common stock. If you do not make a valid election to receive cash, you will be deemed to have made an election to receive, and will receive, shares of PepsiCo common stock for all of your shares of PAS common stock, subject to the proration procedures described above.

Q: What will PepsiCo and its subsidiaries elect to do with the shares of PAS common stock that they own?

A: PepsiCo and its subsidiaries may not make an election to receive cash. Each share of PAS common stock held by PepsiCo or Metro, or by PAS as treasury stock immediately prior to the effective time of the merger

Table of Contents

will be canceled, and no payment will be made with respect thereto. Each share of PAS common stock owned by any subsidiary of PepsiCo other than Metro immediately prior to the effective time of the merger will automatically be converted into the right to receive 0.5022 of a share of PepsiCo common stock.

Q: What do I do if I want to revoke or change my election to receive cash after I have mailed my signed election form?

A: If you hold shares in registered form, you may revoke your election to receive cash or change the amount of shares for which you elect to receive cash by sending a signed written notice to The Bank of New York Mellon, the exchange agent, identifying the shares of PAS common stock for which you are revoking your election or, if you are changing your election, by sending a properly completed revised election form. For a notice of revocation or change of an election to be effective, it must be received by the exchange agent prior to the election deadline. If you hold your shares in street name, you must follow your broker's instructions for revoking an election.

Q: What stockholder vote is necessary to approve the merger?

A: Adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of PAS common stock entitled to vote. In the event that PAS board of directors withdraws, modifies or qualifies its recommendation to PAS stockholders to vote for approval of the proposal to adopt the merger agreement in a manner adverse to PepsiCo or recommends to PAS stockholders an acquisition proposal made by a third party, in either case, in response to or as a result of an event, development, occurrence or change in circumstances or facts occurring or arising after the date of the merger agreement which did not exist or was not actually known, appreciated or understood by PAS board of directors as of the date of the merger agreement, then the affirmative vote of a majority of the outstanding shares of PAS common stock excluding any shares held by PepsiCo or any of its affiliates (including Metro), PAS directors and officers or Robert C. Pohlman or certain persons or entities affiliated with him, will also be required to approve the proposal to adopt the merger agreement.

PepsiCo has agreed under the merger agreement that it will vote or cause to be voted all shares of PAS common stock beneficially owned by it or any of its subsidiaries (including Metro) in favor of the proposal to adopt the merger agreement. As of the record date, PepsiCo or its subsidiaries (including Metro) owned 54,004,000 shares of PAS common stock, representing approximately []% of the outstanding PAS common stock entitled to vote at the special meeting. PepsiCo has stated that it is unwilling to sell its shares of PAS common stock or vote its shares in favor of a transaction with a third party.

Q: Does PAS board of directors recommend that stockholders approve the merger?

A: Yes. PAS board of directors, after giving consideration to the unanimous recommendation of PAS transactions committee comprised entirely of independent directors, recommends that PAS stockholders vote FOR approval of the proposal to adopt the merger agreement. PAS transactions committee reached its recommendation following consultation with its legal and financial advisors and consideration of a number of other factors. See Special Factors Background of the Merger and Special Factors Recommendation of the PAS Transactions Committee and PAS Board as to Fairness of the Merger.

Q: How do I change my vote after I have mailed my signed proxy card?

A: You may change your vote at any time before your proxy is voted by revoking your proxy in any of the following ways:

 sending the Corporate Secretary of PAS a written notice revoking the proxy prior to the date of the special meeting at the address provided elsewhere in this proxy statement/prospectus;

Edgar Filing: PEPSICO INC - Form S-4/A

submitting, prior to the date of the special meeting, a duly executed proxy with a later date;

Table of Contents

attending the special meeting and voting in person at the special meeting (your attendance at the special meeting will not, by itself, revoke your proxy; you must vote in person at the meeting); or

if you have instructed a broker, bank or other nominee to vote your shares, following the directions received from your broker, bank or other nominee.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: If you do not provide your broker with instructions on how to vote your shares held in street name, your broker will not be permitted to vote your shares on the proposal to adopt the merger agreement. You should therefore instruct your broker how to vote your shares. Failure to instruct your broker how to vote your shares will be the equivalent of voting against approval of the proposal to adopt the merger agreement.

Q: Will I be allowed to vote shares allocated to my account in PAS 401(k) plan and elect the form of consideration I prefer to receive?

A: Yes. If you are a current or former PAS employee with shares allocated to your accounts under the PAS Salaried 401(k) Plan or the PAS Hourly 401(k) Plan, you will receive information explaining the procedures by which you can instruct the trustee of the plan to vote the shares allocated to your account and how to submit an election on the form of consideration you prefer to receive for such shares. You also will receive information about a special election, which is made before the effective time of the merger, to reinvest the consideration you receive for such shares into one or more of the plan's investment choices, including a fund that invests in PepsiCo common stock. If you do not give voting instructions in respect of the approval of the adoption of the merger agreement to the plan trustee by mailing your proxy card or voting by telephone or by the Internet, the trustee will not vote shares allocated to your accounts under the plans.

Q: When do you expect to complete the merger?

A: As of the date of this proxy statement, the merger is expected to be completed by the end of the first quarter of 2010. However, no assurance can be provided as to when or if the merger will occur. The required vote of PAS stockholders to adopt the merger agreement at the special meeting, as well as the necessary regulatory consents and approvals, must first be obtained and certain other conditions specified in the merger agreement must be satisfied or, to the extent permissible, waived.

Q: Is completion of the merger subject to any conditions?

A: Yes. In addition to approval of the proposal to adopt the merger agreement by at least a majority of the outstanding shares of PAS common stock entitled to vote, completion of the merger requires the receipt of the necessary regulatory consents and approvals, and the satisfaction or, to the extent permissible, waiver, of other conditions specified in the merger agreement. Completion of the merger is also subject to the satisfaction of specified conditions in the PBG merger agreement to the extent they relate to antitrust and competition laws but, other than satisfaction of these conditions, completion of the PAS merger is not conditioned on completion of the PBG merger.

Q: Am I entitled to appraisal rights?

A:

Edgar Filing: PEPSICO INC - Form S-4/A

Yes. Under Delaware law, record holders of PAS common stock who do not vote in favor of the proposal to adopt the merger agreement will be entitled to seek appraisal rights in connection with the merger, and if the merger is completed, obtain payment in cash equal to the fair value of their shares of PAS common stock as determined by the Court of Chancery of the State of Delaware, instead of the merger consideration. To exercise your appraisal rights, you must strictly follow the procedures prescribed by Delaware law. These procedures are summarized in this proxy statement/prospectus. In addition, the text of the applicable provisions of Delaware law is included as Appendix C to this proxy statement/prospectus. Failure to strictly comply with these provisions will result in a loss of the right of appraisal.

Table of Contents

Q: What do I need to do now?

A: After you have carefully read and considered the information presented in this proxy statement/prospectus, you may vote by mail, by telephone, through the Internet or by attending the special meeting and voting in person. If you choose to vote by mail, you should complete, date, sign and promptly return the enclosed proxy card in the enclosed postage-prepaid envelope so that your shares are represented at the special meeting. If you are a record holder you will separately receive an election form and letter of transmittal and instructions that you can complete if you want to elect cash as the form of consideration that you receive and if you hold your PAS shares in street name through a broker or other financial institution and you wish to make an election to receive cash, you will receive or should seek instructions from the institution holding your shares concerning how to make your election. You may also choose to complete the optional cash allocation addendum to the election form and letter of transmittal if you wish to elect to designate the priority in which your shares are to be exchanged for cash.

Q: When should I send in my stock certificates?

A: If you make a cash election, you must send the stock certificates representing the shares of PAS common stock with respect to which you have made a cash election only with your completed election form and letter of transmittal. *Do not send in your stock certificates until you have received and completed an election form and letter of transmittal.* If you do not make a cash election with respect to all of your shares, you will receive a letter of transmittal from the exchange agent promptly after the completion of the merger with instructions for sending in your stock certificates.

Q: What if I cannot locate my stock certificates?

A: If a certificate for PAS common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon receipt of appropriate evidence as to that loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification. The posting of a bond in a reasonable amount may also be required.

Q: Who can I call with questions about the special meeting or the merger?

A: You may contact PAS proxy solicitor, Innisfree M&A Incorporated, at 1-877-717-3926 (banks and brokerage firms call collect 1-212-750-5833).

Table of Contents

SPECIAL FACTORS

General

This document is being provided to holders of PAS common stock in connection with the solicitation of proxies by PAS board of directors to be voted at the special meeting, and at any adjournments or postponements of such meeting. At the special meeting, PAS will ask its stockholders to vote upon a proposal to adopt the Agreement and Plan of Merger dated as of August 3, 2009, as amended from time to time, among PepsiCo, PAS and Metro, and any other matters that are properly brought before the meeting.

The merger agreement provides for the merger of PAS with and into Metro, with Metro continuing as the surviving corporation. A copy of the merger agreement is attached as Appendix A to this proxy statement/prospectus. You are urged to read the merger agreement in its entirety because it is the legal document that governs the merger. For additional information about the merger, see *The Merger Agreement Structure of the Merger* beginning on page [] of this proxy statement/prospectus.

The PBG Merger

Concurrently with the entry into the merger agreement, PepsiCo, PBG and Metro entered into the PBG merger agreement, pursuant to which PBG will be merged with and into Metro, with Metro as the surviving corporation in the PBG merger. Concurrently with the filing of this proxy statement/prospectus, PepsiCo and PBG are filing a proxy statement/prospectus in connection with the PBG merger that will be mailed to stockholders of PBG. The PBG merger is a separate transaction, however, the satisfaction of specified conditions in the PBG merger agreement to the extent they relate to antitrust and competition laws, is a condition to the completion of the merger. See *The PBG Merger* beginning on page [] of this proxy statement/prospectus. The merger is not conditioned on the completion of the PBG merger, however the satisfaction of specified conditions in the PBG merger agreement to the extent such conditions relate to antitrust and competition laws is a condition to the completion of the merger.

Background of the Merger

As part of the continuous monitoring and evaluation of its business performance and planning, PepsiCo, among other things, regularly monitors competitors' activities, considers its own business lines, and evaluates potential strategic options and transactions, including with respect to its relationships with its bottlers. In connection with this monitoring and evaluation, since the initial public offering of PBG in 1999 and the merger of the former PepsiAmericas, Inc. with Whitman Corporation in 2000, PepsiCo has considered, from time to time, numerous strategic options and transactions with respect to its relationships with PBG and PAS.

In May 1999, PepsiCo combined certain of its bottling operations with Whitman Corporation, retaining a non-controlling ownership interest of approximately 38%. In October 1999, PepsiCo formed a business venture with Pohlman Companies, through which PepsiCo retained a non-controlling ownership interest of approximately 24% in the former PepsiAmericas, Inc. In November 2000, the former PepsiAmericas, Inc. merged with Whitman Corporation. After that merger, PepsiCo owned approximately 37% of the combined bottler which then changed its name to PAS. As of the date of this proxy statement/prospectus, PepsiCo and its subsidiaries (including Metro) own approximately 43.3% of the outstanding common stock of PAS.

After PBG's initial public offering in 1999, PepsiCo retained a non-controlling equity interest in PBG representing approximately 35.4% of the shares of common stock of PBG and 100% of shares of the Class B common stock. As of the date of this proxy statement/prospectus, PepsiCo and its subsidiaries collectively own approximately 32.2% of the outstanding shares of common stock of PBG and 100% of the shares of Class B common stock of PBG, representing approximately 39.2% of the combined voting power of the outstanding shares of common stock and Class B common stock of PBG. PepsiCo also owns approximately 6.6% of the outstanding shares of Bottling Group, LLC, PBG's principal operating subsidiary.

Table of Contents

PAS and PBG are party to several commercial agreements with PepsiCo, under which, among other things, PAS and PBG are granted the exclusive right to manufacture, sell and distribute beverage products of PepsiCo in authorized containers and to use the related trade names and trademarks in specified territories. For additional information concerning the Master Bottling Agreement, see Related Party Transactions beginning on page [] of this proxy statement/prospectus. In addition, John C. Compton and Cynthia M. Trudell, PepsiCo employees, are members of the board of directors of PBG.

Based on its continuous monitoring and evaluation of its business performance and planning, PepsiCo concluded that the changing dynamics of the North American liquid refreshment beverage business required a more flexible, efficient and competitive system that would enhance performance and drive growth across the full range of PepsiCo beverage brands. As a result, PepsiCo began to consider various strategic options and transactions, including, among other things, possible business combinations, resetting the terms and conditions of PepsiCo's relationship with either or both of PAS and PBG and purchasing some or all of the shares that it did not already own of either or both of PAS and PBG. In certain cases, PepsiCo's internal deliberations on these matters led to preliminary discussions with and among senior management of PAS and PBG and their respective representatives, including discussions between senior management of PepsiCo and PBG in March 2009 regarding the potential synergy opportunities and other benefits of transforming the Pepsi bottling system, although none subsequently led to an agreement.

On November 20, 2008, Indra K. Nooyi, PepsiCo's Chairman and Chief Executive Officer, met with representatives of Centerview Partners and BofA Merrill Lynch to discuss the merits of various strategic options for PepsiCo, including the potential acquisitions of PAS and PBG. Shortly after the meeting, PepsiCo began considering the merits of the potential acquisitions of PAS and PBG. On or about November 23, 2008, Ms. Nooyi requested that the Centerview Partners and BofA Merrill Lynch representatives further evaluate the potential acquisitions.

During the period from November 20, 2008 to January 9, 2009, senior executives of PepsiCo participated in several meetings and teleconferences with representatives of Centerview Partners, BofA Merrill Lynch and Davis Polk & Wardwell LLP, legal advisor to PepsiCo, which is referred to in this proxy statement/prospectus as Davis Polk, to discuss PepsiCo's strategic options, including the potential acquisitions of PAS and PBG. In particular, senior officers of PepsiCo met with representatives of Centerview Partners, BofA Merrill Lynch and Davis Polk on December 6, 2008 to discuss tactical, strategic and logistical issues associated with the potential acquisitions by PepsiCo of PAS and PBG. From December 12, 2008 through January 3, 2009, representatives of PepsiCo and its legal and financial advisors held periodic meetings in person and via teleconference to discuss the potential acquisitions by PepsiCo of PAS and PBG. During this period, PepsiCo senior management began to believe that the potential acquisitions of PAS and PBG were superior to certain of its other strategic options with respect to PepsiCo's bottling system. In particular, PepsiCo senior management thought that the potential acquisitions were less complicated and a more robust way to address the changing dynamics of the North American liquid refreshment beverage business than its other strategic options with respect to PAS and PBG, including resetting the terms and conditions of PepsiCo's relationships with PAS and PBG.

On December 22, 2008 and December 23, 2008, certain members of PepsiCo's board of directors, together with representatives of PepsiCo's financial and legal advisors, met to discuss, among other things, the potential acquisitions of PAS and PBG. On January 2, 2009 and January 3, 2009, representatives of PepsiCo and its legal and financial advisors participated in various meetings and teleconferences relating to the potential acquisitions of PAS and PBG in preparation for a PepsiCo board of directors meeting scheduled for January 4, 2009.

At a meeting of PepsiCo's board of directors on January 4, 2009, the PepsiCo board of directors, among other things, received presentations from PepsiCo's senior executives and representatives of Centerview Partners and BofA Merrill Lynch regarding the potential acquisitions of PAS and PBG. At this meeting, PepsiCo's senior management summarized for the board the future importance of the North American Bottling business to PepsiCo, the limited benefits of the existing franchise model, and management's view that three strategic options were available to PepsiCo: an acquisition of PAS and PBG, a merger between PAS and PBG or a restructuring of PepsiCo's relationship with PAS and PBG. Management then recommended pursuing an acquisition of PAS and

Table of Contents

PBG because it would produce a leaner, simpler, more flexible enterprise and improve PepsiCo's operating and strategic effectiveness. Management further identified an estimated \$150 million in synergies and possibly an additional \$50 to \$150 million in other potential synergies that could result from the acquisitions. Representatives of Centerview Partners and BofA Merrill Lynch then presented a preliminary financial analysis of an acquisition of PAS and PBG. See Opinion of PepsiCo's Financial Advisors Preliminary Financial Analyses beginning on page [] of this proxy statement/prospectus. Management recommended that PepsiCo pursue acquiring both PBG and PAS at the same premium (although no specific price was proposed), payable 50% in cash and 50% in stock based upon a fixed exchange ratio, although management stressed that PepsiCo would need to retain flexibility on each of these points and could end up with differing premiums, an all cash or all stock deal or a fixed price exchange ratio (subject to a collar). Management recommended that the two transactions be conditioned upon each other and that each acquisition be subject to approval by a special committee of the target's board. Management stressed that PepsiCo should communicate that under no circumstances would PepsiCo be willing to entertain a sale of or otherwise dispose of PepsiCo's stake in PAS or PBG or vote its shares in favor of another transaction. Following a discussion, the PepsiCo board instructed management to continue to evaluate the potential acquisitions. Representatives of PepsiCo and its financial and legal advisors met on January 6, 2009 to discuss PepsiCo's strategic options, but on or about January 9, 2009 management determined instead to focus its attention on its business and strategic matters unrelated to an acquisition of PAS and PBG. PepsiCo and its advisors did not meet again after that meeting to discuss the potential acquisitions of PBG and PAS until March 2009.

On or around March 18, 2009, as part of its monitoring and evaluation of its business performance and planning, PepsiCo's management determined to reconsider the potential acquisitions of PAS and PBG. On March 20, 2009, PepsiCo's board of directors held a meeting at which the independent directors of PepsiCo's board of directors met with Ms. Nooyi and discussed, among other things, PepsiCo's recent evaluation of its business performance and planning. During this discussion, Ms. Nooyi and the independent directors determined that PepsiCo should resume its consideration of the potential acquisitions of PAS and PBG.

From April 1, 2009 through April 19, 2009, senior executives of PepsiCo periodically met with representatives of Centerview Partners, BofA Merrill Lynch and Davis Polk to discuss the potential acquisitions of PAS and PBG. On April 10, 2009, certain members of the PepsiCo board of directors, senior management of PepsiCo and representatives of PepsiCo's financial and legal advisors held a strategy session to discuss the potential acquisitions of PAS and PBG. From April 14, 2009 through April 19, 2009, representatives of PepsiCo and its financial and legal advisors held several meetings to discuss the potential acquisitions of PAS and PBG. These discussions included review of draft letters to the PAS board and the PBG board and various communications materials.

On the morning of April 19, 2009, the PepsiCo board of directors met and, among other things, received presentations from PepsiCo's senior executives and representatives of Centerview Partners and BofA Merrill Lynch regarding the potential acquisitions. At this meeting, PepsiCo management summarized for the board the future importance of the North American Bottling business to PepsiCo, the significant changes in the North American beverage markets that were placing pressure on PepsiCo's North American beverage business and limiting system profit growth, the limited benefits of the existing franchise model and significant costs of system misalignment and management's view that an acquisition of PAS and PBG was the recommended way to address these issues instead of a merger between PAS and PBG or a restructuring of PepsiCo's relationship with PAS and PBG because an acquisition of PAS and PBG would produce a leaner, simpler, more flexible enterprise. Management explained that integration with PAS and PBG would improve operating and strategic effectiveness, improve competitiveness and provide strategic flexibility, and identified more than \$200 million in potentially available deal synergies. Management then discussed with the PepsiCo board the risks and operational and organizational challenges that would be present in the transactions and outlined an approach to achieve a smooth integration of the businesses. PepsiCo's board of directors and management and PepsiCo's financial advisors also discussed the impact of the proposed transactions on PepsiCo's earnings per share, earnings per share growth, earnings before interest and taxes growth and top-line revenue growth, as well as the impact of the proposed transactions on the business mix and margins of PepsiCo's business and the impact to PepsiCo's return

Table of Contents

on invested capital, internal rate of return and leverage. PepsiCo's board of directors and management and PepsiCo's financial advisors also discussed the pro forma impact of the potential synergies identified by PepsiCo management. Management then described to the board recommended transaction terms, including that PepsiCo acquire both PBG and PAS at the same premium, payable 50% in cash and 50% in stock based upon a fixed exchange ratio, although management stressed that PepsiCo would need to retain flexibility on each of these points and could end up with differing premiums, an all cash transaction or a transaction with a cash election mechanism, or a fixed price exchange ratio (subject to a collar). Management recommended that the two transactions be conditioned upon each other and that each acquisition be subject to approval by a special committee of the target's board. Management stressed that PepsiCo should clearly communicate that under no circumstances would PepsiCo be willing to entertain a sale of or otherwise dispose of PepsiCo's stake in PAS or PBG or vote its shares in favor of another transaction. Following discussion, the PepsiCo board of directors authorized PepsiCo's management to make a proposal to acquire the outstanding shares of PAS that it did not already own for \$11.64 in cash and 0.223 shares of PepsiCo common stock per PAS share and to make a proposal to acquire the outstanding shares of PBG that it did not already own for \$14.75 in cash and 0.283 shares of PepsiCo common stock per PBG share.

Later on April 19, 2009, Ms. Nooyi separately called Mr. Eric J. Foss, Chairman and Chief Executive Officer of PBG, and Mr. Robert C. Pohlman, Chairman and Chief Executive Officer of PAS, to inform them that PepsiCo intended to make the proposals that were approved by the PepsiCo board of directors.

Shortly thereafter, PepsiCo delivered the following letter to PAS's board of directors:

April 19, 2009

Board of Directors

PepsiAmericas, Inc.

4000 RBC Plaza

60 South Sixth Street

Minneapolis, Minnesota 55402

Attention: Robert C. Pohlman, Chairman and Chief Executive Officer

Gentlemen and Ladies:

I am pleased to write on behalf of the Board of Directors of PepsiCo, Inc. to propose a business combination of PepsiCo and PepsiAmericas.

We propose to acquire all of the outstanding shares of PepsiAmericas common stock not already owned by us at a value of \$23.27 per share. Based on current market prices, our proposal represents a 17.1 percent premium over the closing price of the shares of PepsiAmericas on April 17, 2009 and a 33.4 percent premium over the 30 day average closing price of PepsiAmericas. At closing, each share of PepsiAmericas common stock would be converted into \$11.64 in cash plus 0.223 shares of PepsiCo common stock, which has a value of \$11.63 based on the closing price of PepsiCo common stock of \$52.13 on April 17, 2009.

PepsiCo is considering a combination from a strong position financially with continuing solid business fundamentals. We have a strong portfolio, a global footprint, a leadership position in growing categories and an organization committed to excellence across a range of strategic, operational and financial metrics. Our offer includes stock consideration because we believe PepsiAmericas' shareholders will benefit from PepsiCo's long-term equity performance.

PepsiCo has a long history of delivery of industry-leading operating performance. As you know, we have made the transformation of our North American beverage business a top priority. We are excited about the transformation already underway, building on our existing portfolio of distinguished brands through innovation in product, packaging and marketing - while improving our cost structure. The good relationship with PepsiAmericas has been essential to this overall effort, and we appreciate both the constructive dialogue and the alignment we have reached on our executional plans.

Table of Contents

We believe that a combination with PepsiAmericas would help PepsiCo continue this record of strong performance:

Build upon organizational agility to manage a portfolio of brands for growth against a backdrop of changing Liquid Refreshment Beverages dynamics;

Provide flexibility across go-to-market systems to optimize revenue, productivity and costs by channel and customer;

Facilitate rapid decision-making and speed-to-market; and

Create a winning operating culture across the entire system. PepsiCo and PepsiAmericas both share a common heritage and value system, and we believe a combination will build upon our recent successes to accelerate the transformation of our beverages business.

For these reasons, the combined beverage business would enhance our Power of One vision and contribute to a simplified, streamlined and agile beverage system. We at PepsiCo have a tremendous amount of respect for PepsiAmericas, its superb operating abilities, and its dedicated employees. PepsiAmericas has built a very strong business over the last decade and is an important partner to PepsiCo.

We have also sent the Board of Directors of The Pepsi Bottling Group, Inc. an offer letter. Our willingness to proceed with this proposal is conditioned on the negotiation of definitive documentation with respect to the proposal in that letter (and the ultimate consummation of that transaction), and our willingness to proceed with the proposal in that letter is similarly conditioned on the negotiation of definitive documentation with respect to this proposal (and the ultimate consummation of this transaction).

For the avoidance of doubt, while PepsiCo is interested in this proposed transaction, as a shareholder of PepsiAmericas, we would not sell or otherwise dispose of our PepsiAmericas shares in, or vote our PepsiAmericas shares in favor of, another transaction.

Our proposal is also subject to the negotiation of a definitive merger agreement and satisfaction of the conditions set forth therein, and our having the opportunity to conduct certain limited and confirmatory due diligence. In addition, because a portion of the aggregate merger consideration would consist of PepsiCo common stock, we would provide PepsiAmericas the opportunity to conduct appropriate limited due diligence with respect to PepsiCo. We are preparing a draft merger agreement that we will provide to you shortly. Our familiarity with PepsiAmericas will enable us to finalize the merger agreement in an expedited manner.

We expect that PepsiAmericas will establish a special committee of directors independent from us (or rely upon the Affiliated Transactions Committee) to consider our proposal on behalf of its shareholders and to recommend to its Board of Directors whether to approve the proposal, with legal and financial advisors to assist in its review. We would welcome the opportunity to present our proposal to the special committee as soon as possible. Our proposal is conditioned upon the approval of a majority of the directors of PepsiAmericas that are independent from us.

Because we wish to be sure that our respective shareholders are fully informed about the proposal we are making, our intention is to publicly release the text of this letter before the market opens tomorrow morning. We will also amend our Schedule 13D filing with respect to shares of PepsiAmericas.

For the avoidance of doubt, the offer in this letter is an expression of intent only, and shall not create any legally binding obligations. No such obligations shall arise unless and until execution and delivery of mutually acceptable definitive documentation by the parties thereto.

Our entire team looks forward to working with the special committee and its legal and financial advisors to complete a transaction that is attractive to PepsiAmericas's non-PepsiCo shareholders. Should you have any questions, please contact us.

Very truly yours,

Indra K. Nooyi

Table of Contents

At the same time, PepsiCo delivered the following letter to PBG's board of directors:

April 19, 2009

Board of Directors

The Pepsi Bottling Group, Inc.

One Pepsi Way

Somers, New York 10589

Attention: Eric J. Foss, Chairman and Chief Executive Officer

Gentlemen and Ladies:

I am pleased to write on behalf of the Board of Directors of PepsiCo, Inc. to propose a business combination of PepsiCo and The Pepsi Bottling Group (PBG).

We propose to acquire all of the outstanding shares of PBG common stock not already owned by us at a value of \$29.50 per share. Based on current market prices, our proposal represents a 17.1 percent premium over the closing price of the shares of PBG on April 17, 2009 and a 36.0 percent premium over the 30 day average closing price of PBG. At closing, each share of PBG common stock would be converted into \$14.75 in cash plus 0.283 shares of PepsiCo common stock, which has a value of \$14.75 based on the closing price of PepsiCo common stock of \$52.13 on April 17, 2009.

PepsiCo is considering a combination from a strong position financially with continuing solid business fundamentals. We have a strong portfolio, a global footprint, a leadership position in growing categories and an organization committed to excellence across a range of strategic, operational and financial metrics. Our offer includes stock consideration because we believe PBG's shareholders will benefit from PepsiCo's long-term equity performance.

PepsiCo has a long history of delivery of industry-leading operating performance. As you know, we have made the transformation of our North American beverage business a top priority. We are excited about the transformation already underway, building on our existing portfolio of distinguished brands through innovation in product, packaging and marketing while improving our cost structure. The good relationship with PBG has been essential to this overall effort, and we appreciate both the constructive dialogue and the alignment we have reached on our executional plans.

We believe that a combination with PBG would help PepsiCo continue this record of strong performance:

Build upon organizational agility to manage a portfolio of brands for growth against a backdrop of changing Liquid Refreshment Beverage dynamics;

Provide flexibility across go-to-market systems to optimize revenue, productivity and costs by channel and customer;

Facilitate rapid decision-making and speed-to-market; and

Create a winning operating culture across the entire system. PepsiCo and PBG both share a common heritage and value system, and we believe a combination will build upon our recent successes to accelerate the transformation of our beverages business.

Edgar Filing: PEPSICO INC - Form S-4/A

For these reasons, the combined beverage business would enhance our Power of One vision and contribute to a simplified, streamlined and agile beverage system. We at PepsiCo have a tremendous amount of respect for PBG, its superb operating abilities, and its dedicated employees. PBG has built a very strong business over the last decade and is an important partner to PepsiCo.

Table of Contents

We have also sent the Board of Directors of PepsiAmericas, Inc. an offer letter. Our willingness to proceed with this proposal is conditioned on the negotiation of definitive documentation with respect to the proposal in that letter (and the ultimate consummation of that transaction), and our willingness to proceed with the proposal in that letter is similarly conditioned on the negotiation of definitive documentation with respect to this proposal (and the ultimate consummation of this transaction).

For the avoidance of doubt, while PepsiCo is interested in this proposed transaction, as a shareholder of PBG, we would not sell or otherwise dispose of our PBG shares in, or vote our PBG shares in favor of, another transaction.

Our proposal is also subject to the negotiation of a definitive merger agreement and satisfaction of the conditions set forth therein, and our having the opportunity to conduct certain limited and confirmatory due diligence. In addition, because a portion of the aggregate merger consideration would consist of PepsiCo common stock, we would provide PBG the opportunity to conduct appropriate limited due diligence with respect to PepsiCo. We are preparing a draft merger agreement that we will provide to you shortly. Our familiarity with PBG will enable us to finalize the merger agreement in an expedited manner.

We expect that PBG will establish a special committee of directors independent from us (or rely upon the Affiliated Transactions Committee) to consider our proposal on behalf of its shareholders and to recommend to its Board of Directors whether to approve the proposal, with legal and financial advisors to assist in its review. We would welcome the opportunity to present our proposal to the special committee as soon as possible.

Because we wish to be sure that our respective shareholders are fully informed about the proposal we are making, our intention is to publicly release the text of this letter before the market opens tomorrow morning.

For the avoidance of doubt, the offer in this letter is an expression of intent only, and shall not create any legally binding obligations. No such obligations shall arise unless and until execution and delivery of mutually acceptable definitive documentation by the parties thereto.

Our entire team looks forward to working with the special committee and its legal and financial advisors to complete a transaction that is attractive to PBG's non-PepsiCo shareholders. Should you have any questions, please contact us.

Very truly yours,

Indra K. Nooyi

Prior to the opening of the trading market in New York on April 20, 2009, PepsiCo issued a press release announcing the proposals reflected in the letters to PAS and PBG. The press release noted that both proposals were subject to the completion of definitive merger agreements and limited confirmatory due diligence and that each of the proposals was cross-conditioned upon the successful completion of the other transaction. In addition, PepsiCo indicated that it expected that PAS and PBG would each rely upon a committee of independent directors to review the proposals. PepsiCo also filed an amendment to its Schedule 13D filing with the SEC disclosing its April 19 proposal to acquire PAS.

On that same day, the board of directors of PAS held a special meeting to discuss the PepsiCo proposal. At this special meeting, the board of directors of PAS engaged Goldman Sachs as its financial advisor. PAS' board of directors discussed the PepsiCo proposal with representatives from Goldman Sachs and Briggs and Morgan, P.A., legal advisor to PAS, which is referred to in this proxy statement/prospectus as Briggs and Morgan, and a

Table of Contents

representative of Briggs and Morgan reviewed with PAS board of directors the fiduciary obligations of the directors under applicable law and the terms of the PAS Shareholder Agreement. Following this discussion, PAS board of directors determined to issue a press release stating that it had received a non-binding proposal from PepsiCo and that PAS board of directors would review the proposal carefully and determine the appropriate response in due course. Later that day, PAS issued such release.

Also on April 20, 2009, PBG issued a press release stating that it had received a non-binding proposal from PepsiCo and that its board of directors would review the proposal carefully and respond in due course.

On April 22, 2009, PBG announced that it had formed a special committee consisting of independent directors to review the proposal made by PepsiCo to acquire PBG.

On April 23, 2009, PAS board of directors held a special meeting to discuss the PepsiCo proposal with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell LLP, which is referred to in this proxy statement/prospectus as Sullivan & Cromwell. At this meeting, PAS board of directors established the transactions committee of PAS board of directors comprised of the following eight independent directors as defined by the PAS Shareholder Agreement: Herbert M. Baum, Richard G. Cline, Michael J. Corliss, Pierre S. du Pont, Archie R. Dykes, Jarobin Gilbert, Jr., James R. Kackley and Deborah E. Powell. Dr. Dykes was appointed as chairman of PAS transactions committee. PAS board of directors delegated full power and authority to PAS transactions committee to review, evaluate, as appropriate, negotiate, and decide whether or not to recommend a transaction with PepsiCo or any alternative thereto to PAS board of directors and resolved that PAS board of directors could not approve a transaction with PepsiCo or any alternative thereto without receiving the favorable recommendation of PAS transactions committee. On that same day, following its establishment by PAS board of directors, PAS transactions committee held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell and engaged Goldman Sachs as financial advisor and Sullivan & Cromwell as legal counsel, in each case, for PAS transactions committee. At this meeting, PAS transactions committee discussed the desirability of having Mr. Matthew M. McKenna, a PAS director, and Mr. Pohlad attend non-executive sessions of future meetings of the transactions committee given their knowledge of the bottling industry and business, prior history with PAS and PepsiCo and their knowledge and relationships with PepsiCo personnel. Also at this meeting, a representative of Sullivan & Cromwell reviewed with PAS transactions committee the fiduciary obligations of the directors under applicable law and the terms of the PAS Shareholder Agreement.

On April 24, PAS announced that it had formed PAS transactions committee to review the proposal made by PepsiCo to acquire PAS and that Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell had been retained as advisors. PBG later disclosed that it had retained Morgan Stanley, as its financial advisor, and Cravath, Swaine & Moore LLP, which is referred to in this proxy statement/prospectus as Cravath, as its legal advisor.

PAS transactions committee was delegated the full power and authority of PAS board to (i) explore available strategic and financial alternatives for PAS that would serve to enhance PAS stockholder value, including the proposal from PepsiCo to acquire PAS (such alternatives, the Alternatives); (ii) review, evaluate and, as appropriate, negotiate the terms and conditions of any Alternatives; (iii) determine whether any Alternative is advisable, fair to, and in the best interests of, PAS and its stockholders (other than PepsiCo); (iv) report to PAS board and recommend to PAS board what action, if any, should be taken by PAS with respect to any Alternative; (v) reject any Alternative; and (vi) require approval of an Alternative by a vote of stockholders of PAS which may be greater than or in addition to any vote required by law. In connection with the formation of PAS transactions committee, PAS board agreed that it would not recommend any Alternative for PAS stockholder approval without a prior favorable recommendation of any such Alternative by PAS transactions committee. PAS transactions committee was authorized and empowered to retain financial, legal, and such other professional advisors, consultants and agents as PAS transactions committee deemed necessary

Table of Contents

or appropriate to assist it in carrying out its responsibilities. PAS board, following the recommendation of its management resources and compensation committee, approved fee arrangements to compensate PAS non-employee directors for their services in connection with consideration and negotiation of the potential transaction. In particular, PAS board, following the recommendation of its management resources and compensation committee, approved the members of PAS transactions committee receiving compensation consistent with service on the other committees of PAS board of directors; namely, the chairperson will receive a \$15,000 retainer, the other committee members will receive a \$5,000 retainer, and all committee members receive a fee of \$1,000 per meeting. In addition, PAS board, following the recommendation of its management resources and compensation committee, approved a one-time payment of \$20,000 to each non-employee director in recognition of the substantial time and attention expended to deliberate and consider the potential transaction.

Shortly after the announcement of the proposals, several putative stockholder class action lawsuits were filed against various combinations of PepsiCo, PAS, PBG and/or the individual members of the boards of directors of PAS and PBG challenging the proposals and the proposed acquisitions in the Court of Chancery of the State of Delaware, the District Court of the State of Minnesota and the Supreme Court of the State of New York, Counties of Westchester and New York. Ultimately, a total of fourteen putative stockholder class action complaints were filed challenging the proposals and the proposed acquisitions. See Certain Litigation Matters beginning on page [] of this proxy statement/prospectus.

On April 28, 2009, PAS transactions committee held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell and received a financial presentation from representatives of Goldman Sachs regarding the PepsiCo proposal. This presentation by Goldman Sachs contained financial analyses that are substantially similar to those summarized under Opinion of PAS Financial Advisor on pages [] through [] except that these analyses were based on data available as of April 2009. This presentation did not include a summary of the financial analyses that used illustrative ranges of variables to arrive at an illustrative value range for each analysis.

PAS transactions committee held one update meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell following its April 28 meeting and prior to May 3. On May 3, 2009, PAS transactions committee held a meeting with members of the transactions committee only and representatives from Goldman Sachs and Sullivan & Cromwell to discuss the PepsiCo proposal. At this meeting, PAS transactions committee determined that Mr. McKenna and Mr. Pohlad should be invited to join most meetings of the transactions committee for the updating and information gathering portions thereof and to hear their points of view, following which the transactions committee would meet in executive session to the extent that the meeting involved more than an information update or if so desired by any member of the transactions committee.

On May 4, 2009, PBG issued a press release announcing that its board of directors had rejected PepsiCo's proposal to acquire PBG as grossly inadequate based on the unanimous recommendation of PBG's special committee. In addition to rejecting PepsiCo's proposal to acquire PBG and in response thereto, on May 4, 2009 PBG's board of directors also announced that it had adopted a stockholder rights plan and declared a dividend of one right for each share of PBG's common stock outstanding as of the close of business on May 14, 2009, approved retention agreements for certain key employees and amended PBG's bylaws to include notice and informational requirements for stockholder proposals and stockholder action by written consent.

On May 6, 2009, at a regularly scheduled meeting of the board of directors of PepsiCo, PepsiCo senior management, together with Centerview Partners, BofA Merrill Lynch and Davis Polk, updated the PepsiCo directors as to the status of the proposals to acquire PBG and PAS, including that PBG's board of directors had rejected PepsiCo's proposal to acquire PBG and adopted the measures described in the preceding paragraph.

Also on May 6, 2009, PAS transactions committee held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell to discuss the PepsiCo proposal. At this meeting, PAS

Table of Contents

transactions committee recommended that PAS board of directors determine that the PepsiCo proposal was unacceptable and not in the best interests of PAS stockholders. Later that day, the governance, finance and nominating committee of PAS board of directors, which is referred to in this proxy statement/prospectus as the governance committee, met and recommended that PAS board of directors amend PAS existing stockholder rights plan to extend the expiration date of the plan from May 20, 2009 to May 20, 2010. Also, later on May 6, 2009, based upon the recommendations of PAS transactions and governance committees, PAS board of directors unanimously determined that PepsiCo's proposal to acquire PAS was not acceptable and was not in the best interests of PAS stockholders and amended PAS existing stockholder rights plan to extend the expiration date of the plan from May 20, 2009 to May 20, 2010. On May 7, PAS issued a press release announcing the determination of its board of directors with respect to the PepsiCo proposal, based on the recommendation of PAS transactions committee, and the amendment of PAS stockholder rights plan. The press release also stated PAS belief that the proposal significantly undervalued the strategic benefits of system consolidation, did not reflect the value of PAS strengths and stand-alone strategies, as evidenced by PAS strong first quarter results, and substantially undervalued the synergies that could be obtained in the proposed transaction.

Also on May 7, 2009, in response to the announcements of PAS rejecting PepsiCo's proposal to acquire PAS and PBG rejecting PepsiCo's proposal to acquire PBG, PepsiCo issued a press release reiterating its belief that it had made full and fair offers for both companies that were in the best interests of PAS, PBG and their respective stockholders and represented a premium of 17.1% over the closing price of the common stock of PAS and PBG on April 17, 2009. The release also reported that, compared with the 30-day average closing prices, the offers represented a premium of 33.4% for PAS and 36% for PBG.

On May 11, 2009, PepsiCo, along with Mr. Compton and Ms. Trudell (PepsiCo employees who are also members of PBG's board of directors), filed a complaint against PBG and the members of PBG's board of directors (other than Mr. Compton and Ms. Trudell) in the Court of Chancery of the State of Delaware. The complaint alleged that PBG's board of directors had held a board meeting without providing notice to Mr. Compton and Ms. Trudell, that the defensive measures taken at that meeting and announced on May 4, 2009 were void and that the stockholder rights plan adopted at the meeting was procedurally and substantively infirm.

On May 13, 2009, Ms. Nooyi sent a letter to PBG's board of directors reiterating PepsiCo's belief that the retention agreements announced on May 4, 2009 were improperly adopted and void.

On May 22, 2009, PBG disclosed that it had held a fully noticed meeting of its board of directors, terminated its existing rights agreement and entered into a stockholder rights plan with terms substantially identical to the stockholder rights plan entered into on May 4, 2009, and amended PBG's bylaws in a form substantially identical to the amendments made on May 4, 2009. In addition, PBG disclosed that each of PBG's executive officers who had entered into retention agreements on May 4, 2009 voluntarily terminated his existing retention agreement and entered into a new retention agreement with PBG on substantially identical terms.

PAS transactions committee held two update meetings with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell following its May 6 meeting and prior to May 18. On May 18, 2009, PAS transactions committee held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell to discuss the PepsiCo proposal and received a financial presentation from representatives of Goldman Sachs regarding the PepsiCo proposal. This presentation by Goldman Sachs contained financial analyses that are similar to those summarized under "Opinion of PAS Financial Advisor" on pages [] through [], except that these analyses were based on data available as of May 2009. This presentation included a summary of the financial analyses that applied: an illustrative range of multiples of 6.0x to 7.0x LTM EBITDA to calculate an illustrative range of implied values of \$14 to \$19 per share of PAS common stock for the Selected Companies analysis; an illustrative range of multiples of 7.0x to 9.0x LTM EBITDA to calculate an illustrative range of implied values of \$19 to \$30 per share of PAS common stock for the Selected Precedents analysis; an illustrative range of 15% to 40% premiums to calculate an illustrative range of values of \$23 to \$28 per share of

Table of Contents

PAS common stock for the Selected Transactions analysis; an illustrative range of multiples of 9x to 15x future earnings to calculate an illustrative range of values of \$18 to \$31 per share of PAS common stock for the Illustrative Present Value of Future Share Price of PAS analysis; and a discount rate of 7.0% to 8.0% and 1.0% to 2.0% perpetuity growth rate to calculate an illustrative range of values of \$22 to \$35 per share of PAS common stock for the Illustrative Discounted Cash Flow analysis. At this meeting, PAS transactions committee authorized Dr. Dykes and Mr. Pohlada to contact Ms. Nooyi to reiterate the position of PAS with respect to the PepsiCo proposal as outlined in PAS May 7 press release and to propose a meeting between the financial advisors for PAS and PepsiCo to discuss process and related matters with respect to a possible transaction between PAS and PepsiCo. On that same day, Dr. Dykes, Mr. Pohlada and Ms. Nooyi spoke regarding a meeting between the financial advisors of PAS and PepsiCo to discuss process and related matters with respect to a possible transaction between PAS and PepsiCo, and Ms. Nooyi agreed that she would consult with PepsiCo's financial advisors about the possible meeting. On May 22, 2009, Dr. Dykes, Mr. Pohlada and Ms. Nooyi spoke again and agreed that the financial advisors for PAS and PepsiCo should meet to discuss process and related matters with respect to a possible transaction between PAS and PepsiCo.

On June 1, 2009, representatives of Centerview Partners and BofA Merrill Lynch met with representatives of Goldman Sachs. At that meeting, Goldman Sachs indicated that PAS transactions committee was disappointed in the price offered by PepsiCo although it understood the strategic logic of the proposed combination. In particular, Goldman Sachs reiterated PAS belief that PepsiCo's proposal to acquire PAS undervalued the strategic benefits of system consolidation, did not reflect the value of PAS strengths and stand-alone strategies, as evidenced by PAS strong first quarter results, and substantially undervalued the synergies that could be obtained in the proposed acquisition. In addition, representatives of Goldman Sachs expressed PAS transactions committee's concern about the acquisition of PAS being conditioned on the closing of an acquisition of PBG. The Centerview Partners and BofA Merrill Lynch representatives then discussed the challenges PAS faced as a standalone company and explained why PepsiCo believed that its proposal to acquire PAS was a strong proposal. In particular, they noted that PepsiCo's proposal represented a significant premium despite the increase in PAS stock price prior to the announcement, that PepsiCo's proposal exceeded certain calculations of present value of PAS stock based on publicly available information and that PepsiCo's stock, 50% of the proposed PAS merger consideration, was significantly undervalued based on the perspectives of various Wall Street research analysts.

On June 2, 2009, PBG issued a press release announcing an increase in its earnings guidance for the second quarter and fiscal year 2009. In connection with that earnings release PBG hosted a webcast presentation discussing its revised earnings guidance as well as its perspective on PepsiCo's proposal. During such presentation PBG stated that it estimated the annual synergies of an acquisition by PepsiCo of both PBG and PAS to be in the range of \$750 to \$850 million. Later that day, PepsiCo issued a press release reiterating its view that synergies of at least \$200 million would be achievable in the proposed acquisitions and stating that PBG had previously communicated to PepsiCo that a combination of PBG and PAS would generate synergies below \$100 million.

On June 7, 2009 and again on June 8, 2009, Mr. Foss and Ms. Nooyi had telephone conversations regarding, among other things, PepsiCo's proposal and the resulting interactions between PBG, PepsiCo and PBG's board of directors and special committee. At the conclusion of these conversations, Mr. Foss and Ms. Nooyi agreed that a meeting between PBG's and PepsiCo's respective financial advisors would be an appropriate next step.

On June 10, 2009, representatives of Centerview Partners and BofA Merrill Lynch met with representatives of Morgan Stanley, financial advisor to PBG. At that meeting, Morgan Stanley indicated that PBG's special committee believed that the price offered by PepsiCo grossly undervalued PBG and that PepsiCo was not giving appropriate value to various factors, including the synergies that could potentially be realized in connection with the transaction and the recent 2009 business improvements of PBG. In addition, representatives of Morgan Stanley expressed

Table of Contents

PBG's special committee's concern about the acquisition of PBG being conditioned on the closing of an acquisition of PAS. The Centerview Partners and BofA Merrill Lynch representatives then discussed PepsiCo's view of the challenges PBG faced as a standalone company and explained why PepsiCo believed that its proposal to acquire PBG was a strong proposal. In particular, they noted that PepsiCo's proposal represented a significant premium despite the increase in PBG's stock price prior to the announcement, that PepsiCo's proposal exceeded certain calculations of present value of PBG's stock based on publicly available information and that PepsiCo's stock, 50% of the proposed PBG merger consideration, was significantly undervalued based on the perspectives of various Wall Street research analysts.

During the week following the June 10, 2009 meeting, representatives of Centerview Partners and BofA Merrill Lynch had a series of additional meetings and telephone calls with representatives of Morgan Stanley. The Morgan Stanley representatives continued to indicate that PBG believed that PepsiCo's synergy estimates did not capture all synergies that could be expected from the combination of PepsiCo, PAS and PBG and that their preliminary financial analyses indicated that a reasonable per share value of PBG was significantly above the current proposal.

PAS transactions committee held two update meetings with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell following its May 18 meeting and prior to June 10. On June 10, 2009, PAS transactions committee held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell. At this meeting, PAS transactions committee and its legal and financial advisors discussed a meeting that was to take place the following day between representatives of Goldman Sachs, Centerview Partners and BofA Merrill Lynch, and PAS transactions committee instructed representatives of Goldman Sachs to convey to representatives of Centerview Partners and BofA Merrill Lynch the importance of certain points in any transaction with PepsiCo to PAS transactions committee, including the absolute value of the consideration offered to PAS stockholders, the relative pricing between any PAS transaction and PBG transaction and the absence in any PAS transaction of a closing condition requiring the closing of any transaction with PBG.

On June 11, 2009, representatives of Centerview Partners and BofA Merrill Lynch and representatives of Goldman Sachs met. At this meeting, the Goldman Sachs representatives informed representatives of Centerview Partners and BofA Merrill Lynch of the importance to PAS transactions committee of the absolute value of the consideration offered to PAS stockholders in any PepsiCo proposal, the relative pricing between any PAS transaction and PBG transaction and the absence in any PAS transaction of a closing condition requiring the closing of any transaction with PBG. Representatives from Goldman Sachs also stated that PAS believed that system consolidation had strategic merit and could drive significant value creation through, among other things, reduced supplier complexity, unlocking revenue growth and near-term cost synergies.

In light of the questions that the advisors to PAS and PBG raised concerning PepsiCo's synergy estimates, the respective financial advisors agreed that members of PepsiCo senior management should meet directly with members of senior management at each of PAS and PBG to discuss projected synergies of a combination of PepsiCo, PAS and PBG.

Between June 17, 2009 and June 25, 2009, members of senior management of PepsiCo, together with representatives of its financial advisors, held several meetings with members of senior management of PBG and representatives of Morgan Stanley to discuss estimated synergies arising from a combination of PepsiCo, PAS and PBG. At a meeting between representatives of PepsiCo and PBG on June 17, 2009, members of senior management of PepsiCo discussed the challenges facing the liquid refreshment beverage business and the business risks and investments required to achieve significant synergies as a result of a PepsiCo, PAS and PBG combination. PBG's senior management and the Morgan Stanley representatives indicated that PBG believed that annual pre-tax synergies from a combination of PepsiCo, PAS and PBG could be between \$750 and \$850 million, based on a one-time investment of approximately \$800 million and representing a net present value in excess of \$5 billion based on a ten year discounted cash flow with no terminal value. This calculation of potential

Table of Contents

synergies included, among other things, cost savings associated with manufacturing and supply chain optimization, route-to-market opportunities and elimination of redundancies in general and administrative functions. At a meeting on June 25, 2009, members of senior management of PepsiCo discussed where the parties differed as to their synergy estimates and explained PepsiCo's synergy work to date. The PepsiCo representatives further agreed to review PepsiCo's work on synergies in light of PBG's view on potential synergies to determine whether there were any additional synergies that could be associated with the combination of PepsiCo, PAS and PBG.

On June 24, 2009, members of senior management of PepsiCo, together with representatives of its financial advisors, met with members of senior management of PAS and representatives of Goldman Sachs to discuss estimated synergies arising from a combination of PepsiCo, PAS and PBG. Prior to the meeting, PepsiCo and PAS entered into a confidentiality agreement. At the meeting, the members of senior management of PAS discussed PAS's synergy estimates. The PepsiCo representatives agreed to review PepsiCo's synergy work in light of PAS's view on potential synergies to determine whether there were any additional synergies that could be associated with the combination of PepsiCo, PAS and PBG.

In the week following the meetings with PAS and PBG to discuss synergies, members of senior management of PepsiCo again reviewed its synergy estimates and concluded that the transactions could reasonably be expected to create approximately \$300 million of annual pre-tax synergies by 2012 largely due to greater cost efficiency and improved revenue opportunities.

Between June 29, 2009 and July 1, 2009, representatives of Centerview Partners and BofA Merrill Lynch had several meetings and phone calls with representatives of Morgan Stanley. During the course of these meetings and calls, the Centerview Partners and BofA Merrill Lynch representatives indicated to the Morgan Stanley representatives that, in light of the revised estimate of \$300 million of annual pre-tax synergies by 2012, together with the 2009 improvements in PBG's business and the improvement in the markets generally, PepsiCo would consider a price of \$34.50 per share of PBG stock.

During the period between June 29, 2009 and July 13, 2009, representatives of Centerview Partners and BofA Merrill Lynch had a series of meetings and calls with representatives of Goldman Sachs. The Centerview Partners and BofA Merrill Lynch representatives conveyed to the Goldman Sachs representatives that PepsiCo had revised its synergy estimates to approximately \$300 million of annual pre-tax synergies by 2012. The Goldman Sachs representatives indicated that PAS's transactions committee believed that the price per share of PAS stock needed to be at a premium to the then current trading price. During this period, the closing trading price per share of PAS stock on the New York Stock Exchange ranged from \$26.15 to \$27.14. The Centerview Partners and BofA Merrill Lynch representatives indicated that PepsiCo would consider a price above that range but that it would not proceed with a transaction with PAS unless it reached an agreement with PBG.

PAS's transactions committee held one update meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell following its June 10 meeting and prior to July 1. On July 1, 2009, PAS's transactions committee held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell. At this meeting, representatives from Goldman Sachs stated that representatives of Centerview Partners and BofA Merrill Lynch had communicated that PepsiCo had indicated a willingness to increase its offer price for all the shares of PAS common stock that it did not already own to \$27.00 per share of PAS common stock. While PAS's transactions committee did not discuss, or deem appropriate, a specified offer price above the current or historical trading price of PAS's common stock, following discussion with its advisors, PAS's transactions committee indicated its dissatisfaction with a potential offer price from PepsiCo of \$27.00 per share of PAS common stock but determined to continue its consideration thereof at its next scheduled meeting.

On July 2, 2009, representatives of Morgan Stanley informed PepsiCo's financial advisors, in response to PepsiCo's proposed \$34.50 per PBG share offer price (and other proposed revised terms) that while PBG's special committee had not come to a firm view on valuation, there was potential support among members of

Table of Contents

PBG's special committee for a transaction at a price below \$40 per PBG share, but closer to \$40 per PBG share than \$34.50 per share, and that the acquisition of PBG should not be conditioned on the closing of an acquisition of PAS. In addition, Mr. Foss phoned Michael D. White, Chief Executive Officer of PepsiCo International and Vice Chairman of PepsiCo, to similarly inform him of PBG's special committee's response.

Between July 3, 2009 and July 13, 2009, representatives of Centerview Partners and BofA Merrill Lynch had a series of meetings and phone calls with representatives of Morgan Stanley. During the course of these meetings, the Centerview Partners and BofA Merrill Lynch representatives indicated to Morgan Stanley that PepsiCo would consider no longer requiring that the closing of the acquisition of PBG be conditioned on the closing of an acquisition of PAS and that PepsiCo would consider increasing the portion of the merger consideration payable in cash if that were more attractive to PBG's special committee.

On July 6, 2009, PAS's transactions committee held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell. At this meeting, representatives from Goldman Sachs advised PAS's transactions committee that representatives of Centerview Partners and BofA Merrill Lynch had, subsequent to the July 1 meeting of PAS's transactions committee, informed them that due to circumstances relating to PepsiCo's discussions with PBG, PepsiCo did not want PAS's board of directors at that time to consider its previously communicated willingness to increase its offer price to \$27.00 per share of PAS common stock.

On July 14, 2009, Ms. Nooyi and Mr. White met with Mr. Hall and Mr. Foss. Following discussion regarding the challenges in the liquid refreshment beverage business, Ms. Nooyi proposed a price per share of PBG stock of \$35.50, subject to due diligence and negotiation and completion of definitive documentation. Mr. Hall stated that he would discuss the proposal with the PBG special committee and report to Ms. Nooyi within 24 hours.

On July 16, 2009, Mr. Hall and Mr. Foss met with Ms. Nooyi and Mr. White and indicated that there was potential support among the members of PBG's special committee for a transaction at a price per PBG share of at least \$37.75. Ms. Nooyi responded that, in PepsiCo's view, a price of \$35.50 per share of PBG stock was a full and fair offer.

On July 17, 2009, at a regularly scheduled meeting of the board of directors of PepsiCo, senior management of PepsiCo, together with representatives of PepsiCo's financial advisors and legal advisor, among other things, updated the PepsiCo directors on the status of the negotiations with PAS and PBG.

PAS's transactions committee held two update meetings with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell following its July 6 meeting and prior to July 30. On July 30, 2009, PAS's transactions committee held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell. At this meeting, PAS's transactions committee discussed the extended nature of the process to date and the disruptive effect that such a prolonged process could have on the employees and operations of PAS. Following this discussion, PAS's transactions committee authorized Mr. Pohlada to meet with Ms. Nooyi in person for the purpose of proposing a meeting between representatives of PepsiCo, PAS, PBG and their respective advisors to determine whether the parties would be able to agree on value and bring the process to a conclusion, one way or the other.

On the morning of July 31, 2009, Ms. Nooyi met again with Mr. Hall. At that meeting, each of Ms. Nooyi and Mr. Hall expressed concern that the disruption relating to the proposed transaction could harm the respective businesses of PBG and PepsiCo and that it would be in the interests of their respective stockholders to determine whether the parties could reach an agreement. After extensive discussion regarding the state of the business and valuation, Ms. Nooyi proposed a transaction at a price per PBG share of \$36.50, subject to due diligence and negotiation and completion of definitive documentation. Mr. Hall agreed to present such proposal to PBG's special committee.

Table of Contents

Following a PBG special committee meeting, Mr. Hall contacted Ms. Nooyi and informed her that, assuming that the parties could reach agreement on the other terms of the transaction, the PBG special committee would, subject to due diligence and the negotiation and completion of definitive documentation, recommend that PBG's board of directors accept a transaction at a price per share of PBG stock of \$36.50, consisting of 50% PepsiCo stock and 50% cash, that would not be conditioned on the closing of a transaction with PAS.

The same day, Ms. Nooyi met with Mr. Pohlad. Ms. Nooyi explained that PepsiCo had tentatively reached agreement on price with PBG and that it was willing to work towards a mutually agreeable transaction with PAS at a price per share of PAS stock of \$27.00, consisting of 50% PepsiCo stock and 50% cash. Mr. Pohlad informed Ms. Nooyi that while he was not authorized to negotiate the terms of the transaction, including price, he expressed his view that the price offered was inadequate but that he would take the proposal back to PAS's transactions committee.

That same day, representatives of Goldman Sachs, Centerview Partners and BofA Merrill Lynch discussed PepsiCo's revised proposal of \$27.00 per share of PAS common stock. Representatives of Goldman Sachs informed representatives of Centerview Partners and BofA Merrill Lynch that the revised proposal price would not be acceptable to PAS's transactions committee and reminded them of the importance to PAS's transactions committee, in addition to absolute value, of the relative pricing between any PAS transaction and PBG transaction. Representatives of Centerview Partners and BofA Merrill Lynch then informed representatives of Goldman Sachs that PepsiCo was willing to increase the price it was offering per share of PAS common stock to \$28.00 but that the PAS transaction would be conditioned on consummation of the transaction with PBG.

That evening, representatives of Davis Polk contacted representatives of Cravath to inform them that Davis Polk expected to send them a draft merger agreement the following day. The Davis Polk representatives also called representatives of Briggs and Morgan and Sullivan & Cromwell to inform them that Davis Polk expected to send them a draft merger agreement the following day.

On August 1, 2009, PepsiCo entered into a supplement to its confidentiality agreement with PAS and, on August 2, 2009, PepsiCo entered into a confidentiality agreement with PBG. Thereafter, PepsiCo commenced its due diligence investigation of each of PAS and PBG and PAS and PBG commenced their respective due diligence investigations of PepsiCo. Management of the parties participated in due diligence sessions in New York and Minnesota.

Also on August 1, 2009, PAS's transactions committee held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell. At this meeting, PAS's transactions committee discussed PepsiCo's proposal to acquire all the shares of PAS common stock that it did not already own for \$28.00 per share of PAS common stock. PAS's transactions committee determined that \$28.00 per share of PAS common stock was too low on an absolute basis, there was not sufficient pricing parity between the PAS transaction and PBG transaction based on the premium that would be paid to each party based on each party's stock price immediately prior to the announcement of the PepsiCo proposals despite that \$28.00 per share of PAS common stock represented a higher relative EBITDA multiple than what was implied by PepsiCo's offer to PBG, and it did not want the PAS transaction conditioned on consummation of the transaction with PBG. On July 31, 2009, the last trading day before PAS's transactions committee's meeting, the closing price of PAS common stock was \$26.78 per share and the closing price of PBG common stock was \$33.95 per share. PAS's transactions committee and representatives from its advisors also discussed ways in which the transactions committee could improve the price and terms being offered by PepsiCo, including whether to seek some form of collar arrangement around the stock portion of the consideration being offered by PepsiCo. PAS's transactions committee and representatives of its advisors noted that it would be very difficult to obtain a one way collar that only provided PAS stockholders with the benefit of any increase in the value of the stock portion of the consideration being offered by PepsiCo. During the course of the meeting, representatives from Goldman Sachs called representatives from Centerview Partners and BofA Merrill Lynch and informed them of the determinations of PAS's transactions committee. Subsequently, the representatives from Centerview Partners and

Table of Contents

BofA Merrill Lynch called the representatives from Goldman Sachs and informed them that PepsiCo was willing to increase the price it was offering per share of PAS common stock to \$28.50 but that the PAS transaction would still be conditioned on consummation of the transaction with PBG. Following discussions with its advisors, PAS transactions committee determined that PepsiCo's offer of \$28.50 per share of PAS common stock was likely a price that it could recommend to PAS board of directors to accept but that it wanted representatives of Goldman Sachs to continue to negotiate for the removal of the requirement that the PAS transaction be conditioned on consummation of the PBG transaction with representatives from Centerview Partners and BofA Merrill Lynch.

On the same day, representatives of Davis Polk distributed a draft PBG merger agreement to Cravath and a draft PAS merger agreement to Briggs and Morgan and Sullivan & Cromwell.

Also on that day, representatives of PepsiCo and Davis Polk participated in a teleconference with representatives of Bank of America, N.A. and its legal counsel regarding a bridge facility to finance the acquisitions of PBG and PAS.

Late that evening, representatives of each of Davis Polk and Cravath held a teleconference to discuss the draft PBG merger agreement. The Cravath representatives identified certain areas of concern and indicated that they expected to distribute a revised draft PBG merger agreement the following day.

On August 2, 2009, the parties and their financial advisors continued their due diligence investigations.

Also on August 2, 2009, Cravath sent a revised draft PBG merger agreement to Davis Polk. Throughout the day, representatives of Davis Polk discussed with Cravath representatives various issues with respect to the draft PBG merger agreement.

On the same day, PepsiCo and Davis Polk received a draft financing commitment letter from Bank of America, N.A.'s legal counsel. The facility proposed was a 364-day unsecured revolving bridge facility to finance the acquisitions of PAS and PBG. On August 2, 2009 and August 3, 2009, representatives of Davis Polk negotiated and finalized the commitment letter.

In the afternoon of August 2, 2009, representatives of Sullivan & Cromwell contacted representatives of Davis Polk to convey certain of PAS issues on the draft PAS merger agreement. Late that night, Briggs and Morgan sent a revised draft PAS merger agreement to Davis Polk.

In the early hours of August 3, 2009, Davis Polk sent a revised draft PBG merger agreement to Cravath and a revised draft PAS merger agreement to Briggs and Morgan and Sullivan & Cromwell. In addition, Davis Polk sent the then current draft of the PBG merger agreement to PAS and the then current draft of the PAS merger agreement to PBG. Davis Polk also sent the then current drafts of the merger agreements, together with a summary of the drafts and other materials, to the board of directors of PepsiCo in preparation for a special meeting of the board scheduled for the late afternoon of August 3, 2009.

Also during the afternoon of August 3, 2009, PepsiCo separately agreed with each of PAS and PBG that stockholders of each company would receive as the form of merger consideration shares of PepsiCo common stock with the right of the applicable stockholders (other than PepsiCo and its subsidiaries (including Metro)) to elect to receive cash instead of PepsiCo common stock, subject to proration such that the aggregate consideration to be paid to such stockholders would consist of 50% PepsiCo common stock and 50% cash. See The Merger Agreement Election Procedure beginning on page [] of this proxy statement/prospectus.

Throughout August 3, 2009, representatives of Davis Polk conferred with representatives of Briggs and Morgan and Sullivan & Cromwell on various issues on the draft PAS merger agreement and with representatives of Cravath on various issues on the draft PBG merger agreement. In addition, drafts of each party's disclosure schedules to the PBG merger agreement were circulated to the other party and drafts of each party's disclosure schedules to the PAS merger agreement were circulated to the other party.

Table of Contents

Following a PBG special committee meeting and board of directors meeting, representatives of Cravath contacted representatives of Davis Polk to address the remaining issues in the PBG merger agreement. In addition, PepsiCo and PBG agreed to a termination fee equal to approximately 2.0% of the equity value of the PBG merger. Revised versions of the draft PBG merger agreement reflecting the parties' agreements were distributed to the parties, as well as to PAS. During this period, the parties finalized the parties' disclosure schedules to the PBG merger agreement.

In the afternoon of August 3, 2009, PAS' transactions committee held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell. At this meeting, PAS' transactions committee discussed PepsiCo's proposal to acquire all the shares of PAS common stock that it did not already own for \$28.50 per share of PAS common stock, and a representative of each of Briggs and Morgan and Sullivan & Cromwell reviewed the then terms of the transaction and the draft merger agreement. PAS' transactions committee instructed representatives of Goldman Sachs to convey to representatives of Centerview Partners and BofA Merrill Lynch that having the PAS transaction conditioned on consummation of the transaction with PBG was still an issue for PAS' transactions committee. Representatives of Goldman Sachs then discussed the objection of PAS' transactions committee to the cross-conditionality point with representatives of Centerview Partners and BofA Merrill Lynch. Subsequent to that discussion, representatives of Goldman Sachs informed PAS' transactions committee that PepsiCo was willing to limit the cross-condition to only those conditions in the PBG merger agreement that related to antitrust and competition approvals and agreed that it would not enter into any agreement with any governmental authority in connection with its proposed merger with PBG that would involve PepsiCo agreeing not to consummate the proposed merger with PAS.

Following PAS' transactions committee meeting, representatives of Davis Polk and Briggs and Morgan and Sullivan & Cromwell addressed the remaining issues in the PAS merger agreement. In addition, PepsiCo and PAS agreed to a termination fee equal to approximately 2.0% of the equity value of the merger. See "The Merger Agreement Termination of the Merger Agreement," "The Merger Agreement Termination Fees Payable by PAS" and "The Merger Agreement No Solicitation by PAS" beginning on pages [], [] and [], respectively, of this proxy statement/prospectus. Revised versions of the draft PAS merger agreement reflecting the parties' agreements were distributed to the parties, as well as to PBG. Also during this period, the parties finalized the parties' disclosure schedules to the PAS merger agreement.

After the closing of the trading market in New York on August 3, 2009, the board of directors of PepsiCo held a special telephonic meeting, at which PepsiCo's management and representatives of Centerview Partners, BofA Merrill Lynch and Davis Polk participated, to consider the potential transactions with PAS and PBG. Representatives of Centerview Partners provided an update on the background and process of the transactions. PepsiCo's senior management reviewed and discussed various financial aspects of the transactions, including estimated synergies, PepsiCo's due diligence investigation of PAS and PBG and the plan for financing the transactions. Also at this meeting, Centerview Partners and BofA Merrill Lynch reviewed with PepsiCo's board of directors its financial analysis of each of the merger consideration and the PBG merger consideration, and each of Centerview Partners and BofA Merrill Lynch delivered to PepsiCo's board of directors its respective oral opinion, each of which was confirmed by each of Centerview Partners and BofA Merrill Lynch by delivery of a written opinion dated August 3, 2009, to the effect that, as of that date and based on and subject to various assumptions and limitations described in its opinion, the merger consideration to be paid in the merger by PepsiCo to the Company's stockholders other than PepsiCo and its subsidiaries was fair, from a financial point of view, *to PepsiCo*. See "Opinion of PepsiCo's Financial Advisors" beginning on page [] of this proxy statement/prospectus. A representative of Davis Polk then reviewed the terms of the transactions and other matters related to their consideration of the transactions contemplated by the merger agreements. Following discussion, PepsiCo's board of directors voted to approve the merger agreements and the transactions contemplated by the merger agreements, including the mergers, and the assumption of additional indebtedness in connection with the mergers, and authorized PepsiCo's management to finalize and execute the merger agreements.

Table of Contents

As of August 3, the financing commitment letter was executed by Bank of America, N.A., Citigroup Global Markets Inc. and certain of their affiliates and accepted by PepsiCo. See "Financing of the Merger" beginning on page [] of this proxy statement/prospectus.

On the morning of August 4, each of PAS transactions committee and board of directors held a meeting with representatives from Goldman Sachs, Briggs and Morgan and Sullivan & Cromwell. A representative of Goldman Sachs presented its financial analysis to the PAS transactions committee and board of directors, and delivered its opinion that, as of August 3, 2009 and based upon and subject to the factors and assumptions set forth in its written opinion, the exchange ratio and the cash election price to be paid to the holders (other than PepsiCo and its affiliates) of shares of PAS common stock, taken in the aggregate, pursuant to the merger agreement, was fair from a financial point of view to such holders. See "Opinion of PAS Financial Advisor" beginning on page [] of this proxy statement/prospectus. A representative of each of Briggs and Morgan and Sullivan & Cromwell then reviewed the terms of the transaction and the merger agreement. Following this discussion, PAS transaction committee, meeting separately, unanimously:

determined that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of PAS stockholders (other than PepsiCo, Metro and the other affiliates of PepsiCo); and

recommended that PAS board of directors approve and declare advisable the merger agreement and the transactions contemplated by the merger agreement and recommend that PAS stockholders vote for the adoption of the merger agreement.

Following the recommendation of PAS transactions committee, PAS board of directors unanimously:

determined that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of PAS stockholders (other than PepsiCo, Metro and the other affiliates of PepsiCo);

approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement; and

resolved to recommend that PAS stockholders vote for the adoption of the merger agreement.

On the morning of August 4, 2009, PepsiCo, PAS and PBG issued a joint press release announcing the execution of the merger agreements. See "The Merger Agreement" beginning on page [] of this proxy statement/prospectus.

On August 5, 2009, PepsiCo voluntarily dismissed with prejudice PepsiCo's complaint against PBG and certain members of its board of directors.

Recommendation of PAS Transactions Committee and PAS Board of Directors as to Fairness of the Merger

Both PAS transactions committee and PAS board of directors have unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of PAS stockholders (other than PepsiCo, Metro and the other affiliates of PepsiCo). In addition, each of PAS transactions committee and board of directors believe the merger is both procedurally and substantively fair to PAS stockholders other than PepsiCo, Metro and the other affiliates of PepsiCo. PAS transactions committee, which consists of eight independent directors as defined by the PAS Shareholder Agreement, met, along with its legal and financial advisors, in person and telephonically 20 times between April 20, 2009, the day PepsiCo publicly announced its initial proposal to acquire the shares of PAS common stock it did not already own, and the time PAS, Metro and PepsiCo entered into the merger agreement, and unanimously recommended that PAS board of directors:

approve and declare advisable the merger agreement and the transactions contemplated by the merger agreement; and

Table of Contents

recommend that PAS stockholders vote for the adoption of the merger agreement.

After considering the recommendation of PAS transactions committee, PAS board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of PAS stockholders (other than PepsiCo, Metro and the other affiliates of PepsiCo), approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement and resolved to recommend to PAS stockholders that they vote for the adoption of the merger agreement.

In reaching its determination and making its recommendation, PAS transactions committee consulted with its financial and legal advisors, as well as certain members of management and directors not on PAS transactions committee, and considered a number of factors, including the following material factors:

management's and their own views and opinions on the current beverage and bottling industry environment, and how that environment could affect PAS business and the trading value of PAS common stock in the future;

their understanding of the business, operations, financial condition, earnings and prospects of PAS and PepsiCo, including the prospects for PAS as an independent entity and the potential synergies to be realized by PepsiCo following consummation of the merger and the PBG merger;

the current and historical relative trading values of PAS common stock and PepsiCo common stock and the greater liquidity of shares of PepsiCo common stock compared to PAS common stock;

the fact that the merger consideration of \$28.50 per share in cash, without interest, or 0.5022 of a share of PepsiCo common stock to be received by PAS stockholders (other than PepsiCo or any of its subsidiaries (including Metro)) for each share of PAS common stock represented, at the time of the public announcement of the transaction, a 43.4% premium over the closing price of PAS common stock on April 17, 2009, the last trading day before the public announcement of PepsiCo's April 19 proposal to acquire the shares of PAS common stock it did not already own, and a 63.4% premium to the 30-day average closing price of PAS common stock prior to such public announcement;

the negotiations that took place between PAS transactions committee comprised solely of independent directors, and its advisors, on the one hand, and PepsiCo, on the other hand, that resulted in an approximately 22.5% increase in the value of the merger consideration from PepsiCo's April 19, 2009 proposal of \$23.27 per share (consisting of \$11.64 per share in cash plus 0.223 shares of PepsiCo common stock) to \$28.50 in cash per share or 0.5022 shares of PepsiCo common stock;

the opinion of Goldman, Sachs & Co. that, as of August 3, 2009 and based upon and subject to the factors and assumptions set forth in its written opinion, the exchange ratio and the cash election price to be paid to the holders (other than PepsiCo and its affiliates) of shares of PAS common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders;

the various analyses undertaken by Goldman Sachs, each of which is described below under "Opinion of PAS Financial Advisor" beginning on page [] of this proxy statement/prospectus;

the fact that the terms of the merger agreement provide PAS stockholders with the ability to choose to receive the exchange ratio or the cash election price for their shares of PAS common stock and that, following the merger, PAS stockholders who receive all or a portion of the merger consideration in PepsiCo common stock will have the opportunity to continue to participate in future earnings of PAS and benefit from any increases in PAS value through their ownership of PepsiCo common stock;

Edgar Filing: PEPSICO INC - Form S-4/A

the fact that the merger will generally enable PAS stockholders to defer recognition of taxable gain, to the extent that they receive PepsiCo common stock;

the estimated annual dividend which PAS stockholders who receive PepsiCo common stock would receive, based on the exchange ratio and PepsiCo's current dividend;

Table of Contents

the relative value of the merger consideration to be received by PAS stockholders in the merger compared to the merger consideration to be received by PBG stockholders in the PBG merger based on historical EBITDA and price to earnings multiples;

the fact that Robert C. Pohlada, the Chairman of PAS board of directors and Chief Executive Officer of PAS and the beneficial owner of approximately 10.4% of the outstanding PAS common stock, making him the second largest holder of outstanding PAS common stock after PepsiCo and its subsidiaries, indicated, subject to PAS board of directors receiving the recommendation of PAS transactions committee, that he would vote in favor of approving and declaring advisable the merger agreement and the transactions contemplated by the merger agreement in his capacity as a director of PAS;

the belief that it would be highly unlikely that an alternative bidder would be able to consummate an acquisition of PAS due to PepsiCo's position that it is unwilling to sell its shares of PAS common stock, which shares represent approximately 43.3% of PAS outstanding common stock, and the fact that, to date, no third party has come forward with an alternative acquisition proposal;

the terms of the merger agreement that permit PAS and PAS transactions committee and PAS board of directors, prior to the time that PAS stockholders approve and adopt the merger agreement, to explore and negotiate, under specified circumstances, an unsolicited acquisition proposal should one be made and, if PAS transactions committee and PAS board of directors determine that the failure to take the following actions would be inconsistent with the directors' fiduciary duties under applicable law, PAS board of directors is permitted to (i) recommend such an unsolicited acquisition proposal to PAS stockholders if PAS board of directors determines in good faith (after consulting with its financial advisor and outside legal counsel) that the unsolicited acquisition proposal is a superior proposal and (ii) withhold, modify or withdraw its recommendation that PAS stockholders vote for adoption of the merger agreement;

the terms of the merger agreement that provide that in the event PAS board of directors withdraws, modifies or withholds its recommendation of the merger agreement in a manner adverse to PepsiCo or recommends to PAS stockholders an unsolicited acquisition proposal, in either case, in response to or as a result of, an event, development, occurrence, or change in circumstances or facts, occurring or arising after the date of the merger agreement (and whether or not such event, development, occurrence, or change in circumstance or facts is excluded from the definition of material adverse effect), which did not exist or was not actually known, appreciated or understood by PAS board of directors, as of the date of the merger agreement (which is referred to as an intervening event change of recommendation), then in addition to the adoption of the merger agreement by a vote of a majority of the outstanding shares of PAS common stock, the obligation of PAS to consummate the merger and the other transactions contemplated by the merger agreement would also be subject to the adoption of the merger agreement by the affirmative vote of holders of a majority of the outstanding shares of PAS common stock (excluding any shares beneficially held or held of record by PepsiCo and its affiliates, Robert C. Pohlada or certain persons or entities affiliated with him and the directors and officers of PAS);

the fact that there is no financing condition to completion of the merger, which limits the execution risk attached to the completion of the merger, subject to satisfaction of the conditions to the completion of the merger as described in this proxy statement/prospectus, and thus makes it more likely that the merger will be consummated promptly if PAS stockholders approve the merger;

the fact that the merger was not conditioned on the completion of the PBG merger, as was the case with PepsiCo's proposal on April 19, 2009, although the satisfaction of specified conditions in the PBG merger agreement to the extent such conditions relate to antitrust and competition laws is a condition to the completion of the merger.

the likelihood, considering the terms of the merger agreement, including the obligation of PepsiCo to vote or cause to be voted all of the shares of PAS common stock beneficially owned by it or any of its subsidiaries (including Metro) to adopt the merger agreement, the financial and capital resources of PepsiCo and PepsiCo's incentives to complete the merger, that the merger would be completed; and

Table of Contents

the availability to PAS stockholders who do not vote for adoption of the merger agreement of appraisal rights under Delaware law, which provide stockholders who dispute the fairness of the merger consideration with an opportunity to have a court determine the fair value of their shares.

PAS transactions committee believes that each of these factors supported its conclusion that the merger is fair to and in the best interests of PAS stockholders (other than PepsiCo, Metro and the other affiliates of PepsiCo). In addition, PAS transactions committee also believed that the merger was substantively fair to PAS stockholders (other than PepsiCo, Metro and the other affiliates of PepsiCo) for the foregoing reasons.

PAS transactions committee also considered a variety of risks and other potentially negative factors concerning the merger agreement and the transactions contemplated by it. These factors included:

the fact that, because PepsiCo has agreed to vote, or cause to be voted, approximately 43.3% of the voting power of PAS common stock in favor of adopting and approving the merger agreement, the proposed merger agreement only requires the adoption by approximately 6.7% of the outstanding PAS common stock not held by PepsiCo or its affiliates unless PAS board of directors makes an intervening event change of recommendation, in which case, in addition to the adoption of the merger agreement by a vote of a majority of the outstanding shares of PAS common stock, the affirmative vote of holders of a majority of the outstanding shares of PAS common stock (excluding any shares beneficially held or held of record by PepsiCo and its affiliates, Robert C. Pohlrad or certain persons or entities affiliated with him and the directors and officers of PAS) would be required to approve and adopt the merger agreement;

the fact that, because of the proration procedures set forth in the merger agreement, PAS stockholders will not always receive the form of merger consideration they elect to receive and that PAS stockholders who receive cash must pay tax on their gain to the extent of cash received;

the fact that, following the merger, PAS stockholders who receive all or a portion of the merger consideration in PepsiCo common stock will constitute a relatively small percentage of equity ownership of PepsiCo;

the fact that, because the market price of PepsiCo common stock will fluctuate prior to consummation of the merger and the exchange ratio is fixed, the value of the PepsiCo common stock to be received by PAS stockholders may decrease prior to consummation of the merger;

the fact that there may be disruption to PAS operations following the announcement of the merger;

the fact that, while PAS expects the merger will be consummated, there can be no assurance that all conditions to the parties obligations to complete the merger agreement will be satisfied and, as a result, the merger may not be consummated;

the terms of the merger agreement that condition PepsiCo's obligation to consummate the merger on the satisfaction (or waiver) of specified conditions in the merger agreement between PepsiCo and PBG to the extent they are related to antitrust and competition laws;

the terms of the merger agreement that place restrictions on the conduct of PAS business prior to completion of the merger, which may delay or prevent PAS from undertaking business opportunities that may arise pending completion of the merger;

the interests of officers and directors of PAS that are different from, or in addition to, the interests of PAS stockholders generally;
and

practical limitations on PAS' ability to obtain alternative offers from third parties to acquire PAS as a result of PAS' existing relationship with PepsiCo, including its ownership position in PAS, certain restrictions in its material commercial agreements with PAS, the termination fee payable by PAS under certain circumstances, the fact that PepsiCo has a "last look" right with respect to superior proposals received by PAS and PepsiCo's public statement that it would not support any such alternative transaction.

Table of Contents

PAS transactions committee also considered a number of factors relating to the procedural safeguards involved in the negotiation of the merger agreement, including those discussed below, each of which it believed supported its decision and provided assurance of the procedural fairness of the merger to the stockholders of PAS unaffiliated with PepsiCo or its affiliates:

the fact that PAS transactions committee is comprised solely of independent directors who are not employees of PAS, are not affiliated with PepsiCo or any of its affiliates, and were appointed solely to represent the interests of PAS stockholders other than PepsiCo and its affiliates;

the fact that PAS transactions committee was delegated full power and authority to decide whether or not to recommend a transaction with PepsiCo or any alternative thereto and PAS board of directors could not approve the transaction with PepsiCo or any alternative thereto without receiving the favorable recommendation of PAS transactions committee;

the fact that PAS transactions committee received the advice and assistance of Goldman Sachs, as financial advisor, and Sullivan & Cromwell LLP, as its legal advisor, and requested and received from Goldman Sachs its opinion that, as of August 3, 2009 and based upon and subject to the factors and assumptions set forth in its written opinion, the exchange ratio and the cash election price to be paid to the holders (other than PepsiCo and its affiliates) of shares of PAS common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders;

the fact that the financial and other terms and conditions of the merger agreement were the product of negotiations between representatives of PAS transactions committee and its advisors, on the one hand, and PepsiCo and its advisors, on the other hand;

the recognition by PAS transactions committee that PAS board of directors could consider and recommend superior proposals;

the recognition by PAS transactions committee that PAS board of directors could, in the course of reviewing PAS transactions committee's recommendation, modify or withdraw the recommendation of the merger and merger agreement if the failure to so modify or withdraw would be inconsistent with its fiduciary duties to the holders of PAS common stock;

the fact that if PAS board of directors makes an intervening event change of recommendation, then, in addition to the adoption of the merger agreement by a vote of a majority of the outstanding shares of PAS common stock, the affirmative vote of holders of a majority of the outstanding shares of PAS common stock excluding any shares beneficially held or held of record by PepsiCo and its affiliates, Robert C. Pohlman or certain persons or entities affiliated with him and the directors and officers of PAS would be required to adopt the merger agreement;

the fact that the opinion of Goldman Sachs addresses the fairness, from a financial point of view, of the merger consideration to be received by PAS stockholders not affiliated with PepsiCo and its affiliates; and

the availability to PAS stockholders who do not vote for adoption of the merger agreement of appraisal rights under Delaware law, which provides stockholders who dispute the fairness of the merger consideration with an opportunity to have a court determine the fair value of their shares.

In light of the procedural safeguards described above, PAS transactions committee did not consider it necessary to retain an unaffiliated representative to act solely on behalf of PAS stockholders (other than PepsiCo or any affiliate of PepsiCo) for purposes of negotiating the terms of the merger agreement or preparing a report concerning the fairness of the merger agreement and the merger.

Edgar Filing: PEPSICO INC - Form S-4/A

The above discussion of the information and factors considered by PAS transactions committee is not intended to be exhaustive, but indicates the material matters considered. In reaching its recommendation, PAS transactions committee did not quantify, rank or assign any relative or specific weight to, the foregoing factors, and individual members of PAS transactions committee may have considered various factors differently. PAS transactions committee did not undertake to make any specific determination as to whether any factor, or any

Table of Contents

particular aspect of any factor, supported or did not support its ultimate recommendation. Moreover, in considering the information and factors described above, individual members of PAS transactions committee may have given differing weights to different factors. PAS transactions committee based its recommendation on the totality of the information presented. In reaching its determination and making its recommendation, PAS transactions committee did not consider the liquidation value of PAS to be a relevant valuation method because it considered PAS to be a viable going concern. In addition, PAS transactions committee did not consider firm offers made by unaffiliated persons during the last two years, as no such offers were made during that time. Furthermore, PAS transactions committee did not consider the prices paid in connection with the repurchases of PAS common stock during the past two years described in Certain Information Concerning PAS Purchase of Equity Securities beginning on page [] of this proxy statement/prospectus, because it believed that PAS had an intrinsic value which was not always reflected in the price of PAS common stock. Finally, PAS transactions committee did not consider net book value, which is an accounting concept, as a factor because it believed that net book value is not a material indicator of the value of PAS as a going concern but rather is indicative of historical costs. PAS net book value per share as of June 30, 2009 was \$13.38, which is substantially below the value of the merger consideration.

In reaching the conclusion that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of PAS stockholders (other than PepsiCo, Metro and the other affiliates of PepsiCo), and in approving the merger agreement and the transactions contemplated thereby, PAS board of directors considered a number of factors, including the following material factors:

the determination of PAS transactions committee that the merger agreement and the transactions contemplated thereby are fair to and in the best interests of PAS stockholders (other than PepsiCo, Metro and the other affiliates of PepsiCo);

the unanimous recommendation of PAS transactions committee that PAS board of directors approve the merger agreement and the transactions contemplated thereby; and

the factors referred to above as having been taken into account by PAS transactions committee, including the amount of the merger consideration in general and in comparison to the last unaffected sales price and the original price proposed by PepsiCo, the terms of the merger agreement, and the receipt by PAS board of directors of the opinion of Goldman Sachs that, as of August 3, 2009 and based upon and subject to the factors and assumptions set forth in its written opinion, the exchange ratio and the cash election price to be paid to the holders (other than PepsiCo and its affiliates) of shares of PAS common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders.

PAS board of directors also believes that sufficient procedural safeguards were present to ensure the fairness of the transaction. PAS board of directors reached this conclusion based on, among other things:

the fact that PAS transactions committee is comprised solely of independent directors who are not employees of PAS, are not affiliated with PepsiCo or any of its affiliates, and were appointed solely to represent the interests of PAS stockholders other than PepsiCo and its affiliates; and

the terms of the merger agreement were the result of negotiations between representatives of PepsiCo, on the one hand, and PAS transactions committee and its advisors, on the other hand.

In light of the procedural protections described above, PAS transactions committee and PAS board of directors did not consider it necessary either to require a separate affirmative vote of a majority of PAS unaffiliated stockholders other than in connection with an intervening event change of recommendation or to retain an unaffiliated representative (other than PAS transactions committee and its legal advisor) to act solely on behalf of PAS stockholders (other than PepsiCo or any affiliate of PepsiCo) for purposes of negotiating the terms of the merger agreement or preparing a report concerning the fairness of the merger agreement and the merger.

Table of Contents

The discussion of the information and factors considered by PAS board of directors is not intended to be exhaustive, but indicates the material matters considered. In reaching its determination to approve the merger agreement and the transactions which it contemplates, PAS board of directors did not quantify, rank or assign any relative or specific weight to, the foregoing factors, and individual directors may have considered various factors differently. PAS board of directors did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. Moreover, in considering the information and factors described above, individual directors may have given differing weights to different factors. PAS board of directors based its determination on the totality of the information presented. In reaching its determination, PAS board of directors did not consider the liquidation value of PAS to be a relevant valuation method because it considered PAS to be a viable going concern. In addition, PAS board of directors did not consider firm offers made by unaffiliated persons during the last two years, as no such offers were made during that time. Finally, PAS board of directors did not consider net book value, which is an accounting concept, as a factor because it believed that net book value is not a material indicator of the value of PAS as a going concern but rather is indicative of historical costs. PAS net book value per share as of June 30, 2009 was \$13.38, which is substantially below the value of the merger consideration.

PAS board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of PAS stockholders (other than PepsiCo, Metro and the other affiliates of PepsiCo). Accordingly, PAS board of directors unanimously approved and declared advisable the merger agreement and the transactions contemplated thereby, and unanimously recommends that PAS stockholders vote FOR the proposal to adopt and approve the merger agreement.

PepsiCo's Reasons for, and Purpose of, the Merger

The purpose of the merger is for PepsiCo to acquire the equity interest in PAS that it or its subsidiaries do not already own. In PepsiCo's view, the merger would combine PAS bottling business with PepsiCo's franchise company and create a more fully-integrated supply chain and go-to-market business model, improving the effectiveness and efficiency of the distribution of the PepsiCo brands distributed by PAS and enhancing accelerated revenue growth of PepsiCo following completion of the merger. PepsiCo believes that the merger would create a leaner, more agile business model, provide a stronger foundation for the future growth of PepsiCo and allow PepsiCo to realize operational benefits and cost synergies primarily in North America including, among others, an ability to bring product and package innovation to market more quickly, more streamlined manufacturing and distribution systems, elimination of redundant general and administrative costs and public company costs, greater flexibility in how PepsiCo goes to market, by product and channel, improved national account coordination and a greater ability to react quickly to technological advances and to changes in the marketplace.

PepsiCo views the merger as an important one in light of the evolving changes in the operating environment of the industry largely within North America, including the emergence of new competitors and the development of non-carbonated drinks, which have different economics and different distribution systems than carbonated soft drinks. Upon completion of the merger and the related integration processes, PepsiCo would handle distribution of approximately 44% of its total North American beverage volume, including both its direct-store-delivery and warehouse systems. Upon completion of the merger and the PBG merger and the related integration processes, PepsiCo would handle distribution of approximately 80% of its total North American beverage volume, including both its direct-store-delivery bottling system and other liquid refreshment beverage warehouse systems.

PepsiCo believes that it could realize significant synergies relating to reduction of redundant costs, achieving scale efficiencies and realizing new revenue opportunities as a result of the acquisition.

Table of Contents

Position of PepsiCo and Metro Regarding Fairness of the Merger

The rules of the SEC require PepsiCo and Metro to express their belief as to the fairness of the merger to the unaffiliated stockholders of PAS. PepsiCo and Metro believe that the merger is both procedurally and substantively fair to such stockholders. PepsiCo and Metro base this belief on the following factors, each of which, in their judgment, supports their view as to the fairness of the merger:

as the merger consideration, PepsiCo will pay cash for 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, and with respect to which appraisal rights have not been properly exercised and perfected under Delaware law, and issue 0.5022 shares of PepsiCo common stock (which had a value of \$28.50 based on the PepsiCo common stock closing price of \$56.75 on July 31, 2009) for each of the remaining 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, and with respect to which appraisal rights have not been properly exercised and perfected under Delaware law, to provide for an aggregate 50% cash/50% stock allocation. PepsiCo and Metro believe that this is relevant to the following factors supporting their view as to the fairness of the merger:

the aggregate value of the merger consideration of \$28.50 per share, as described above, represents a premium of:

43.4% to the closing price of the shares of PAS common stock on April 17, 2009, the last trading day prior to the date of the announcement of PepsiCo's proposal of April 19, 2009 to acquire the outstanding shares of PAS that it did not already own for \$11.64 in cash and 0.223 shares of PepsiCo common stock per share of PAS common stock;

63.4% to the 30-day average closing prices of the shares of PAS common stock for the 30-day period prior to the date of the announcement of the April 19 proposal;

44.6% to the closing price of the shares of PAS common stock on April 13, 2009, the last trading day one week prior to the date of the announcement of the April 19 proposal;

79.6% to the closing price of the shares of PAS common stock on March 20, 2009, the last trading day one month prior to the date of the announcement of the April 19 proposal;

9.0% to the closing price of the shares of PAS common stock on August 3, 2009, the last trading day prior to the date of the announcement of the merger, on August 4, 2009;

7.6% to the 30-day average closing prices of the shares of PAS common stock for the 30-day period prior to the date of the announcement of the merger;

5.6% to the closing price of the shares of PAS common stock on July 28, 2009, the last trading day one week prior to the date of the announcement of the merger; and

5.9% to the closing price of the shares of PAS common stock on July 6, 2009, the last trading day one month prior to the date of the announcement of the merger.

Edgar Filing: PEPSICO INC - Form S-4/A

PepsiCo believes that these premiums support its view as to the fairness of the merger agreement and the merger because the implied value of the consideration payable in the merger represents what PepsiCo believes to be attractive premiums to the prices at which the PAS stock traded during the various periods or at the various dates described above, which include periods and dates not only prior to the public announcement of PepsiCo's initial proposal but also periods and dates during or at which the public was aware of PepsiCo's proposals.

PAS stockholders who receive all or part of the merger consideration in respect of their shares in the form of shares of PepsiCo common stock will be able to participate and share in the future earnings or growth of PepsiCo and its subsidiaries or benefit from increases, if any, in the value of PepsiCo and its subsidiaries, following completion of the merger, as well as following completion of the PBG merger, which PepsiCo believes support its view as to the fairness of the merger agreement and the merger because (i) it will allow PAS stockholders to participate, subject to the

Table of Contents

cash election and proration procedures described in this proxy statement/prospectus, in such earnings, growth and increases through the date of the closing of the merger and (ii) it will allow certain PAS stockholders to participate, subject to the cash election and proration procedures described in this proxy statement/prospectus, in such earnings, growth and increases after the date of the closing on a basis that is potentially more tax-efficient than would be the case if such stockholders received cash in the merger and reinvested such cash in PepsiCo shares;

PAS stockholders unaffiliated with PepsiCo or Metro and who do not properly exercise and perfect appraisal rights with respect to their shares of PAS common stock may elect to receive the merger consideration for some or all of their shares of PAS common stock in the form of \$28.50 in cash, if they do not wish to receive shares of PepsiCo common stock, subject to proration procedures. For those stockholders who receive merger consideration for their shares of PAS common stock in the form of cash, the merger, once completed, will move the risk of PAS future financial performance away from public stockholders, who do not have the power to control decisions made with respect to PAS business, to PepsiCo, who will have the power to control such decisions pursuant to the completion of the merger. This will eliminate the exposure of such stockholders to fluctuations in the market price of PAS common stock, particularly in the current economic environment, which PepsiCo believes supports its view as to the fairness of the merger; and

the merger is not subject to a financing condition, which limits the execution risk attached to the completion of the merger, subject to satisfaction of the conditions to the completion of the merger as described in this proxy statement/prospectus, and thus makes it more likely that the merger will be consummated promptly if PAS stockholders approve the merger, which PepsiCo believes supports its view as to the fairness of the merger.

In addition, PepsiCo and Metro believe that the merger is procedurally fair to the unaffiliated stockholders of PAS, based on the following factors:

adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of PAS common stock entitled to vote (except, if PAS board of directors makes an intervening event change of recommendation, then the affirmative vote of a majority of the outstanding shares of PAS common stock not held by PepsiCo or any of its affiliates (including Metro), PAS directors and officers or Robert C. Pohlman or certain persons or entities affiliated with him);

PAS board of directors, after considering the unanimous recommendation of PAS transactions committee comprised entirely of independent directors (which reached its conclusion after consultation with its legal and financial advisors), has approved and declared advisable the merger agreement, has determined that it and the merger are fair to and in the best interests of PAS and its stockholders (other than PepsiCo and its affiliates), and has recommended that PAS stockholders vote for approval of the proposal to adopt the merger agreement; and

PAS transactions committee requested and received from Goldman Sachs an opinion, delivered orally and subsequently confirmed in writing, that, as of August 3, 2009 and based upon and subject to the factors and assumptions set forth in its written opinion, the exchange ratio and the cash election price to be paid to the holders (other than PepsiCo and its affiliates) of shares of PAS common stock, taken in the aggregate, pursuant to the merger agreement, was fair from a financial point of view to such holders.

PepsiCo believes that the process employed by PAS board of directors and transactions committee helped produce a transaction that is fair to the unaffiliated stockholders of PAS and accordingly PepsiCo believes this process supports its view as to the fairness of the merger. In particular, PepsiCo believes that the ability of the PAS board to make an intervening event change of recommendation and subject the merger to a majority of the minority vote provides added protection to the unaffiliated PAS stockholders in the event certain unforeseen circumstances occur before the PAS stockholder vote as more fully described under The Merger Agreement .

Table of Contents

PepsiCo and Metro also considered the following factors, each of which they considered to be negative in their considerations concerning the fairness of the terms of the transaction:

any PAS stockholders who receive merger consideration in the form of cash in exchange for all of their shares of PAS common stock will cease to participate in the future earnings or growth of PepsiCo and its subsidiaries or benefit from increases, if any, in the value of PepsiCo and its subsidiaries, following completion of the merger as well as following completion of the PBG merger;

as to the merger consideration, PepsiCo's and Metro's interests are adverse to the financial interests of PAS stockholders unaffiliated with PepsiCo or Metro;

the form of merger consideration received by stockholders unaffiliated with PepsiCo and Metro in exchange for their shares of PAS common stock cannot be guaranteed due to proration procedures, and if proration procedures are applied as described elsewhere in this proxy statement/prospectus, PAS stockholders may not receive the form of merger consideration that they choose to receive in exchange for their shares of PAS common stock;

there is a risk that conditions to the completion of the merger or the PBG merger may not be satisfied and, therefore, that either or both mergers may not be completed; and

adoption of the merger agreement does not require the approval of a majority of only those PAS stockholders who are unaffiliated with PepsiCo or Metro except in certain limited circumstances.

PepsiCo and Metro did not find it practicable to assign, nor did either of them assign, relative weights to the individual factors considered in reaching their conclusion as to fairness.

In reaching their conclusion as to fairness, PepsiCo and Metro did not consider the liquidation value of PAS because they consider PAS to be a viable going concern and have no plans to liquidate PAS. The liquidation of PAS was not considered to be a viable course of action based on PepsiCo's and Metro's desire for PAS to continue to conduct its business following completion of the merger and remain an integral component of PepsiCo's overall strategy. Therefore, PepsiCo and Metro believe that the liquidation value of PAS is irrelevant to a determination as to whether the merger is fair to PAS stockholders unaffiliated with PepsiCo or Metro, and no appraisal of liquidation value was sought for purposes of valuing PAS common stock.

Further, net book value, which is an accounting concept, was not considered as a factor because PepsiCo and Metro believe that net book value is not a material indicator of the value of PAS as a going concern but rather is indicative of historical costs.

PepsiCo and Metro are not aware of any firm offers made by a third party to acquire PAS during the past two years and in any event neither PepsiCo nor Metro, nor any other subsidiary of PepsiCo, has any intention of selling or otherwise disposing of the shares of PAS common stock that are currently owned by it in another transaction or voting its shares of PAS common stock in favor of another transaction. Third-party offers were therefore not considered by PepsiCo or Metro in reaching their conclusion as to fairness.

The foregoing discussion of the information and factors considered and given weight by PepsiCo and Metro is not intended to be exhaustive, but includes the factors considered by PepsiCo and Metro that each believes to be material.

Effects of the Merger on PAS

As a result of the merger, PAS will merge with and into Metro. Metro will be the surviving corporation in the merger. After completion of the merger, the certificate of incorporation of Metro in effect as of the effective time of the merger will be the certificate of incorporation of the surviving corporation, and the bylaws of Metro in effect as of the effective time of the merger will be the bylaws of the surviving corporation. PepsiCo has agreed that, for a period of six years after the effective time of the merger, it will cause to be maintained in effect provisions in the

Table of Contents

surviving corporation's certificate of incorporation and bylaws regarding elimination of liability of directors, indemnification of directors, officers and employees and advancement of expenses that are no less advantageous to the intended beneficiaries than the corresponding provisions in existence on the date of the merger agreement in PAS' restated certificate of incorporation and amended and restated bylaws. See "Interests of Certain Persons in the Merger - Indemnification and Insurance" beginning on page [] of this proxy statement/prospectus.

Public Stockholders

Following completion and as a result of the merger, there will no longer be any publicly held shares of PAS common stock. Notwithstanding that certain PAS stockholders will receive all or a portion of the merger consideration in respect of their shares in the form of PepsiCo common stock, PAS' public stockholders will no longer have any direct interest in the surviving corporation. Those stockholders who receive all of the merger consideration in respect of their shares in the form of cash will not participate in the surviving corporation's future earnings and potential growth as a subsidiary of PepsiCo and will no longer bear the risk of any losses incurred in the operation of the surviving corporation's business as a subsidiary of PepsiCo or of any decreases in the value of that business. Those stockholders receiving shares of PepsiCo common stock as merger consideration for their shares of PAS common stock will only participate in the surviving corporation's future earnings and potential growth through their ownership of PepsiCo common stock. All of the other incidents of direct stock ownership in PAS, such as the right to vote on certain corporate decisions, to elect directors and to receive dividends and distributions from PAS will be extinguished upon completion of the merger.

Stock Exchange Delisting and Deregistration

As promptly as practicable following completion of the merger, Metro, as successor to PAS, will cause PAS common stock to be delisted from the New York Stock Exchange and deregistered under the Exchange Act. Registration under the Exchange Act may be terminated upon application to the SEC if the shares of PAS common stock are neither listed on a national securities exchange nor held by 300 or more holders of record. As a result of such deregistration, PAS will no longer be required to file reports with the SEC or otherwise be subject to the United States federal securities laws applicable to public companies.

Effect on Net Book Value and Net Earnings of PepsiCo

The table below sets forth the direct and indirect interest of PepsiCo and Metro in PAS' net book value and net earnings before and after the merger, based on the historical net book value of PAS as of, and the historical net earnings of PAS for, the year ended January 3, 2009.

	Ownership Prior to the Merger				Ownership After the Merger			
	Net Book Value		Earnings		Net Book Value		Earnings	
	\$ (in millions)	%	\$ (in millions)	%	\$ (in millions)	%	\$ (in millions)	%
PepsiCo	694	43.4	102	43.4	1,600	100	236	100
Metro	432	27.0	64	27.0	1,600	100	236	100

Plans for PAS

If the merger is completed, PAS will be merged with and into Metro, and Metro will be the surviving corporation. Following such completion PepsiCo currently expects that the surviving corporation's operations will be conducted as a dedicated bottling business within PepsiCo and that the surviving corporation will be headquartered in [].

PepsiCo has reviewed and will continue to review various potential business strategies that it may consider in the event that the merger is completed. PepsiCo expects to continue to review PAS' assets, corporate structure,

Table of Contents

capitalization, operations, properties, policies, management and personnel to consider and determine what other changes, if any, would be appropriate or desirable. PepsiCo expressly reserves the right to make any changes that it deems necessary, appropriate or convenient in light of its review or future developments.

Pursuant to the terms of the merger agreement, PAS will merge with and into Metro, with Metro being the surviving company, and at the effective time of the merger the current officers and directors of Metro (all of whom are employees of PepsiCo) will be the officers and directors of the surviving company.

PepsiCo currently plans that at the closing of the mergers with PBG and PAS it will form a new operating unit that will be called PepsiCo Bottling North America, or PBNA. Eric J. Foss, current chairman and CEO of PBG, will become the CEO of PBNA, reporting directly to PepsiCo Chairman and CEO Indra Nooyi. PBNA will comprise all current PBG and PAS operations in the United States, Canada and Mexico, and will account for about three-quarters of the volume of PepsiCo's North American bottling system, with independent franchisees accounting for the rest. PBNA will be separate from PepsiCo's brand-oriented PepsiCo Americas Beverages (PAB) operating unit, which will continue to oversee independent bottlers and Gatorade and Tropicana operations. Current PBG and PAS operations in Europe and Russia will be managed by PepsiCo's Europe unit when the mergers are completed.

On December 7, 2009, PepsiCo and Dr Pepper Snapple Group, Inc. (DPSG) agreed that upon closing of the mergers PepsiCo will be entitled to manufacture and distribute Dr Pepper and certain other DPSG products in the territories where they are currently sold by PBG and PAS in exchange for a \$900 million payment to DPSG.

Except as otherwise described in this proxy statement/prospectus, PepsiCo has no current plans or proposals or negotiations that relate to or would result in: (i) an extraordinary corporate transaction, such as a merger, reorganization or liquidation involving PAS or any of its subsidiaries; (ii) any purchase, sale or transfer of a material amount of assets of PAS or any of its subsidiaries; (iii) any material change in the indebtedness or capitalization of PAS; (iv) any change in the present board of directors or management of PAS, including, but not limited to, any plans or proposals to change the number or the term of directors and to fill any existing vacancies on PAS's board of directors or to change any material term of the employment contract of any executive officer; or (v) any other material change in PAS's corporate structure or business. See PepsiCo's Reasons for, and Purpose of, the Merger, The Merger Agreement Structure of the Merger and The PBG Merger beginning on pages [] and [], respectively, of this proxy statement/prospectus.

PepsiCo currently does not intend to declare any dividends on the shares of Metro common stock following completion of the merger, although it reserves the right to change Metro's dividend policy. PAS's existing dividend policy provides for the payment of quarterly cash dividends. See Summary Share Information and Dividends and Summary Comparative Stock Prices and Dividends beginning on pages [] and [], respectively, of this proxy statement/prospectus.

Certain PAS Forecasts

PAS does not as a matter of course make public financial forecasts as to future performance, earnings or other results beyond the current fiscal year, and PAS is especially cautious of making financial forecasts for extended periods due to the unpredictability of the underlying assumptions and estimates. However, PAS provided to its financial advisor, Goldman Sachs, and PAS's board of directors and transactions committee certain non-public financial forecasts that were prepared by PAS management in connection with the evaluation of a possible transaction between PAS and PepsiCo and not for public disclosure. PAS has included below these PAS forecasts to give PAS stockholders access to certain non-public information that was furnished to and considered by PAS's financial advisor and PAS's board of directors and transactions committee in connection with the evaluation of a possible transaction between PAS and PepsiCo.

Table of Contents

PAS forecasts provided to PAS financial advisor included 4-year projections of revenue and EBITDA, prepared by PAS management as of April 25, 2009. The projections reflected a management revenue forecast of a 4.2% compound annual growth rate from 2009E to 2012E. They also reflected a management EBITDA forecast of a 6.2% compound annual growth rate from 2009E to 2012E. These projections of revenue and EBITDA assumed that PAS would continue its business generally as then conducted and that PAS would not take any extraordinary actions, such as dispositions of assets or properties or refinancing of indebtedness, and the projections did not take into account the merger or any of the transactions contemplated by the merger agreement.

A chart summarizing the projections utilized by PAS financial advisor and reviewed by PAS board of directors and transactions committee is set forth below.

Summary of PAS Forecasts as of April 25, 2009

	Fiscal Year Ending December				CAGR 2009E-2012E
	2009E	2010E	2011E	2012E	
	Management Projections				
	(in millions, except per share data)				
Income Statement					
Total Revenue	\$ 4,753	\$ 4,954	\$ 5,166	\$ 5,381	4.2%
EBITDA	650	679	729	778	6.2%

These PAS forecasts were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, or generally accepted accounting principles. In addition, these PAS forecasts were not prepared with the assistance of, or reviewed, compiled or examined by, PAS independent registered public accounting firm or any other independent accountants. The summary of these PAS forecasts is not being included in this document to influence your decision whether to vote for or against the merger, but because these PAS forecasts were provided by PAS to PAS financial advisor and PAS board of directors and transactions committee in connection with the evaluation of a possible transaction between PAS and PepsiCo. The inclusion of PAS forecasts in this document will not be deemed an admission or representation by PepsiCo, PAS, PAS board of directors or transactions committee or their respective advisors that these PAS forecasts are viewed by any of them as material information of PAS.

These PAS forecasts were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of PAS. Important factors that may affect actual results and cause these financial forecasts to not be achieved include, but are not limited to, risks and uncertainties relating to PAS business (including its ability to achieve strategic goals, objectives and targets over the applicable periods), industry performance, the regulatory environment, general business and economic conditions and other factors described under

Forward-Looking Statements beginning on page [] of this proxy statement/prospectus. These PAS forecasts also reflect assumptions as to certain business decisions that are subject to change. Furthermore, because these PAS forecasts cover multiple years, such information by its nature becomes less reliable with each successive year. As a result, actual results may differ materially from those contained in these PAS forecasts. Accordingly, there can be no assurance that these PAS forecasts will be realized or that PAS future financial results will not materially vary from these PAS forecasts.

The inclusion of these PAS forecasts in this document should not be regarded as an indication that PAS or its affiliates, advisors or representatives considered these PAS forecasts to be predictive of actual future events, and these PAS forecasts should not be relied upon as such. Neither PAS nor its affiliates, advisors or representatives can give you any assurance that actual results will not differ from these PAS forecasts, and none of them undertakes any obligation to update or otherwise revise or reconcile these PAS forecasts to reflect circumstances existing after the date these PAS forecasts were generated or to reflect the occurrence of future events, including the merger or any of the transactions contemplated by the merger agreement, even in the event

Table of Contents

that any or all of the assumptions underlying these PAS forecasts are shown to be in error. PAS does not intend to make publicly available any update or other revision to these PAS forecasts. Since the date of these PAS forecasts, PAS has made publicly available its actual results of operations for the quarter and six months ended July 4, 2009. You should review PAS Quarterly Report on Form 10-Q for the quarter ended July 4, 2009 for this information. Neither PAS nor its affiliates, advisors or representatives has made or makes any representation to any stockholder or other person regarding PAS ultimate performance compared to the information contained in these PAS forecasts or that forecasted results will be achieved. PAS has made no representation to PAS financial advisor or PepsiCo, in the merger agreement or otherwise, concerning these PAS forecasts.

Opinion of PAS Financial Advisor

PAS board of directors retained Goldman Sachs as financial advisor in connection with the merger and, following the formation of PAS transactions committee, Goldman Sachs also acted as financial advisor to PAS transactions committee. In connection with this engagement, at a meeting of PAS board of directors and PAS transactions committee of PAS board of directors, Goldman Sachs rendered its oral opinion, subsequently confirmed in writing, that as of August 3, 2009 and based upon and subject to the factors and assumptions set forth in the written opinion, the exchange ratio and the cash election price to be paid to the holders (other than PepsiCo and its affiliates) of shares of PAS common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders. PAS transactions committee and board of directors expressly adopted the conclusion and analyses of Goldman Sachs as set forth in such opinion.

The full text of the written opinion of Goldman Sachs, dated August 3, 2009, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix B. Goldman Sachs provided its opinion for the information and assistance of PAS board of directors and PAS transactions committee in connection with their consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of PAS common stock should vote or make any election with respect to the merger or any other matter.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the merger agreement;

the PBG merger agreement;

annual reports to stockholders and Annual Reports on Form 10-K of PAS for the five fiscal years ended January 3, 2009 and for PepsiCo and PBG for the five fiscal years ended December 27, 2008;

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of PAS, PepsiCo and PBG;

certain other communications from PAS, PepsiCo and PBG to their respective stockholders;

certain publicly available research analyst estimates of the future financial performance of PepsiCo and PBG, as modified by PAS, that PAS instructed Goldman Sachs to use for purposes of rendering its opinion (the **PepsiCo and PBG Forecasts**);

certain internal financial analyses and forecasts for PAS prepared by its management, as approved for Goldman Sachs use by PAS (together with the PepsiCo and PBG Forecasts, the **Forecasts**); and

Edgar Filing: PEPSICO INC - Form S-4/A

certain cost savings and operating synergies for PepsiCo projected by the management of PAS to result from the merger and the PBG merger and approved for Goldman Sachs use by PAS (the **Synergies**).

With the consent of PAS, Goldman Sachs review of PBG s business operations, financial condition and future prospects was limited to its discussions with management of PAS and PepsiCo and its review of publicly available information and certain research analysts estimates for PBG. Goldman Sachs also held discussions with members

Table of Contents

of the senior management of PAS and PepsiCo regarding their assessment of the strategic rationale for, and the potential benefits of, the merger and the PBG merger and the past and current business operations, financial condition and future prospects of PAS, PepsiCo and PBG. In addition, Goldman Sachs reviewed the reported price and trading activity for PAS common stock, PepsiCo common stock and PBG common stock, compared certain information for PAS and PepsiCo with similar financial and stock market information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the beverage and bottling industries specifically and in other industries generally and performed such other studies and analyses, and considered such other factors as it considered appropriate.

For purposes of rendering the opinion described above, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by it and Goldman Sachs did not assume any liability for any such information. In that regard, Goldman Sachs assumed with the consent of PAS that the Forecasts and the Synergies were reasonably prepared on a basis reflecting the best currently available estimates and judgments of PAS. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of PAS, PepsiCo or PBG or any of their respective affiliates, nor was any evaluation or appraisal of the assets or liabilities of PAS, PepsiCo or PBG or any of their respective affiliates furnished to Goldman Sachs. Goldman Sachs assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger and the PBG merger will be obtained without any adverse effect on PAS, PepsiCo or PBG or on the expected benefits of the merger or the PBG merger in any way meaningful to its analysis. It also assumed that the merger and the PBG merger will be consummated on the terms set forth in the merger agreement and the PBG merger agreement, respectively, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis. In addition, it did not express any opinion as to the impact of the merger or the PBG merger on the solvency or viability of PAS, PepsiCo or PBG or the ability of PAS, PepsiCo or PBG to pay its obligations when they come due, and the opinion did not address any legal, regulatory, tax or accounting matters.

Goldman Sachs was not requested to solicit, and did not solicit, interest from other parties with respect to an acquisition of or other business combination with PAS. PAS informed Goldman Sachs that PepsiCo and its affiliates beneficially own approximately 43% of the issued and outstanding PAS common stock and have change in control rights under their bottling agreements with PAS that would be triggered if PAS were to sell itself to a third party. PAS informed Goldman Sachs that PepsiCo indicated to PAS that it had no interest in pursuing or permitting a business combination involving PAS or any of its operations other than a transaction in which PepsiCo and its affiliates would purchase the PAS common stock it does not already beneficially own. PAS informed Goldman Sachs that, to its knowledge, no third parties other than PepsiCo and its affiliates made any proposal to purchase most or all of the outstanding PAS common stock as a single block since the public announcement of PepsiCo's April 19 proposal. Goldman Sachs' opinion did not address any legal, regulatory, tax or accounting matters nor did it address the underlying business decision of PAS to engage in the merger or the relative merits of the merger as compared to any strategic alternatives that may be available to PAS. Goldman Sachs' opinion addressed only the fairness from a financial point of view, as of the date of the opinion, of the exchange ratio and the cash election price to be paid to the holders (other than PepsiCo and its affiliates) of PAS common stock, taken in the aggregate, pursuant to the merger agreement. Goldman Sachs' opinion did not express any view on, and did not address, any other term or aspect of the merger agreement or the merger, including, without limitation, the fairness of the merger to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors, or other constituencies of PAS; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of PAS, or class of such persons in connection with the merger, whether relative to the exchange ratio and the cash election price to be paid to the holders (other than PepsiCo and its affiliates) of PAS common stock, taken in the aggregate, pursuant to the merger agreement or otherwise. Goldman Sachs' opinion was necessarily based on economic, monetary market and other conditions, as in effect on, and the information made available to it as of the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its

Table of Contents

opinion based on circumstances, developments or events occurring after the date of its opinion. In addition, Goldman Sachs did not express any opinion as to the prices at which shares of PepsiCo common stock will trade at any time. Goldman Sachs' opinion was approved by a fairness committee of Goldman Sachs.

The following is a summary of the material financial analyses delivered by Goldman Sachs to PAS' board of directors and PAS' transactions committee in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before July 31, 2009, the last trading day prior to the day on which the PepsiCo made its final price per share proposal, and is not necessarily indicative of current market conditions.

Historical Stock Trading Analysis. Goldman Sachs analyzed the merger consideration to be received by holders of PAS common stock pursuant to the merger agreement, assuming a \$28.50 value for such consideration (based on the closing price of \$56.75 per share of PepsiCo common stock on July 31, 2009) in relation to the historical trading price of PAS common stock. The purpose of this analysis was to assist PAS' board of directors and transactions committee in understanding how the value of the merger consideration compared to recent historical market prices of PAS common stock. This analysis indicated that the implied merger consideration in the amount of \$28.50 per share of PAS common stock represented:

a premium of 43.4% based on the market price of \$19.88 per share on April 17, 2009, the last trading day before PepsiCo announced publicly its proposal to acquire all the shares of PAS common stock and PBG common stock that PepsiCo did not already own;

a premium of 6.4% based on the market price of \$26.78 per share on July 31, 2009;

a premium of 6.1% based on the 52-week high market price of \$26.87 per share for the period ended April 17, 2009; and

a premium of 63.4% based on the 30-day average market price of \$17.45 per share for the period ended April 17, 2009.

Selected Transactions Analysis. Goldman Sachs analyzed the premiums paid in 671 selected transactions completed and announced from January 1, 2000 to June 30, 2009 in which the aggregate consideration paid exceeded \$1 billion, as derived from the SDC Domestic Mergers database. The selected transactions included transactions in which the acquiror was not a significant shareholder of the target and excluded transactions with an undisclosed value, spinoffs, recapitalizations, self-tenders, repurchases, deals in which a company acquired a minority stake in the target company, deals in which a company acquired the remaining minority stake in a target which it did not already own and nationalization transactions. None of these 671 selected transactions were necessarily directly comparable to this merger, where, as Goldman Sachs indicated in its presentation, the aggregate consideration of the merger was approximately \$2.036 billion and the acquiror, PepsiCo, held approximately 43% of the issued and outstanding PAS common stock. Goldman Sachs performed this analysis for the purpose of assisting PAS' board of directors and transactions committee in understanding how the premium in this merger, represented by the merger consideration relative to historical market prices as discussed in the preceding paragraph, compared with the premiums paid in a broad spectrum of historical acquisition transactions. Goldman Sachs analyzed the premiums based on the consideration paid in the relevant transaction relative to the closing price of the target's common stock one trading day prior to the announcement of the relevant transaction. For the 349 selected transactions in which the purchase price was all-cash, Goldman Sachs calculated a median premium to share price one trading day prior to announcement of 25%; for the 189 selected transactions in which the purchase price included a combination of cash and stock, Goldman Sachs calculated a median premium to share price one trading day prior to announcement of 23%; and for the 133 selected transactions in which the purchase price was all-stock, Goldman Sachs calculated a median premium to share price one trading day prior to announcement of 23%.

Table of Contents

Selected Companies Analysis. Goldman Sachs reviewed and compared certain public market multiples for PAS to corresponding public market multiples for the following publicly traded corporations in the beverage industry:

Hansen Natural Corporation;

The Coca-Cola Company;

Coca-Cola Amatil Ltd.; and

PepsiCo. (collectively, the **Selected Beverage Companies**).

Goldman Sachs also reviewed and compared certain public market multiples for PAS to corresponding public market multiples for the following publicly traded corporations in the bottling industry:

Coca-Cola Hellenic Bottling Company S.A.;

Coca-Cola Icecek A.S.;

PBG; and

CCE (collectively, the **Selected Bottling Companies**).

Goldman Sachs also reviewed and compared certain public market multiples for PAS to corresponding public market multiples for Dr Pepper Snapple Group, Inc. (the **Hybrid Company**), which is a combination beverage and bottling company.

Although none of the selected companies is directly comparable to PAS, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of PAS. The purpose of this analysis was to assist PAS' board of directors and transactions committee in understanding how the stock of companies in the beverage and bottling industries had been trading relative to commonly used financial metrics and the extent to which PAS common stock had been trading at a premium or discount to the multiples and ratios of these financial metrics represented by the trading prices of the stock of these other companies.

The multiples and ratios for PAS, PepsiCo, PBG and the other selected companies were based on SEC or other public filings, estimates from the Institutional Brokers' Estimate System (IBES) and the closing prices of the selected companies' respective common stock as of April 17, 2009 and July 31, 2009. With respect to the selected companies, Goldman Sachs calculated the following and compared them to the results for PAS:

enterprise value, or EV, which is the market value of common equity on a diluted basis (including outstanding warrants and options) plus the book value of total debt (including capital lease obligations), preferred equity and minority interest less cash and cash equivalents as of April 17, 2009 and July 31, 2009, as a multiple of EBITDA for the last twelve months period for which financial information was available (**LTM EBITDA**) as of April 17, 2009 and July 31, 2009;

EV as a multiple of estimated 2009 EBITDA on April 17, 2009 and July 31, 2009; and

Edgar Filing: PEPSICO INC - Form S-4/A

price per share as a multiple of estimated 2009 earnings per share on April 17, 2009 and July 31, 2009.

The results of these analyses are summarized as follows:

	EV/LTM EBITDA (as of April 17, 2009)	EV/LTM EBITDA (as of July 31, 2009)	2009 EV/ EBITDA (as of April 17, 2009)	2009 EV/ EBITDA (as of July 31, 2009)	2009E Price/ Earnings (as of April 17, 2009)	2009E Price/ Earnings (as of July 31, 2009)
Selected Beverage Companies	9.4x - 19.9x	10.3x - 14.2x	8.7x - 10.9x	8.0x - 12.1x	14.1x - 16.9x	13.6x - 16.4x
Selected Bottling Companies	6.2x - 7.2x	6.6x - 9.2x	6.1x - 6.7x	6.7x - 8.2x	9.8x - 12.4x	12.6x - 15.4x
Hybrid Company	7.5x	8.4x	7.5x	8.1x	12.2x	14.0x
PAS	6.8x	8.4x	7.1x	8.6x	11.0x	14.0x

Table of Contents

The results of these analyses for each company are as follows:

Company	EV / LTM EBITDA		2009E EV / EBITDA		2009E P / E	
	July 31, 2009	April 17, 2009	July 31, 2009	April 17, 2009	July 31, 2009	April 17, 2009
	Hansen Natural Corporation	14.2x	19.9x	8.0x	10.5x	13.6x
The Coca-Cola Company	11.6x	10.9x	12.1x	10.9x	16.4x	14.4x
Coca-Cola Amatil Ltd.	10.4x	9.5x	9.6x	8.7x	15.8x	14.1x
PepsiCo.	10.3x	9.4x	10.0x	9.4x	15.4x	14.2x
Coca-Cola Hellenic Bottling Company S.A.	8.0x	6.3x	8.0x	6.5x	15.4x	11.2x
Coca-Cola Icecek A.S.	9.2x	7.2x	8.2x	6.1x	14.4x	9.8x
PBG	7.9x	6.4x	7.8x	6.7x	14.1x	