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EDITED TRANSCRIPT

PEP - PepsiCo Inc Annual Shareholders Meeting

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CORPORATE PARTICIPANTS

Indra Nooyi *PepsiCo, Inc. - Chairman, CEO*

Tony West *PepsiCo, Inc. - EVP of Government Affairs, General Counsel, Corporate Secretary*

Beth VanDerbeck *Broadridge Financial Solutions - Inspector of Election*

CONFERENCE CALL PARTICIPANTS

Ginger Cassady *Harrington Investments - Representative*

Chris Demetropoulis *Trillium Asset Management - Representative*

Robert Thomas *Holy Land Principles, Inc - Representative*

Greg Hughes *Investor*

PRESENTATION

Operator

Before we begin, please take note of our cautionary statement. This presentation includes forward-looking statements based on currently available information. Forward-looking statements inherently involve risks and uncertainties that could cause our actual results to differ materially from those predicted in such forward-looking statements. Statements made in this presentation should be considered together with the cautionary statement and other information contained in our 2015 annual report and subsequent filings with the SEC.

Also to find reconciliation of non-GAAP measures that we may use when discussing PepsiCo's financial results, please refer to the investor section of PepsiCo's website under the events and presentations tab and our Q4 2015 earnings release. And now, please welcome the chairman and chief executive officer of PepsiCo, Indra Nooyi.

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

Good morning, everyone. It's wonderful to be here. On behalf of PepsiCo's Board of Directors and our leadership team, thank you for joining us today for PepsiCo's 2016 meeting of shareholders. No matter whether you're listening via webcast or here in New Bern, North Carolina, we're just grateful that you're taking part in our meeting.

I also want to express our appreciation to the community here for always making us feel so welcome every time we come back. This is our fifth straight year of returning here to the birthplace of Pepsi Cola for annual shareholders' meeting. And every time we come back, you make us feel like we're coming home. So, thank you. Some sunshine wouldn't be so bad, some weather. That's okay.

Let me begin by welcoming our board members who are here with us today. I'll ask each of them to stand as I read their names. Shona Brown, George Buckley, Ian Cook, Dina Dublon, Rona Fairhead, Richard Fisher, Bill Johnson, David Page, Bob Pohl, Lloyd Trotter, Alberto Weisser. And I'd also like to welcome our newest board member, Cesar Conde. Cesar is chairman of NBCUniversal International Group and NBCUniversal Telemundo Enterprises. Cesar, welcome.

One of our board members, Dan Vasella, is unable to be here today. I'd also be remiss if I didn't say a word about Alberto Ibarquien, who just retired from our board. Alberto was, is, a wise and insightful adviser to me and this company, and we really miss him. Up on stage with me is Tony West, Executive Vice President, Government Affairs, General Counsel and Corporate Secretary.

And let me also take a moment to introduce the other members of PepsiCo's leadership team who are here with us today. Jon Banner, Executive Vice President of Communications; Al Carey, Chief Executive Officer, North America; Laxman Narasimhan, Chief Executive Officer of Latin America;



Hugh Johnston, Vice Chairman and Chief Financial Officer; Mehmood Khan, Vice Chairman and Chief Scientific Officer, Global Research and Development; Cynthia Trudell, Executive Vice President, Human Resources, and Chief Human Resource Officer.

And I'd like to welcome the two newest members of our senior leadership team, Kirk Tanner, President and Chief Operating officer of North America beverages; and Vivek Sankaran, President and Chief Operating Officer, Frito-Lay North America.

It's also a privilege to be joined today by Jan Calloway, whose late husband, Wayne, a proud native of North Carolina, served PepsiCo as Chairman and CEO. Jan, welcome. Where's Jan? Hi, Jan. Welcome. And of course, no annual meeting is complete without our incredible North Carolina partners, Paul Finney, CEO of Pepsi Bottling Ventures, our largest independent bottling partner in North America; and of course New Bern's own, Jeff Minges, and his sons, Miles and Landon.

Jeff is President and CEO of Minges Bottling Group, our franchise partner in a number of counties here in North Carolina. Thank you both for everything you do for our partnership, and thank you for being here.

Finally, let me say a special word of welcome to all of you, our shareholders. Many of you have been listening via webcast or coming in person year after year. I'm thinking of people like [Alan Pederson], [Mary Parish], [Stephen Morris], [Clint North], [Amy Brown]. I'd like to mention all your names, but we're out time. And of course, our newest, youngest shareholder, [Christina Demetropoulis]. And of course, my favorite, [Don Gilson].

Thank you for coming. And I just want to say thank you. I know how busy life can get. I know there isn't enough time for all the things we want to do. So it means a lot to me and to PepsiCo that so many of you take the time to join us year after year. So, thank you. I'm especially appreciative because PepsiCo belongs to each and every one of you and the people you represent; moms, dads, employees, retirees, working families, and students saving for college.

And I see our board's role, our leadership team's role, and my own role as being faithful stewards of your company, of our company. And let me tell you, I take that responsibility very seriously. The question I ask myself every day, the question I've been asking myself since I became CEO 10 years ago, is how can we be faithful stewards on your behalf? How can we make sure this great company keeps growing stronger?

Not just one year from now or five years from now, but decades from now. Because I want to look back at this moment many years from today and know that we made the right decisions. Not just for the short-term, but the long-term. I want to know that we pushed ourselves to out-innovate and out-compete the rest of our industry. And that's why we're accelerating our innovation agenda and future-proofing our portfolio to meet the needs of consumers who want healthier, more nutritious options.

That's why we're leveraging our global scale by bringing successful products from one global market to another, and accelerating the expansion of our portfolio of current and future billion-dollar brands. That's why we're strengthening our marketplace execution, harnessing new capabilities, from e-commerce to design. That's why we're managing costs responsibly, and reinvesting the savings to make ourselves more innovative and more competitive.

Of course, staying focused on both the short-term and the long-term hasn't always been easy. But thanks to the support of our board and the leadership team, that's what we've done. Let me tell you what the results have been. Last year we once again met or exceeded our financial targets, specifically organic revenue grew 5% in 2015, capping a three-year period of consistent mid-single-digit organic revenue growth, in line with our long-term objectives. Core gross margins improved by 140 basis points in 2015, while core operating margin improved by 30 basis points.

In 2015, core net return on invested capital improved by 210 basis points, to 19.6%. Core constant currency earnings per share grew 10% in 2015. Free cash flow, excluding certain items, was strong in 2015 at \$8.1 billion. PepsiCo increased its annualized dividends for the 43rd consecutive year in 2015, and returned \$9 billion to shareholders through share repurchases and dividends.

Our spending on advertising and marketing as a percentage of sales increased by 40 basis points in 2015, and we have steadily increased our R&D investment over the past 10 years. And in 2015, R&D spending was up 40% since 2011. 2015 also marked the third consecutive year innovation accounted for at least 8% of our net revenue.



What's more is that these results built on a long track of great performance. From the beginning of 2000 until the end of last year, a period that includes two significant market down turns, PepsiCo has generated 9% annualized total shareholder return, compared to just 4% for the S&P 500. Put another way, \$100 invested in PepsiCo at the start of the new millennium is worth nearly \$410 today, more than twice as much as \$100 if it were invested in the S&P 500.

Our total shareholder return reflects the durability and consistency of our financial results, as well as our keen focus on disciplined capital allocation. For example, since 2000, our reported net revenues and earnings per share have grown at a compound annual growth rate of 7%. Since 2000, our dividends per share have grown at a compound annual rate of approximately 11%.

Our annualized dividend will increase to \$3.01 per share, beginning with the June payment. This equates to a 9% yield on a share of PepsiCo purchased on December 31, 1999, at a price of \$35. Overall, we returned almost \$86 billion to shareholders in the form of dividends and share repurchases since the beginning of 2000, when our total market capitalization was only \$51 billion.

Now, this kind of performance would be impressive during any period of time. It would be impressive no matter what kind of challenges a company was facing. But considering the challenges we faced over this period of time, from financial crisis to sluggish economic growth, from heightening regulatory activity to ongoing instability and conflict around the globe, I believe our performance is simply exemplary.

Simply put, in a time of economic uncertainty, PepsiCo has offered meaningful returns. And I'm absolutely confident about the future. That confidence comes from the way we run this company. It comes from the way we innovate, the way we execute, the way we hold ourselves to the highest standards of not only excellence, but ethics. The way we perform with purpose, the way we make more nutritious products, the way we reduce our impact on the planet, and the way we attract the best and the brightest, regardless of race, faith, or gender. We are a beacon of diversity and, for us, the only thing that matters is the strength of your abilities and the content of your character.

Ultimately, however, my faith in our future also comes from something else. It comes from all of you, our shareholders. Because I know that so long as we remain faithful to your interests, so long as we remain true to the confidence you placed in us, so long as we remain good stewards of your investments, PepsiCo will continue to be a company you can count on today, tomorrow, and for years to come. We'll continue to lead the way in our own industry and beyond, redefining what it means to be a successful twenty-first century corporation.

On behalf of our board, our leadership team, and all the associates around the world who make up our PepsiCo family, thank you for listening, thank you for being here, and thank you for being part of this great company.

With that, let me turn it over to Tony.

Tony West - PepsiCo, Inc. - EVP of Government Affairs, General Counsel, Corporate Secretary

Thank you, Madam Chairman. I am pleased to report that a majority of the votes entitled to be cast at this meeting are represented today in person or by proxy, and therefore we have the necessary quorum under state law and our by-laws. If anyone has not yet voted and would like to do so by ballot during the meeting, please raise your hand. We have staff assistants who will distribute these ballots to you. Keep your hands raised.

These ballots must be completed and turned in before the inspectors of election announce the closing of the polls. If you are a holder of convertible preferred stock, please tell the staff assistants, so that he or she can give you the appropriate ballot. Please remember to vote on all items, not just those on which you may want to change an earlier vote. Please also remember to print your name clearly, and to sign your ballot.

If you have previously voted by proxy, you don't need to vote today unless you wish to change your vote. If you have a legal proxy, please hand it in with your ballot. The ballots and proxies will be held in the possession of the inspectors of election, Beth VanDerbeck and Dan Klein from Broadridge Financial Solutions. They have previously taken their oath as inspectors of election at this meeting. Ms. VanDerbeck and Mr. Klein, please stand up or raise your hand so that you may be recognized.



Now, consistent with state law and our by-laws, a list of the shareholders entitled to notice of this meeting is available for inspection at the registration desk throughout the meeting. \

Madam Chair.

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

Now that we have a quorum, I declare this meeting to be duly convened for purposes of transacting such business as may properly come before it, in accordance with the state law and our by-laws. It is now in order to proceed with the meeting. Will the inspectors of election please open the polls?

Beth VanDerbeck - *Broadridge Financial Solutions - Inspector of Election*

I hereby declare the polls to be open.

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

We have eight agenda items this morning. The first is the election of directors. The second is the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year 2016. The third is the advisory approval on executive compensation. The fourth is the renewal and amendment of the PepsiCo, Inc., long-term incentive plan. And then four shareholder proposals will then be voted on, if properly presented.

In proceeding with the meeting, we will introduce all agenda items, and then we will open the floor to questions relating to the agenda items only. I ask you to hold all questions on our agenda items until we actually open the floor, and to please direct your questions only to me. The proponents of the shareholder proposals or their representatives will have five minutes to present each shareholder proposal.

Because we did not receive notice in accordance with our by-laws of any additional matters to be considered, no other proposals or nominations may be introduced at this meeting. After we address any questions regarding the agenda items, we will collect all ballots and then ask our inspector of elections to tabulate the voting results. And at the end of the meeting, we will open the floor to general questions.

Now you should have a copy of the rules of procedure that we will follow in conduct of this meeting, and we appreciate your cooperation. I have asked Mr. West to address any issues that arise under those rules.

So with that, let's begin with the first agenda item, which is the election of directors. I place before this meeting, to serve as directors for the coming year, the 14 individuals whose names and biographies appear in our proxy statement. Our board recommends a vote for each of the nominees for director.

We now turn to our second agenda item, the ratification of the appointment of KPMG as the Company's independent registered public accounting firm for 2016, which I place before the meeting. [Doug Rude] is here with us, representing KPMG, and will be available to answer any questions or make a statement, if you would like to do so later in the meeting. Our board recommends a vote for the ratification of the appointment of KPMG as PepsiCo's independent registered public accounting firm for 2016.

The third agenda item is the advisory vote to approve the compensation of the executive officers named in the proxy statement, which I place before the meeting. Our board recommends a vote for the advisory resolution to approve executive compensation.

And the fourth agenda item is the renewal and amendment of the PepsiCo, Inc., long-term incentive plan, which I place before this meeting. Our board recommends a vote for the approval of the renewal and amendment of the plan.

With that, we now move on to the shareholder proposals in the order in which they appear in the agenda. Each of the shareholders or their representatives will present the respective proposals. And I return to our first shareholder proposal, submitted by Mr. John Harrington of Harrington Investments, regarding the sustainability committee of the board of directors. Would Ginger Cassady, the representative of Mr. Harrington, please introduce herself and the proposal?

Ginger Cassady - *Harrington Investments - Representative*

Good morning, Chairwoman Nooyi. I'm here on behalf of Harrington Investments to move forward a proposal regarding committee on sustainability. As we know, with global tension focused on climate change, biodiversity law, and other social and human rights issues, there is a growing awareness among consumers and investors in sustainability and consumption trends.

The success of PepsiCo is increasingly impacted by our responses to these challenges and an extensive range of public policy, the sustainability issues, including environmental priorities and initiatives, human rights, and labor rights, nutritional standards, the use of labeling of genetically-modified crops, and political engagement.

In the past several years, corporate management here at PepsiCo has adopted or amended many separate and ad hoc policies, pledges or statements on a plethora of issues, including land and forest stewardship, palm oil, bioengineering, genetically modified products, product packaging, health and safety, health and awareness, sustainable agriculture, advertising to children, and product placement in schools.

The overall implementation of which, given the seemingly unlimited scope and variety of issues, may have operational, financial, and reputational effects on PepsiCo's performance. As fiduciaries, the board of directors has a responsibility for stewardship and oversight of PepsiCo's strategic direction and corporate plan. But responsibility for sustainability oversight currently resides within the nominating and governance committee.

This is why we are requesting the board directors to establish a new committee on sustainability to more appropriately oversee the Company's vision and responses to important matters of public policy and sustainability. Such committee could engage in an ongoing review of corporate policies, above and beyond matters of legal compliance, to assess PepsiCo's responses to changing conditions.

Adoption of this resolution would enhance the Company's reputation and reinforce PepsiCo's position as an industry leader in these areas of increasing and long-term concerns to investors and policy makers. Thank you.

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

Thank you, Ms. Cassady. And let me take a minute to share our board's position on this matter, as outlined in our proxy statement.

We continue to believe that a separate sustainability committee is unnecessary in light of the board's current oversight of sustainability in public policy matters and PepsiCo's strong commitment and performance in these very areas. Because at PepsiCo we are guided by performance with purpose, which is, you know, delivering top-tier financial performance by integrating sustainability into our business strategy.

And at PepsiCo we do not think of sustainability as tangential to a business or a program owned by a dedicated team. Instead, PepsiCo's sustainability agenda is totally ingrained into our daily operations. Because sustainability matters are integrated into, and not separated from, PepsiCo's business, the full board considers sustainability issues an integral part of its business oversight. And to clarify its role with respect to sustainability, the board did amend PepsiCo's corporate governance guidelines in 2015 to add sustainability to the key aspects of PepsiCo's business, over which the whole board has oversight responsibility.

The board believes that it should have flexibility to organize its oversight of sustainability and public policy matters in a manner that it considers to be the most effective, and that a separate sustainability committee is unnecessary and would not enhance the board's effectiveness at this time. Therefore, the board recommends that shareholders do not support this proposal. Thank you, Ms. Cassady.

The second shareholder proposal on the ballot was submitted by Trillium Asset Management on behalf of Susan Meade, The Sustainability Group on behalf of the William B. Perkins Trust, the Green Century Equity Fund, the Benedictine Sisters of Baltimore, and the Benedictine Sisters of Virginia, the Benedictine Sisters of Mount Saint Scholastica, Inc. So would Chris Demetropoulis, the representative of the proponents please introduce themselves and the proposal.

Chris Demetropoulis - *Trillium Asset Management - Representative*

Good morning, Miss Chair and members of the Board, fellow shareholders. My name is Chris Demetropoulis of Trillium Asset Management, with along with The Sustainability Group of Loring, Wolcott & Coolidge, the Benedictine Sisters of Virginia, and Green Century Capital Management, filed proxy item six. I hereby move this proposal, which focuses on the potential risks to Pepsi resulting from the decline in the number of pollinators.

The proposal asks the Company to report on options it can take to reduce these risks, representing investment advisory firms with a commitment to integrate environmental, social, and governance issues into our stock selection process. We applaud Pepsi's commitment to sustainable business practices and our pleas to be shareowners.

This shareholder proposal comes at a time when we are seeing sharp declines in the number of bees and our important pollinators in the U.S. and Europe. Pollinator losses pose potentially serious risks to our food system, the economy, and Pepsi's supply chain. Why? Because pollinators contribute more than \$60 billion to our food system. Also, demand for pollinators is outpacing supply.

A recent United Nations report on biodiversity and pollinators states that, during the last half century, the volume of agriculture dependent on pollinators increased to more than 300%. This increased demand is much larger than the growth of managed honey bee hives in the same time period. Multiple factors are cited in the declines in pollinator populations. However, evidence has emerged that neonicotinoid pesticides, or neonics, are a major contributor.

In response to the science, a number of companies have committed to label and/or reduce the use and sale of this class of pesticide. General Mills, ConAgra, and Cisco, now provide more disclosure on their efforts to protect pollinators and reduce neonic use. The brand Pop Weaver announced it's removing neonics from its popcorn supply chain. Lowe's and Home Depot are phasing out neonics on live plants, and Ortho, the leading brand of insect control, is transitioning away from neonics and partnering with the Pollinator Stewardship Council.

As investors, we are concerned that Pepsi's inaction could pose business and reputational risks. Pepsi's sustainable farming initiative has the potential to provide a framework to address this issue, but it fails to address the impacts of pesticides broadly, and is silent on neonics specifically.

In closing, the Company states in its opposition statement: Our disclosures on sustainability are designed to be interconnected. Therefore, we do not believe it makes sense to segregate the issue of neonics. We agree. The proponents are not asking the Company to segregate the issue. But instead to account for the impacts of its practices on the health of pollinators in a way that allows investors to better understand strategies, implementation, and outcomes.

This proposal seeks transparency of information vital to shareholders. The Company's peers are providing much more disclosure on pesticide and neonic-related risks and actions. We would like Pepsi to do the same. For all the reasons provided above, we strongly urge shareholders to vote for proposal number six. Thank you for your time and consideration.

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

Thank you, Mr. Demetropoulis. You know, at PepsiCo we take this issue very seriously. Having a vibrant agricultural supply chain is critical to our success, and pollinating insects such as honey bees certainly play an important role.

And that's why, as a company, we are promoting sustainable agriculture all around the world. Through our sustainable farming initiative, we are taking a holistic approach that addresses a wide variety of interconnected issues, including the one you raised today. And through our sustainable

agriculture policy, we set strong standards for responsible pesticide use, and we continue to work with our growers and suppliers to implement best practices.

Having said all of that, we do not believe the disclosure of the detailed information required by the proposal is a prudent use of the Company's resources. Because we provide our shareholders regularly with public reporting on our sustainability programs, and we will continue to be transparent in our efforts. Our sustainability reporting is focused on a wide range of interconnected issues, something we feel is important to ensure that we are managing the entire ecosystem.

Narrowly focusing our reporting on a single issue poses a risk of ignoring other important environmental priorities and may cause unintended consequences in other parts of the supply chain. Therefore, we recommend that shareholders do not support this proposal.

The third shareholder on the ballot was submitted by Holy Land Principles, Inc. Would Robert Thomas, the representative of the proponent, please introduce himself and the proposal?

Robert Thomas - *Holy Land Principles, Inc - Representative*

Good morning, Mrs. Chairman, the board of directors, and everyone here. I rise to new resolution number seven on the Holy Land Principles. My name is Robert Thomas, from Virginia. Today I represent the Washington, D.C., based Holy Land Principles, Inc., proposing that Pepsi sign the Holy Land Principles.

The Holy Land Principles are pro-Jewish, pro-Palestinian, and pro-Pepsi. Let me repeat that. The Holy Land principles are pro-Jewish, pro-Palestinian, and pro-company. The principles do not call for quotas, reverse discrimination, divestment, disinvestment, or boycotts. We do not propose anything like that. The principles do not take any position on solutions to the Israeli-Palestinian issue. The principles do not try to tell the Palestinians or Israelis what to do.

The Holy Land Principles only call for fair employment by American companies in Palestine Israel.

Let me stress - re-stress this. This resolution only calls on Pepsi to practice fair employment, nothing more, nothing less. Irrespective of what Americans think about the Palestine-Israeli issue, one thing is certain. Americans expect American companies in the Holy Land to practice fair employment, that is, no discrimination based on religion, or race, or gender.

This resolution calls on Pepsi to set the standard by signing and implementing the Holy Land principles, which are themselves based on the very effective McBride Principles used in Northern Ireland. Initially American companies resisted the McBride Principles in Northern Ireland, but now, after 35 years, 116 companies, including Pepsi, have signed and implemented the McBride Principles for Northern Ireland.

So why would Pepsi or any American company refuse to sign the Holy Land Principles? It's made a real difference in peace in Northern Ireland. But is it legal? Last year three American companies, Corning, GE, and Intel, tried to get the SEC to exclude the Holy Land Principles from a vote. But the SEC, in its great wisdom, ruled in favor of the Holy Land Principle. Therefore, you know that the Holy Land Principles are intrinsically valid, inherently fair, and reasonable, and in the best American traditions.

This is an historic moment for Pepsi, being the first time this issue has been brought before you. It is important that Pepsi seize the moment and do the right thing. Pepsi should proudly sign the Holy Land Principles resolution. It is the American way. Thank you and God bless America.

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

Thank you, Mr. Thomas. I will provide you with our board's position on this proposal, as further outlined in our proxy statement. PepsiCo, as you know, already has comprehensive policies and procedures that promote equal and fair employment practices, diversity inclusion, and respect in

the workplace. Our global anti-harassment, anti-discrimination policy sets forth a zero tolerance policy towards any type of harassment or discrimination.

PepsiCo's values and global code of conduct reinforce this policy. Our code prohibits discrimination or unfair treatment in matters that involve any term or condition of employment, and provides that employment decisions must always be based on merit, qualification, and job-related performance. Our code also prohibits harassment or conduct of any kind that creates an intimidating, offensive, or hostile work environment.

We believe the PepsiCo's global policies and practices in the areas of equal opportunity, human rights, and diversity already address the goals of this proposal. That our policies work best when they're applied in a consistent manner across each of the markets in which PepsiCo operates, including Israel and the Palestinian territories. Therefore, the board recommends the shareholders do not support this proposal.

The final item on the ballot today is a shareholder proposal submitted by Zevin Asset Management, LLC, on behalf of Janet Axelrod. Would Chris Demetropoulis, the representative of the proponent, please introduce himself and the proposal?

Chris Demetropoulis - *Trillium Asset Management - Representative*

Good morning, fellow shareholders, Miss Chair, and members of the board. My name is Chris Demetropoulis, and I work for Trillium Asset Management. Today I'm representing Zevin Asset Management on behalf of Janet Axelrod, who owns 1,000 shares of Pepsi common stock.

I'll be moving proposal number eight on the proxy, which asks for quantitative renewable energy targets. While we acknowledge PepsiCo's significant and wide-ranging commitment to action on climate change, we urge the Company to set company-wide quantitative targets to increase renewable energy sourcing and/or production. In order to limit the average global temperature increase to two degrees centigrade, a goal shared by nearly every nation, the Intergovernmental Panel on Climate Change estimates that's the United States needs to reduce annual GHG omissions by approximately 80%.

This requires a significant shift to renewable energy, and any company with a commitment to reduce GHG omissions across its business, as PepsiCo has, should include a quantitative target to renewable energy to achieve its goals. The timing has never been so crucial and the opportunity so big, after the recent signing of the historic Paris Climate Agreement, for a global business like PepsiCo to act and make renewable energy a material component of its commitment to action on climate change.

According to new analysis of the Paris Agreement published by We Mean Business, a coalition of organizations working with thousands of the world's most influential businesses and investors, the volume of private sector climate action is accelerating fast. 51 new leading global companies making 62 separate commitments, including Aveda, Peugeot, Bloomberg, Tiffany, HP, Toyota, and many more, have joined We Mean Business in the immediate aftermath of the Paris Agreement, recognizing the agreement's immediate and long-term implications of business operations, supply chains, investor preferences, and consumer demand and the global marketplace.

They are taking implementation steps, like powering their operations with 100% renewable energy, using an internal price on carbon and setting science-based emission reduction targets. In fact, 58 companies, including Coca Cola, have committed to procure 100% of their electricity from renewable sources in the shortest practical timescale through RE100, the collaborative global initiative of influential businesses committed to 100% renewable electricity, working to massively increase corporate demand for renewable energy.

At the same time, the cost of generating electricity from sources such as wind and solar have been declining rapidly and are now cheaper in some regions than fossil fuel-based energy. By setting quantitative renewable energy targets, PepsiCo can strengthen its current climate change strategy, reduce the Company's exposure to fluctuating energy prices, remain a leader amongst peers and energy efficiency, and move it close to achieving its GHG reduction.

For these reasons, we urge you to vote yes on proposal number eight. Thank you for your time and consideration.

Indra Nooyi - PepsiCo, Inc. - Chairman, CEO

Thank you, Mr. Demetropoulis. Let me share with you our board's position on this matter, as outlined in our proxy statement. As you well know, PepsiCo has demonstrated strong progress in the area of energy efficiency, and reducing our greenhouse gas emissions has long been a priority at our company. As a first step, we set a target of holding greenhouse gas emissions flat against a 2008 baseline, even while growing our business.

In 2014, total greenhouse gas emissions for legacy operations was essentially flat, compared to 2008. And this performance was achieved despite significant production volume growth in our business, indicating significant efficiency improvements. And these actions not only address environmental concerns and help future-proof our company, they can also save money in the long-term.

PepsiCo is committed to action and we address this issue in a holistic manner across our operations. Because we recognize that limiting global warming to less than two degrees Celsius is critical to our future, and are committed to implementing solutions in support of this goal. We are working to achieve an absolute reduction in greenhouse gas emissions across our business by utilizing renewable energy, which helps reduce our reliance on traditional energy sources.

Beyond our efforts to utilize and further explore renewal alternatives to fossil fuel, we are addressing greenhouse gas emissions in a holistic manner across manufacturing, equipment, transportation, and the supply chain. Recognizing that the biggest impact we can have is through our supply chain, we also continue to work with our suppliers and business partners to promote energy efficiency and greenhouse gas reduction efforts.

And understanding the urgency of this issue, we are working to establish new goals and performance metrics to build on our progress to date. In doing so, our board believes PepsiCo should be free to pursue the most efficient and effective means of reaching our goals. Though we appreciate the focus on renewable energy sources, we plan to utilize them as we move forward, of course.

But we feel it's necessary to be able to use a range of options in support of our efforts to address climate change. PepsiCo will continue its significant and wide-ranging commitment to action on climate change. Therefore, the board recommends that shareholders do not support this proposal.

Are there any questions about any of the agenda items we just reviewed? We will open the floor to general questions and other topics at the end of the meeting. And, as a reminder, in order to accommodate all of you who wish to pose a question, each shareholder will be limited to three minutes for questions or comments. And to facilitate this process, you will hear a chime indicating when it's time for you to begin to finalize your questions or remarks. So questions or comments on the agenda items only. The floor is open.

Unidentified Audience Member

(inaudible - microphone inaccessible)

Indra Nooyi - PepsiCo, Inc. - Chairman, CEO

Sure.

Greg Hughes - Investor

I'm [Greg Hughes] of Cedar Rapids, and item seven the gentleman spoke of here, I really support. And one of the reasons is that a lot of things that you talk about your initiatives and all the programs to make that sure that you're not harassing or you're non-discriminatory, they really don't work. And that's one of the things I'll speak about later.

But I think the board really should take a look at that, and so should the shareholders. It's something that, as a shareholder, costs us a lot of money by being discriminatory or harassing to other employees, and I think this item number seven would actually help eliminate a lot of that. And, I mean, main thing is we're all here, we want to make money. And by eliminating a lot of that, you would make money, a lot more money.



Reduce a lot of lawsuits and, which as you told from the podium, one time you told me lawsuits are part of business. I disagree. Many people in business [want to] disagree with that. So I would support, urge the shareholders to actually support item number seven. Thank you.

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

Greg, you and I will have a conversation during the Q&A period. Because you and I will have a conversation during the Q&A period because I think it's time we both had a, you know, honest conversation on the issues you bring up. Because, as you know, I've been in Cedar Rapids, most of my senior team has been there. I think most of your issues that you raise are unfounded, so we'll have a conversation when the right time the agenda opens up for your question. Thank you.

Greg Hughes - *Investor*

(inaudible - microphone inaccessible)

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

Any other questions or comments on agenda items? There are no questions.

Anyone who needs to vote and wishes to vote have you voted already? Anybody left to vote? Is there outstanding balance at this time please raise your hand, we'll collect them and I'll remind you again to vote on each item. Do we have all the ballots? Yes, we now seem to have all of the ballots and since all those desiring to vote have done so, I will ask our inspectors of election to close the polls, Ms. VanDerbeck and Mr. Klein?

Beth VanDerbeck - *Broadridge Financial Solutions - Inspector of Election*

I now declare the polls closed.

Tony West - *PepsiCo, Inc. - EVP of Government Affairs, General Counsel, Corporate Secretary*

The responsibility of the inspectors of election is now to tabulate the voting results and they will begin to do so while we take a brief break at this time.

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

And while votes are being tabulated let's just watch a video on our company.

(Video Playing)

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

Tony West, the Secretary, will now announce the preliminary results of the balloting. Mr. West?



Tony West - *PepsiCo, Inc. - EVP of Government Affairs, General Counsel, Corporate Secretary*

Thank you, Madam Chairman. I'd like to report the preliminary results of the voting. I remind everyone that holders of our common stock and the holders of our convertible preferred stock vote together on all matters as a single class. With respect to the nominees for Director, I'd like to report that all Director nominees have been duly elected by the affirmative vote of a majority of the votes cast.

Ballot item number two, the appointment of KPMG LLP as our independent registered public accounting firm for 2016 has been ratified by the affirmative vote of approximately 99% of the votes cast.

Ballot item number three, the advisory vote on executive compensation has been approved on an advisory basis by the affirmative vote of approximately 94% of the votes cast.

Ballot item number four, the approval of the renewal and amendment of the PepsiCo Incorporated Long-Term Incentive Plan has been approved on an advisory basis by an affirmative vote of approximately 93% of the votes cast.

Ballot item number five, a shareholder proposal to establish a board committee on sustainability has received support of approximately 6% of the votes cast and thus did not receive enough votes to pass.

Ballot item number six, a shareholder proposal regarding a report on minimizing the impacts of neonics has received support of approximately 8% of the votes cast and thus did not receive enough votes to pass.

Ballot item number seven, a shareholder proposal regarding the Holy Land Principles has received support of approximately 4% of the votes cast and thus did not receive enough votes to pass.

Ballot item number eight, a shareholder proposal regarding quantitative renewable energy targets has received support of approximately 8% of the votes cast and thus did not receive enough votes to pass.

Again, I remind you that these are preliminary voting results and final results will be available after the votes have been certified by our Inspectors of Election. The final results will be disclosed on a form 8-K that will be filed with the Securities and Exchange Commission.

Madam Chair?

Indra Nooyi - *PepsiCo, Inc. - Chairman, CEO*

Thank you, Tony. All of the proposals eligible for consideration by the shareholders at this annual meeting have been presented. The formal business portion of the meeting is now adjourned.

I thank you all for your time and attention today.



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