

PEPSICO INC
Form S-4/A
December 08, 2009
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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)

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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

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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.

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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.

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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.**

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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.

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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.

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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	(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. (2) To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.
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	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. 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.

By Order of the Board of Directors,

Brian D. Wenger

Corporate Secretary

[], 2009

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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,

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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.

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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

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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.

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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.

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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;

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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;

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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

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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.

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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.

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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.

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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

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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

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

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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

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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.

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	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).

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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

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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-

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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.

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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

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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;

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

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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:

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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.

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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).

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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.

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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

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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

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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.

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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

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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.

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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.

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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

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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

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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

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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, 2009, 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

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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

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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

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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

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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. Pohlad 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.

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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

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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.

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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.

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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

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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;

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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;

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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

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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.

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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.

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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

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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.

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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.

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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.

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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

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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 .

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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

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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,

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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.

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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

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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

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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

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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

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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%.

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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

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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

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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	16.9x
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	11.5x
CCE	6.6x	6.2x	6.7x	6.4x	12.6x	12.4x
Dr Pepper Snapple Group, Inc.	8.4x	7.5x	8.1x	7.5x	14.0x	12.2x
PAS	8.4x	6.8x	8.6x	7.1x	14.0x	11.0x

Goldman Sachs also calculated EV as a multiple of LTM EBITDA, EV as a multiple of 2009 EBITDA and price per share as a multiple of estimated 2009 earnings per share for PAS based on Wall Street estimates and assuming merger consideration per share of \$28.50 resulting in multiples of 8.7x, 8.9x and 14.8x, respectively.

Goldman Sachs applied an illustrative range of multiples of 6.5x to 7.5x LTM EBITDA, derived from the selected companies analysis, to calculate an illustrative range of implied values per share of PAS common stock, as compared with the value of the merger consideration, as set forth below:

Illustrative Range of Implied Values Per Share of PAS	Merger Consideration
\$16-\$22	\$28.50

Selected Precedents. Goldman Sachs analyzed certain information relating to the following selected transactions in the beverage and bottling industries since January 1998 (in each case the acquiror is listed first and the target is listed second):

Coca-Cola Enterprises Inc. / CCBG Corporation and Texas Bottling Group, Inc.;

An investor group / DP Bottling Company of Texas;

Whitman Corporation / the former PepsiAmericas, Inc.;

Coca-Cola Enterprises Inc. / Hondo Incorporated and Herbco Enterprises, Inc.;

The Pepsi Bottling Group, Inc. / Pepsi-Gemex S.A. de C.V.;

Coca-Cola FEMSA, S.A.B. de C.V. / Panamerican Beverages, Inc.; and

Cadbury Schweppes plc / Dr Pepper/Seven Up Bottling Group Inc.

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While none of the acquired companies that participated in the selected transactions are directly comparable to PAS, the acquired companies that participated in the selected transactions are companies with operations that, for the purposes of analysis, may be considered similar to certain of PAS' results, market size and product profile. Goldman Sachs used its professional judgment to determine which acquired companies had operations that, for purposes of this analysis, may be considered similar to certain of PAS' results, market size and product profile. Among the factors that Goldman Sachs took into account were the geographic location of these operations in the western hemisphere and these operations' principal focus on bottling refreshment beverages for licensed brands, as opposed to brands that they own. The purpose of this analysis was to assist PAS' board of directors and transactions committee in understanding how the enterprise value for these other target companies in the beverage and bottling industries, based upon the consideration paid for these target companies, compared with the commonly used financial metric of LTM EBITDA and the extent to which the enterprise value of PAS, based upon the merger consideration, represented a premium or discount to the multiples of LTM EBITDA represented by the enterprise value of these other targets.

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For each of the selected transactions, Goldman Sachs calculated and compared, based on publicly available information, the EV as a multiple of LTM EBITDA. The following table presents the results of this analysis:

Year	EV/LTM EBITDA	Transaction
1998	13.1x	Coca-Cola Enterprises Inc. / CCBG Corporation and Texas Bottling Group, Inc.
1999	8.1x	Investor Group / DP Bottling Company of Texas
2000	11.8x	Whitman Corporation / PepsiAmericas, Inc.
2001	10.5x	Coca-Cola Enterprises Inc. / Hondo Incorporated and Herbco Enterprises, Inc.
2002	6.8x	The Pepsi Bottling Group, Inc. / Pepsi-Gemex S.A. de C.V.
2002	8.2x	Coca-Cola FEMSA, S.A.B. de C.V. / Panamerican Beverages, Inc.
2006	7.1x	Cadbury Schweppes plc / Dr Pepper/Seven Up Bottling Group Inc.

Goldman Sachs applied an illustrative range of multiples of 7.0x to 9.0x LTM EBITDA, derived from the selected precedents analysis, to calculate an illustrative range of implied values per share of PAS common stock, as compared with the merger consideration, as set forth below:

Illustrative Range of Implied Values Per Share of PAS	Merger Consideration
\$19-\$30	\$28.50

Illustrative Discounted Cash Flow Analysis. Goldman Sachs performed an illustrative discounted cash flow analysis on PAS using the Forecasts. The purpose of this analysis was to assist PAS board of directors and transactions committee in understanding how the value of the merger consideration might compare with an illustrative range of values per share of PAS common stock based on the present value of the future cash flows projected in the Forecasts. Goldman Sachs calculated the illustrative standalone discounted cash flow value per share of PAS common stock using discount rates ranging from 7.00% to 8.00%, derived by using a weighted average cost of capital analysis based on certain financial metrics, including betas, for PAS and other companies in the beverage and bottling industries. Goldman Sachs calculated implied prices per share of PAS common stock using illustrative terminal values in the year 2012 based on perpetuity growth rates ranging from 1.00% to 2.00%, derived by Goldman Sachs using its professional judgment, taking into account current and historical data. These illustrative terminal values were then discounted using PAS illustrative discount rates and added to the net present value of the free cash flows for PAS for the years 2009 through 2012 to calculate implied indications of present values discounted to the beginning of August 2009. This analysis resulted in a range of illustrative present values of \$22.56 to \$35.33 per share of PAS common stock.

Illustrative Present Value of Future Share Price of PAS Analysis. Goldman Sachs performed an illustrative analysis of the present value of the future price per share of PAS. This method of financial analysis is designed to provide an indication of the present value of a theoretical future value of a company's equity as a function of such company's estimated future earnings and its assumed price to future earnings per share multiple, plus any dividends paid by the company to common equity holders. For this analysis, Goldman Sachs used the Forecasts for the fiscal years 2009 to 2012.

Goldman Sachs first calculated the illustrative future value per share of PAS common stock from 2009 to 2011 by applying forward price-to-earnings multiple estimates of 11.0x, 13.0x and 15.0x for 2009 to 2011 multiplied by one year forward earnings per share estimates. These multiples were derived by Goldman Sachs using its professional judgment taking into account the one-year forward EBITDA multiples of publicly traded companies in the beverage and bottling industries. The illustrative future values per share in each year were then discounted back to August 1, 2009, including dividends, using a discount rate of 10.5% derived by utilizing a cost of equity analysis based on financial metrics, including betas, for PAS and other companies in the beverage and bottling industries. This analysis resulted in a range of present values per share of PAS common stock of \$22.08-\$31.91 for 2009 through 2011.

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Illustrative Present Value of Future Share Price of PepsiCo Analysis. Goldman Sachs also performed an illustrative analysis of the implied present value of the merger consideration based on the present value of the future price per share of PepsiCo common stock on a pro forma basis giving effect to the merger and the PBG merger and based on the Forecasts and the estimates by the management of PAS of Synergies in the amount of \$150 million in 2010, \$225 million in 2011 and \$300 million in 2012. This analysis excluded any potential negative synergies for PepsiCo resulting from the merger and the PBG merger, including the potential loss or modification of the terms of certain distribution contracts. This method of financial analysis is designed to provide an indication of the present value of a theoretical future value of PepsiCo equity as a function of PepsiCo's estimated future earnings and its assumed price to future earnings per share multiple, plus any dividends paid by PepsiCo to common equity holders. Goldman Sachs calculated the illustrative future value per share of PepsiCo common stock from 2009 to 2011 by applying multiples of 14.7x (the next twelve months P/E multiple for PepsiCo common stock as of July 31, 2009) and 18.5x (the average next twelve month P/E multiple for PepsiCo common stock as of the three year period ending on April 17, 2009) to the one-year forward earnings per share estimates for PepsiCo on a pro forma basis as described in the preceding sentences. Goldman Sachs then discounted these illustrative future values per share back to August 1, 2009 using a discount rate of 6.5%, based on a cost of equity capital analysis for PepsiCo, and including future dividends. The cost of equity capital analysis for PepsiCo was based on certain financial metrics, including betas, for PepsiCo and other companies in the beverage and bottling industries. This analysis resulted in illustrative present values of the merger consideration per share of PAS common stock of \$29.30-\$35.06 for 2009 through 2011.

Illustrative Pro Forma Value Analyses. Goldman Sachs prepared illustrative pro forma analyses of the potential financial impact on PepsiCo from 2010 to 2012 of the acquisition of both PAS and PBG using the Forecasts with the estimates by management of PAS of Synergies in the amount of \$150 million in 2010, \$225 million in 2011 and \$300 million in 2012. This analysis excluded any potential negative synergies for PepsiCo resulting from the merger and the PBG merger, including the potential loss or modification of the terms of certain distribution contracts. The purpose of this analysis was to assist PAS' board of directors and transactions committee in understanding how the acquisition of PAS and PBG may impact the future earnings per share of PepsiCo. The results of these analyses are summarized below:

PepsiCo Acquisition of PAS + PBG Acquisition (with Synergies)	Accretion
2010 (Synergies of \$150 million)	3.4%
2011 (Synergies of \$225 million)	4.1%
2012 (Synergies of \$300 million)	4.6%

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to PAS, PepsiCo, PBG or the contemplated merger or PBG merger.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs' providing its opinion to PAS' board of directors and PAS' transactions committee as to the fairness from a financial point of view of the holders (other than PepsiCo and its affiliates) of the outstanding shares of PAS common stock of the exchange ratio and the cash election price to be paid to such holders, taken in the aggregate, pursuant to the merger agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of PAS, PepsiCo, PBG, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

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The exchange ratio and the cash election price were determined through negotiations between PAS and PepsiCo and were recommended by PAS transactions committee to PAS board of directors for its approval and approved by PAS board of directors. Goldman Sachs provided advice to PAS during these negotiations. Goldman Sachs did not, however, recommend any specific amount of consideration to PAS, PAS transactions committee or PAS board of directors or that any specific amount of consideration constituted the only appropriate consideration for the merger.

As described above, Goldman Sachs opinion to PAS board of directors and PAS transactions committee was one of many factors taken into consideration by PAS transactions committee in making its recommendation to PAS board of directors to approve the merger agreement and by PAS board of directors in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Appendix B.

Goldman Sachs and its affiliates are engaged in investment banking and financial advisory services, commercial banking, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of third parties, PAS, PepsiCo or PBG and any of their respective affiliates or any currency or commodity that may be involved in the merger or the PBG merger for their own accounts and for the accounts of their customers. Goldman Sachs acted as financial advisor to PAS board of directors and PAS transactions committee in connection with, and participated in certain of the negotiations leading to, the merger. In addition, Goldman Sachs has provided certain investment banking and other financial services to PAS and its affiliates from time to time, including having acted as co-manager with respect to a public offering of PAS 4.375% Notes due February 2014 (aggregate principal amount \$350,000,000) in February 2009. Goldman Sachs received aggregate fees of \$150,150 for such services. During the last two years Goldman Sachs has not received any fees for investment banking or other financial services from PepsiCo. Goldman Sachs also may provide investment banking and other financial services to PAS, PepsiCo, PBG and their respective affiliates in the future for which it may receive compensation.

PAS board of directors and PAS transactions committee selected Goldman Sachs as their financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement dated April 20, 2009, PAS engaged Goldman Sachs to act as its financial advisor in connection with the contemplated merger. Pursuant to the terms of this engagement letter, PAS has agreed to pay Goldman Sachs a transaction fee of approximately \$20 million based on the aggregate consideration paid in the contemplated merger, all of which is payable upon consummation of the merger. Each of PAS transactions committee and board of directors considered the potential transaction fee payable to Goldman Sachs when considering the analysis, advice and opinion of Goldman Sachs. In addition, PAS has agreed to reimburse Goldman Sachs for its expenses, including attorneys fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Opinion of PepsiCo's Financial Advisors

PepsiCo has retained Centerview Partners and BofA Merrill Lynch to act as PepsiCo's financial advisors in connection with the merger. Centerview Partners is an investment banking firm whose principals and other professionals have substantial experience in similar transactions both while at Centerview Partners and, before that time, while having worked at other internationally recognized investment banking firms. Centerview Partners, as part of its investment banking services, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, strategic transactions, corporate restructurings, and valuations for corporate and other purposes. BofA Merrill Lynch is an internationally recognized investment banking firm which is regularly engaged in the valuation of businesses and securities in connection with mergers

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and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. PepsiCo selected Centerview Partners and BofA Merrill Lynch to act as PepsiCo's financial advisors in connection with the merger on the basis of Centerview Partners' and BofA Merrill Lynch's experience in transactions similar to the merger, their reputation in the investment banking community and their familiarity with PepsiCo and its business.

On August 3, 2009, at a meeting of PepsiCo's board of directors held to evaluate the merger, each of Centerview Partners and BofA Merrill Lynch delivered to PepsiCo's board of directors an 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 written opinion, the merger consideration to be paid in the merger by PepsiCo to PAS stockholders other than PepsiCo and its subsidiaries was fair, from a financial point of view, *to PepsiCo*.

The full text of the written opinions of Centerview Partners and BofA Merrill Lynch to PepsiCo's board of directors, which describe, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, has been filed with the SEC as part of the registration statement on Form S-4 of which this proxy statement/prospectus is a part and is incorporated by reference herein and will also be made available for inspection and copying at the principal executive offices of PepsiCo during its regular business hours. The following summary of the Centerview Partners and BofA Merrill Lynch opinions is qualified in its entirety by reference to the full text of the opinions. Each of Centerview Partners and BofA Merrill Lynch delivered its opinion to PepsiCo's board of directors for the benefit and use of PepsiCo's board of directors in connection with and for purposes of its evaluation of the merger consideration from a financial point of view *to PepsiCo*.

The opinions and financial analyses of Centerview Partners and BofA Merrill Lynch do not address any other aspect of the merger (including, without limitation, the fairness or appropriateness of the merger consideration to PAS or any of its stockholders) and do not constitute recommendations to any stockholder of any party to the merger as to how to vote or act in connection with the merger. The opinions and financial analyses of Centerview Partners and BofA Merrill Lynch were prepared for and delivered to the board of directors of PepsiCo and did not evaluate the merger or the merger consideration from the point of view of any party other than PepsiCo. PepsiCo did not request, and Centerview Partners and BofA Merrill Lynch did not provide, any opinion or financial analyses to PepsiCo, PAS or PBG or to any of their stockholders as to the fairness to the holders (in such capacity) of PAS common stock or PBG common stock of the merger consideration or the merger consideration payable in the PBG merger, or any valuation of PAS or PBG for the purpose of assessing the fairness to the holders (in such capacity) of PAS common stock or PBG common stock of the merger consideration or the merger consideration payable in the PBG merger. The opinions and financial analyses of Centerview Partners and BofA Merrill Lynch were not intended to be used by PAS stockholders in evaluating the merger or the merger consideration.

Opinion of Centerview Partners

In connection with rendering its opinion, Centerview Partners, among other things:

- (i) reviewed certain publicly available business and financial information relating to PAS and PepsiCo;
- (ii) reviewed certain financial forecasts relating to PAS prepared by the management of PepsiCo, referred to in this proxy statement/prospectus as the PepsiCo-PAS forecasts, and discussed with the management of PepsiCo its assessments as to the relative likelihood of achieving the future financial results reflected in the PepsiCo-PAS forecasts;
- (iii) reviewed certain internal financial and operating information with respect to the business, operations and prospects of PepsiCo furnished to or discussed with Centerview Partners by the management of PepsiCo, including certain financial forecasts relating to PepsiCo prepared by the management of PepsiCo, referred to in this proxy statement/prospectus as the PepsiCo forecasts;

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- (iv) reviewed certain estimates as to the amount and timing of cost savings and revenue enhancements, referred to in this proxy statement/prospectus as synergies, anticipated by the management of PepsiCo to result from the merger;
- (v) discussed the past and current business, operations, financial condition and prospects of PAS with members of senior managements of PAS and PepsiCo, and discussed the past and current business, operations, financial condition and prospects of PepsiCo, including after giving effect to the merger, and the strategic benefits anticipated by the management of PepsiCo to result therefrom, with members of senior management of PepsiCo;
- (vi) reviewed the potential pro forma financial impact of the merger on the future financial performance of PepsiCo, including the potential effect on PepsiCo's estimated earnings per share;
- (vii) reviewed the trading histories for PAS common stock and PepsiCo common stock and a comparison of such trading histories with each other and with the trading histories of other companies Centerview Partners deemed relevant;
- (viii) compared certain financial and stock market information of PAS and PepsiCo with similar information of other companies Centerview Partners deemed relevant;
- (ix) compared certain financial terms of the merger to financial terms, to the extent publicly available, of other transactions Centerview Partners deemed relevant;
- (x) reviewed a draft, dated August 3, 2009, of the merger agreement; and
- (xi) performed such other analyses and studies and considered such other information and factors as Centerview Partners deemed appropriate.

In arriving at its opinion, Centerview Partners assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and relied upon the assurances of the management of PepsiCo that it was not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the PepsiCo-PAS forecasts, the PepsiCo forecasts and the synergies, Centerview Partners assumed, at the direction of PepsiCo, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of PepsiCo as to the future financial performance of PAS and PepsiCo and the other matters covered thereby and, based on the assessments of the management of PepsiCo as to the relative likelihood of achieving the future financial results reflected in the PepsiCo-PAS forecasts, Centerview Partners relied, at the direction of PepsiCo, on the PepsiCo-PAS forecasts for purposes of its opinion (it being understood that while Centerview Partners was provided by PepsiCo with certain confirmatory internal financial information with respect to PAS provided to PepsiCo by PAS, Centerview Partners was not provided with comprehensive financial forecasts for PAS prepared by PAS). Centerview Partners relied, at the direction of PepsiCo, on the assessments of the management of PepsiCo as to PepsiCo's ability to achieve the synergies and was advised by PepsiCo, and assumed, that the synergies would be realized in the amounts and at the times projected in all respects material to its analysis. Centerview Partners did not make and was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of PAS or PepsiCo, nor did it make any physical inspection of the properties or assets of PAS or PepsiCo. Centerview Partners did not evaluate the solvency or fair value of PAS or PepsiCo under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. Centerview Partners assumed, at the direction of PepsiCo, that the merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the merger, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on PAS, PepsiCo or the contemplated benefits of the merger material to its analysis. Centerview Partners is not a legal, tax, regulatory or accounting advisor and relied upon PepsiCo and its legal, tax, regulatory and accounting advisors to make their own assessment of all legal, tax, regulatory and accounting matters relating to the merger. Centerview Partners assumed, at the direction of

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PepsiCo, that the merger would qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended (the **Code**). Centerview Partners also assumed, at the direction of PepsiCo, that the final executed merger agreement would not differ in any material respect from the draft dated August 3, 2009 of the merger agreement reviewed by it.

Centerview Partners expressed no view or opinion as to any terms or other aspects of the merger (other than the merger consideration to the extent expressly specified in its opinion), including, without limitation, the form or structure of the merger. Centerview Partners' opinion was limited to the fairness, from a financial point of view, *to PepsiCo* of the merger consideration to be paid in the merger and no opinion or view was expressed with respect to any consideration received in connection with the merger by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the merger, or class of such persons, relative to the merger consideration. Furthermore, no opinion or view was expressed as to the relative merits of the merger in comparison to other strategies or transactions that might be available to PepsiCo or in which PepsiCo might engage or as to the underlying business decision of PepsiCo to proceed with or effect the merger. Centerview Partners did not express any opinion as to what the value of PepsiCo common stock actually would be when issued or the prices at which PepsiCo common stock or PAS common stock would trade at any time, including following announcement or consummation of the merger. In addition, Centerview Partners expressed no opinion or recommendation as to how any stockholder of any party to the merger should vote or act in connection with the merger or any related matter.

Centerview Partners' opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to Centerview Partners as of, the date of its opinion. It should be understood that subsequent developments may affect its opinion, and Centerview Partners does not have any obligation to update, revise or reaffirm its opinion. The issuance of Centerview Partners' opinion was approved by Centerview Partners' fairness opinion committee.

Opinion of BofA Merrill Lynch

In connection with rendering its opinion, BofA Merrill Lynch, among other things:

- (i) reviewed certain publicly available business and financial information relating to PAS and PepsiCo;
- (ii) reviewed the PepsiCo-PAS forecasts and discussed with the management of PepsiCo its assessments as to the relative likelihood of achieving the future financial results reflected in the PepsiCo-PAS forecasts;
- (iii) reviewed certain internal financial and operating information with respect to the business, operations and prospects of PepsiCo furnished to or discussed with BofA Merrill Lynch by the management of PepsiCo, including the PepsiCo forecasts;
- (iv) reviewed the synergies anticipated by the management of PepsiCo to result from the merger;
- (v) discussed the past and current business, operations, financial condition and prospects of PAS with members of senior managements of PAS and PepsiCo, and discussed the past and current business, operations, financial condition and prospects of PepsiCo, including after giving effect to the merger, and the strategic benefits anticipated by the management of PepsiCo to result therefrom, with members of senior management of PepsiCo;
- (vi) reviewed the potential pro forma financial impact of the merger on the future financial performance of PepsiCo, including the potential effect on PepsiCo's estimated earnings per share;
- (vii) reviewed the trading histories for PAS common stock and PepsiCo common stock and a comparison of such trading histories with each other and with the trading histories of other companies BofA Merrill Lynch deemed relevant;

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- (viii) compared certain financial and stock market information of PAS and PepsiCo with similar information of other companies BofA Merrill Lynch deemed relevant;
- (ix) compared certain financial terms of the merger to financial terms, to the extent publicly available, of other transactions BofA Merrill Lynch deemed relevant;
- (x) reviewed a draft, dated August 3, 2009, of the merger agreement; and
- (xi) performed such other analyses and studies and considered such other information and factors as BofA Merrill Lynch deemed appropriate.

In arriving at its opinion, BofA Merrill Lynch assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and relied upon the assurances of the management of PepsiCo that it was not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the PepsiCo-PAS forecasts, the PepsiCo forecasts and the synergies, BofA Merrill Lynch assumed, at the direction of PepsiCo, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of PepsiCo as to the future financial performance of PAS and PepsiCo and the other matters covered thereby and, based on the assessments of the management of PepsiCo as to the relative likelihood of achieving the future financial results reflected in the PepsiCo-PAS forecasts, BofA Merrill Lynch relied, at the direction of PepsiCo, on the PepsiCo-PAS forecasts for purposes of its opinion (it being understood that while BofA Merrill Lynch was provided by PepsiCo with certain confirmatory internal financial information with respect to PAS provided to PepsiCo by PAS, BofA Merrill Lynch was not provided with comprehensive financial forecasts for PAS prepared by PAS). BofA Merrill Lynch relied, at the direction of PepsiCo, on the assessments of the management of PepsiCo as to PepsiCo's ability to achieve the synergies and was advised by PepsiCo, and assumed, that the synergies would be realized in the amounts and at the times projected in all respects material to its analysis. BofA Merrill Lynch did not make and was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of PAS or PepsiCo, nor did it make any physical inspection of the properties or assets of PAS or PepsiCo. BofA Merrill Lynch did not evaluate the solvency or fair value of PAS or PepsiCo under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Merrill Lynch assumed, at the direction of PepsiCo, that the merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the merger, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on PAS, PepsiCo or the contemplated benefits of the merger material to its analysis. BofA Merrill Lynch is not a legal, tax, regulatory or accounting advisor and relied upon PepsiCo and its legal, tax, regulatory and accounting advisors to make their own assessment of all legal, tax, regulatory and accounting matters relating to the merger. BofA Merrill Lynch assumed, at the direction of PepsiCo, that the merger would qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a) of the Code. BofA Merrill Lynch also assumed, at the direction of PepsiCo, that the final executed merger agreement would not differ in any material respect from the draft dated August 3, 2009 of the merger agreement reviewed by it.

BofA Merrill Lynch expressed no view or opinion as to any terms or other aspects of the merger (other than the merger consideration to the extent expressly specified in its opinion), including, without limitation, the form or structure of the merger. BofA Merrill Lynch's opinion was limited to the fairness, from a financial point of view, *to PepsiCo* of the merger consideration to be paid in the merger and no opinion or view was expressed with respect to any consideration received in connection with the merger by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the merger, or class of such persons, relative to the merger consideration. Furthermore, no opinion or view was expressed as to the relative merits of the merger in comparison to other strategies or transactions that might be available to PepsiCo or in which PepsiCo might engage or as to the underlying business

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decision of PepsiCo to proceed with or effect the merger. BofA Merrill Lynch did not express any opinion as to what the value of PepsiCo common stock actually would be when issued or the prices at which PepsiCo common stock or PAS common stock would trade at any time, including following announcement or consummation of the merger. In addition, BofA Merrill Lynch expressed no opinion or recommendation as to how any stockholder of any party to the merger should vote or act in connection with the merger or any related matter.

BofA Merrill Lynch's opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Merrill Lynch as of, the date of its opinion. It should be understood that subsequent developments may affect its opinion, and BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion. The issuance of BofA Merrill Lynch's opinion was approved by BofA Merrill Lynch's Americas Fairness Opinion (and Valuation Letter) Committee.

Joint Financial Analyses of Centerview Partners and BofA Merrill Lynch

The following represents a brief summary of the material financial analyses presented by Centerview Partners and BofA Merrill Lynch to PepsiCo's board of directors in connection with their respective opinions described above and contained in the presentation that was delivered to PepsiCo's board of directors on August 3, 2009.

The opinions and financial analyses of Centerview Partners and BofA Merrill Lynch do not address any other aspect of the merger (including, without limitation, the fairness or appropriateness of the merger consideration to PAS or any of its stockholders) and do not constitute recommendations to any stockholder of any party to the merger as to how to vote or act in connection with the merger. The opinions and financial analyses of Centerview Partners and BofA Merrill Lynch were prepared for and delivered to the board of directors of PepsiCo and did not evaluate the merger or the merger consideration from the point of view of any party other than PepsiCo. PepsiCo did not request, and Centerview Partners and BofA Merrill Lynch did not provide, any opinion or financial analyses to PepsiCo, PAS or PBG or to any of their stockholders as to the fairness to the holders (in such capacity) of PAS common stock or PBG common stock of the merger consideration or the merger consideration payable in the PBG merger, or any valuation of PAS or PBG for the purpose of assessing the fairness to the holders (in such capacity) of PAS common stock or PBG common stock of the merger consideration or the merger consideration payable in the PBG merger. The opinions and financial analyses of Centerview Partners and BofA Merrill Lynch were not intended to be used by PAS stockholders in evaluating the merger or the merger consideration. The following summary is included here only for informational purposes and to comply with applicable disclosure requirements. The summary of the presentation set forth below is qualified in its entirety by reference to the full text of the presentation materials, which have been filed with the SEC as part of the registration statement on Form S-4 of which this proxy statement/prospectus is a part. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by Centerview Partners and BofA Merrill Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by Centerview Partners and BofA Merrill Lynch. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by Centerview Partners and BofA Merrill Lynch.**

In connection with the PBG merger, each of Centerview Partners and BofA Merrill Lynch also delivered to PepsiCo's board of directors an opinion with respect to the merger consideration of either 0.6432 of a share of PepsiCo common stock or \$36.50 in cash, without interest, payable in the PBG merger in respect of each share of PBG common stock held by PBG stockholders (other than for the shares held by PBG (as treasury stock), by PepsiCo or any of its subsidiaries, or by stockholders who have properly exercised and perfected appraisal rights under Delaware law with respect to their shares), subject to proration procedures intended to provide for a 50% cash/50% stock allocation of the aggregate merger consideration payable in the PBG merger, such merger

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consideration referred to in this proxy statement/prospectus as the PBG merger consideration, similar to their respective opinions described in this proxy statement/prospectus. The full text of those written opinions describe, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken which are similar to those described in this proxy statement/prospectus with respect to the opinions delivered to PepsiCo's board of directors in connection with the merger. Financial analyses of PBG prepared by Centerview Partners and BofA Merrill Lynch were also presented by Centerview Partners and BofA Merrill Lynch to PepsiCo's board of directors in connection with their respective opinions with respect to the PBG merger consideration and are described in the Registration Statement on Form S-4 filed by PepsiCo concurrently with the filing of this proxy statement/prospectus in connection with the PBG merger. These financial analyses are similar to the financial analyses performed with respect to the merger consideration, as described below, and the methodologies and assumptions underlying these financial analyses are similar to those described below with respect to the financial analyses of the merger consideration.

Financial Analyses

Historical Stock Trading and Equity Analyst Price Target Analyses. Centerview Partners and BofA Merrill Lynch compared the \$19.88 unaffected per share closing price of PAS on April 17, 2009, the last day of trading prior to PepsiCo's initial public announcement of a proposal to acquire PAS, and the merger consideration of \$28.50 as of August 3, 2009 to the 52-week trading range for PAS for the period ended April 17, 2009 and selected analyst price targets found in publicly available equity research both pre-announcement on April 17, 2009 and as of July 31, 2009. The trading range for the 52-week period ended April 17, 2009 for PAS was \$14.51 to \$27.02, the pre-announcement analyst price targets for PAS ranged from \$14.00 to \$24.00, and the analyst price targets as of July 31, 2009, which included one price target which was suspended at the time of the presentation to PepsiCo's board of directors, ranged from \$21.00 to \$29.00, as compared to the \$19.88 unaffected per share closing price of PAS on April 17, 2009 and the merger consideration of \$28.50 as of August 3, 2009.

Selected Publicly Traded Companies Analysis. Centerview Partners and BofA Merrill Lynch reviewed publicly available financial and stock market information for PAS and PBG, on an unaffected basis, and the following two companies which are the only two publicly traded companies in the United States beverage sector with significant bottling operations and enterprise values of greater than \$500 million:

Coca-Cola Enterprises Inc.

Dr Pepper Snapple Group, Inc.

Centerview Partners and BofA Merrill Lynch reviewed, among other things, enterprise values of the four selected publicly traded companies, calculated as equity values based on fully diluted shares outstanding using the treasury method multiplied by the closing stock prices on July 31, 2009 (except that PAS and PBG equity values were calculated as of April 17, 2009, the last day of trading prior to PepsiCo's initial public announcements of proposals to acquire PAS and PBG), plus preferred equity at liquidation value (including redeemable preferred equity), debt and minority interest, less cash and marketable securities, as a multiple of calendar year 2009 estimated earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA. Estimated financial data of the selected publicly traded companies were based on publicly available consensus research analysts' estimates. The analysis indicated an enterprise value to calendar year 2009 estimated EBITDA multiple for such companies ranging from a low of 6.7x to a high of 8.2x. Centerview Partners and BofA Merrill Lynch then applied a reference range (7.0x-8.0x) of multiples of enterprise value to calendar year 2009 estimated EBITDA derived from the selected publicly traded companies to corresponding estimated EBITDA data of PAS (\$690 million). Estimated financial data of PAS was based on the PepsiCo-PAS forecasts. This analysis indicated the following implied per share equity value reference range for PAS, as compared to the merger consideration:

Implied Per Share Equity Value Reference Range for PAS	Merger Consideration
\$18.75-\$24.25	\$ 28.50

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No company used in these analyses is identical or directly comparable to PAS. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which PAS was compared.

Discounted Cash Flow Analysis. Centerview Partners and BofA Merrill Lynch performed a discounted cash flow analysis of PAS to calculate the estimated present value of the standalone unlevered, after-tax free cash flows that PAS could generate during PAS' fiscal years 2009 through 2018 based on the PepsiCo-PAS forecasts, assuming net debt of PAS of \$2,432 million and an underfunding of PAS' pension of \$65 million, per PAS' public filings. At the instructions of PepsiCo's management, Centerview Partners and BofA Merrill Lynch applied an assumed annual growth rate of 5.0% (based on historical free cash flow trends and PepsiCo's management's view of the business going forward) in calculating PAS' annual free cash flows for 2013 through 2018. Centerview Partners and BofA Merrill Lynch calculated terminal values for PAS by using an estimated free cash flow perpetuity growth rate of 1.5% (the midpoint of the range of estimated free cash flow perpetuity growth rates of 1.0% to 2.0% which was reviewed because these rates reflect category growth rates). The cash flows and terminal values were then discounted to present value as of June 30, 2009 using discount rates ranging from 7.5% to 8.5%, which were chosen by Centerview Partners and BofA Merrill Lynch based upon an analysis of the weighted average cost of capital of PAS. This analysis is based on the weighted average cost of equity (determined through application of the capital asset pricing model) and the after-tax cost of debt. The capital asset pricing model takes into account various financial metrics including betas of comparable companies, the risk free rate, the equity risk premium, and the size premium. This analysis indicated the following implied per share equity value reference range for PAS as compared to the merger consideration:

Implied Per Share Equity Value Reference Range for PAS	Merger Consideration
\$22.25-\$29.25	\$ 28.50

Additionally, Centerview Partners and BofA Merrill Lynch noted that, if the portion of the approximate after-tax net present value (calculated using an illustrative 7.75% blended discount rate and 1.5% perpetuity growth rate post 2012) of expected synergies anticipated by PepsiCo's management to be achieved in fiscal years 2010 through 2012 (assuming \$300 million in pre-tax run-rate synergies, certain costs to achieve synergies (including an incremental \$70 million in integration cash costs in fiscal year 2010) and other dis-synergies, per the PepsiCo-PAS forecasts, based upon pro forma ownership of PAS and PBG by PepsiCo, allocated 30% to PAS and 70% to PBG, where applicable, per PepsiCo's management) were added to the discounted cash flow valuations of PAS common stock, the high end of implied per share equity value reference range for PAS would be increased from \$29.25 per share to \$35.50 per share.

Selected Precedent Transactions Analysis. Centerview Partners and BofA Merrill Lynch reviewed, to the extent publicly available, financial information relating to the following eleven selected transactions involving relevant international beverage companies that are of a substantial size and for which publicly disclosed information is available. Centerview Partners and BofA Merrill Lynch are not aware of any transactions meeting these criteria other than those used in their analysis:

Announcement Date	Acquiror	Target
November 2008	Lion Nathan Ltd (offer withdrawn on February 9, 2009)	Coca Cola Amatil Ltd
November 2007	PepsiCo, Inc./PepsiAmericas, Inc.	Sandora, LLC
June 2007	Coca Cola Femsa, S.A.B. de C.V.	Panamco México, S.A. de C.V.
April 2006	Cadbury Schweppes plc	Dr Pepper/Seven-Up Companies, Inc.
October 2002	The Pepsi Bottling Group, Inc.	Pepsi-Gemex, S.A. de C.V.
April 2001	Coca-Cola Enterprises Inc.	Hondo Incorporated and Herbco Enterprises, Inc.
February 2001	San Miguel Corp./Coca-Cola Company	Coca-Cola Bottlers Philippines, Inc.

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Announcement Date	Acquiror	Target
August 2000	Whitman Corporation	PepsiAmericas, Inc.
October 1999	Coca-Cola Hellenic Bottling Company S.A.	Coca-Cola Beverages plc
September 1999	Cadbury Schweppes plc/The Carlyle Group	Dr Pepper Bottling Company of Texas
September 1999	PepsiCo, Inc./The Pepsi Bottling Group, Inc.	Lebedyansky JSC

Centerview Partners and BofA Merrill Lynch reviewed the enterprise value implied for the target company based on the consideration payable in the selected transactions, as a multiple of the target company's latest twelve months EBITDA, commonly referred to as LTM EBITDA. The analysis indicated an enterprise value to LTM EBITDA multiple for such transactions ranging from a low of 6.3x to a high of 14.5x, with a mean of 9.8x and a median of 9.4x. Centerview Partners and BofA Merrill Lynch then applied a reference range (8.0x-10.0x) of selected multiples of enterprise value to LTM EBITDA derived from the selected transactions to corresponding LTM EBITDA data of PAS (\$688 million) based on the judgment of Centerview Partners and BofA Merrill Lynch and the characteristics of each of the transactions and companies involved. The LTM financial data of the selected transactions and PAS were based on publicly available information. This analysis indicated the following implied per share equity value reference range for PAS, as compared to the merger consideration:

Implied Per Share Equity Value Reference Range for PAS	Merger Consideration
\$24.00-\$34.75	\$ 28.50

No company, business or transaction used in these analyses is identical or directly comparable to PAS or the merger. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the acquisition or other values of the companies, business segments or transactions to which PAS and the merger were compared.

Precedent Squeezeout Premiums Analysis. Centerview Partners and BofA Merrill Lynch reviewed, to the extent publicly available, financial information relating to twenty selected transactions in which publicly traded minority interests were squeezed out. The review included all transactions between January 1, 2004 and the date of the opinions which were acquisitions of publicly traded minority interests in a United States company with a value of greater than \$250 million with an initial acquirer ownership stake of at least forty percent which ultimately led to a public agreement or tender offer. Below is a list of the transactions:

Announcement Date	Acquiror	Target
April 27, 2009	Atlas America, Inc.	Atlas Energy Resources, LLC
August 12, 2008	Mitsubishi UFG Financial Group, Inc.	UnionBanCal Corporation
July 21, 2008	Roche Holding Ltd.	Genentech Inc.
March 10, 2008	Nationwide Mutual Insurance Company	Nationwide Financial Services, Inc.
October 23, 2007	Macquarie Infrastructure Partners; Goldman Sachs Group, Inc.	Waste Industries USA Inc.
July 17, 2007	Alfa Mutual Insurance Company	Alfa Insurance Corporation
January 24, 2007	American International Group, Inc.	21 st Century Insurance Group
November 20, 2006	TD Bank Financial Group	TD Banknorth Inc.
October 9, 2006	VNU Group B.V.	NetRatings, Inc.

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Announcement Date	Acquiror	Target
September 14, 2006	Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P.	Applica Incorporated
February 2, 2006	Lafarge S.A.	Lafarge North America Inc.
November 22, 2005	Nestle S.A.	Dreyer's Grand Ice Cream Holdings, Inc.
September 12, 2005	Wachovia Corporation	WFS Financial Inc
September 1, 2005	Novartis AG	Chiron Corporation
September 1, 2005	Seven-Eleven Japan Co., Ltd.	7-Eleven, Inc.
February 21, 2005	Novartis AG	Eon Labs, Inc.
January 27, 2005	Danisco A/S	Genencor International, Inc.
January 18, 2005	Liberty Media International, Inc.	UnitedGlobalCom, Inc.
January 10, 2005	News Corporation	Fox Entertainment Group, Inc.
August 2, 2004	Cox Enterprises, Inc.	Cox Communications, Inc.

Centerview Partners and BofA Merrill Lynch then analyzed the final offer premium prior to announcement based on the stated premium one day prior to announcement. That analysis indicated a minimum premium of (2.0%), a maximum premium of 138.4% and a mean premium of 28.6%. Centerview Partners and BofA Merrill Lynch then applied a reference range (25.0%-35.0%) of selected one day prior premiums paid derived from that analysis to the price of PAS common stock on April 17, 2009, the last day of trading prior to PepsiCo's initial public announcement of a proposal to acquire PAS. This analysis indicated the following implied per share equity value reference range for PAS, as compared to the merger consideration:

Implied Per Share Equity Value Range for PAS	Merger Consideration
\$24.75-\$26.75	\$ 28.50

No company, business or transaction used in these analyses is identical or directly comparable to PAS or the merger. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the acquisition or other values of the companies, business segments or transactions to which PAS and the merger were compared.

Pro Forma Accretion/Dilution Analysis

Centerview Partners and BofA Merrill Lynch reviewed the potential pro forma financial effect on PepsiCo's calendar years 2010 through 2012 estimated earnings per share, commonly referred to as EPS of both (i) the merger, only, and (ii) the merger and the PBG merger, taken together. Estimated financial data of PepsiCo were based on the PepsiCo forecasts and estimated financial data of PAS and PBG were based on the PepsiCo-PAS forecasts and PepsiCo-PBG forecasts, respectively. Based on the merger consideration, this analysis indicated that the merger, only, could be neither dilutive nor accretive to PepsiCo's estimated EPS for calendar year 2010 and accretive to PepsiCo's estimated EPS for calendar years 2011 through 2012. Based on the merger consideration and the PBG merger consideration, this analysis indicated that the merger and the PBG merger, taken together, could be accretive to PepsiCo's estimated EPS for calendar years 2010 through 2012.

The analysis assumed, per PepsiCo's management guidance, \$300 million of pre-tax run-rate synergies phased in over three years and costs to achieve synergies and other dis-synergies, allocated 30% to PAS and 70% to PBG. The analysis also assumed, per PepsiCo's management guidance, an illustrative transaction closing date

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of December 31, 2009, certain purchase accounting adjustments, new debt at an illustrative interest rate of 6.0% and an additional \$2 billion catch-up share buyback in 2010 to compensate for suspended 2009 share repurchases as a result of the merger and the PBG merger.

The pro forma accretion/dilution analysis, in this context, is not a material component of evaluating the fairness of a transaction from a financial point of view. Centerview Partners and BofA Merrill Lynch performed this analysis in order to assist PepsiCo's board of directors in assessing the impact of the transaction on the earnings per share of PepsiCo. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Other Factors

In rendering their respective opinions, Centerview Partners and BofA Merrill Lynch also reviewed and considered other factors, including:

historical trading prices of PepsiCo common stock and other selected publicly traded companies in the food and beverage sector during the two-year period ended July 31, 2009;

the current price of PepsiCo common stock and other selected publicly traded companies in the food and beverage sectors as a multiple of the expected earnings per share for such company for the next twelve months;

the estimated enterprise value of PepsiCo and other selected publicly traded companies in the food and beverage sector as a multiple of the estimated EBITDA of such company for calendar year 2009; and

selected analyst price targets, recommendations and estimates of EPS for calendar year 2009 for PepsiCo's common stock.

Estimated financial data was based on publicly available information. No company or business used in considering these factors is identical or directly comparable to PepsiCo.

Miscellaneous

As noted above, the discussion set forth above is a summary of the material financial analyses presented by Centerview Partners and BofA Merrill Lynch to PepsiCo's board of directors in connection with its opinion and is not a comprehensive description of all analyses undertaken by Centerview Partners and BofA Merrill Lynch in connection with their respective opinions. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. Centerview Partners and BofA Merrill Lynch believe that their analyses summarized above must be considered as a whole. Centerview Partners and BofA Merrill Lynch further believe that selecting portions of their analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying Centerview Partners' and BofA Merrill Lynch's analyses and opinions. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing their analyses, Centerview Partners and BofA Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of PepsiCo and PAS. The estimates of the future performance of PepsiCo and PAS in or underlying Centerview Partners' and BofA Merrill Lynch's analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by Centerview Partners' and BofA Merrill Lynch's analyses. These analyses were prepared solely as part of Centerview

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Partners and BofA Merrill Lynch's analysis of the fairness to *PepsiCo*, from a financial point of view, of the merger consideration to be paid in the merger by PepsiCo to PAS stockholders other than PepsiCo and its subsidiaries and were provided to PepsiCo's board of directors in connection with the delivery of Centerview Partners and BofA Merrill Lynch's opinions. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be Centerview Partners or BofA Merrill Lynch's view of the actual values of PepsiCo or PAS.

The type and amount of consideration payable in the merger was determined through negotiations between PepsiCo and PAS, rather than by any financial advisor, and was approved by PepsiCo's board of directors. The decision to enter into the merger agreement was solely that of PepsiCo's board of directors. As described above, Centerview Partners and BofA Merrill Lynch's opinions and analyses were only one of many factors considered by PepsiCo's board of directors in its evaluation of the merger and should not be viewed as determinative of the views of PepsiCo's board of directors or management with respect to the merger or the merger consideration.

Under the terms of separate letter agreements, PepsiCo engaged each of Centerview Partners and BofA Merrill Lynch to act as its financial advisor in connection with the merger and the PBG merger. Pursuant to those letter agreements, PepsiCo has agreed to pay Centerview Partners a transaction fee of approximately \$22 million, and BofA Merrill Lynch a transaction fee of approximately \$14 million. A portion equal to \$18.7 million and \$11.9 million of the transaction fee payable to each of Centerview Partners and BofA Merrill Lynch, respectively, is payable upon consummation of both the merger and the PBG merger. PepsiCo took the existence of these contingent fees into account when considering the analysis, advice and opinions of its financial advisors. In the case of the consummation of one transaction without the other, PepsiCo has agreed to pay Centerview Partners and BofA Merrill Lynch a transaction fee to be mutually agreed. Furthermore, BofA Merrill Lynch and certain of its affiliates are participating in the financing for the merger and the PBG merger, for which services BofA Merrill Lynch and its affiliates will receive significant compensation which currently is estimated to be approximately \$15 million, including acting as (i) sole administrative agent, joint lead arranger and joint book runner for, and lender under, a \$4 billion 364-day senior unsecured revolving credit facility to PepsiCo to fund the merger and the PBG merger and (ii) joint bookrunning managing underwriter, joint bookrunning managing placement agent or joint bookrunning managing initial purchaser in connection with PepsiCo's proposed issuance of \$4 billion of debt or equity securities following the merger and the PBG merger. PepsiCo also has agreed to reimburse Centerview Partners and BofA Merrill Lynch's expenses and indemnify Centerview Partners and BofA Merrill Lynch against certain liabilities arising out of their respective engagements.

Centerview Partners has in the past performed, and may continue to perform, investment banking services for PepsiCo and its affiliates, in each case, for customary compensation. In the ordinary course of Centerview Partners and its affiliates' businesses, Centerview Partners and its affiliates may actively trade or hold the securities of any of the parties to the merger for its own account or for others and, accordingly, may at any time hold a long or short position in such securities. From January 1, 2007 through September 30, 2009, Centerview Partners and its affiliates have not received any compensation from either PepsiCo and its affiliates or PAS and its affiliates for corporate, commercial and investment banking services unrelated to the merger.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of its businesses, BofA Merrill Lynch and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of PepsiCo, PAS and certain of their respective affiliates.

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BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to PepsiCo and have received or in the future may receive compensation for the rendering of these services, including having (i) acted or acting as manager for various debt offerings of PepsiCo, (ii) acted or acting as a lender under PepsiCo's credit facilities and (iii) provided or providing certain brokerage and treasury services to PepsiCo. From January 1, 2007 through September 30, 2009, BofA Merrill Lynch and its affiliates have received aggregate compensation from PepsiCo and its affiliates for corporate, commercial and investment banking services unrelated to the merger of approximately \$19 million.

In addition, BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to PAS and have received or in the future may receive compensation for the rendering of these services, including having acted or acting as manager and/or bookrunner for various debt offerings of PAS. From January 1, 2007 through September 30, 2009, BofA Merrill Lynch and its affiliates have received aggregate compensation from PAS and its affiliates for corporate, commercial and investment banking services unrelated to the merger of approximately \$1.7 million.

Preliminary Financial Analyses

Preliminary materials prepared by Centerview Partners and BofA Merrill Lynch were also provided to PepsiCo's board of directors for board of directors meetings held on January 4, 2009 and April 19, 2009. These preliminary materials are contained in the deal financial section of each of the January 4, 2009 presentation and the April 19, 2009 presentation to PepsiCo's board of directors, which have been filed with the SEC as part of the registration statement on Form S-4 of which this proxy statement/prospectus is a part. The following statements regarding the preliminary financial materials prepared by Centerview Partners and BofA Merrill Lynch contained in those presentations are qualified by reference to the full text of those presentations. In connection with PepsiCo's board of directors meetings held on January 4, 2009 and April 19, 2009, PepsiCo did not request, and Centerview Partners and BofA Merrill Lynch did not provide, any opinions, including any opinion to PepsiCo, PAS or PBG or to any of their stockholders as to the fairness of the merger consideration or the PBG merger consideration, or any valuation of PAS or PBG for the purpose of assessing the fairness of the merger consideration or the PBG merger consideration to PepsiCo. In connection with PepsiCo's board of directors meeting held on January 4, 2009 (but not the April 19, 2009 meeting), Centerview Partners and BofA Merrill Lynch prepared preliminary financial analyses substantially similar to the analyses presented in the August 3, 2009 presentation described in this proxy statement/prospectus (which has been filed with the SEC as part of the registration statement on Form S-4 of which this proxy statement/prospectus is a part), including preliminary analyses as to historical stock trading and equity analyst price targets, comparable publicly traded companies, discounted cash flow, precedent comparable transactions and precedent comparable squeezeout premiums. In performing these preliminary analyses Centerview Partners and BofA Merrill Lynch used substantially the same key assumptions, except for the following deviations. In the preliminary publicly traded companies analyses, Centerview Partners and BofA Merrill Lynch applied a reference range of 5.5x-6.5x, instead of 7.0x-8.0x, of enterprise value to calendar year 2008 estimated EBITDA, instead of calendar year 2009 estimated EBITDA, derived from the selected publicly traded companies to corresponding estimated EBITDA data of each of PAS and PBG. In the preliminary discounted cash flow analyses, Centerview Partners and BofA Merrill Lynch used a range of estimated free cash flow perpetuity growth rates of 1.0%-2.0%, instead of 1.5% (which is the midpoint of that range), and a discount rate of 7.5%, instead of a range of discount rates ranging from 7.5%-8.5% (the midpoint of which is the discount rate used in the preliminary discount cash flow analyses). Additionally, per PepsiCo's management guidance, Centerview Partners and BofA Merrill Lynch assumed only \$200 million of pre-tax run-rate synergies, instead of \$300 million, and assumed the synergies would be allocated between PAS and PBG based on calendar year 2008 estimated EBITDA, instead of a 30%/70% synergy allocation between PAS and PBG. In the preliminary precedent transactions analyses, Centerview Partners and BofA Merrill Lynch applied a reference range of 8.0x-9.0x, instead of 8.0x-10.0x, of enterprise value to calendar year 2008 estimated EBITDA, instead of LTM EBITDA, derived from the selected transactions to corresponding estimated EBITDA.

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data of each of PAS and PBG. In the preliminary precedent squeezeout premiums analyses, Centerview Partners and BofA Merrill Lynch applied a reference range of 15.0%-35.0%, instead of 25.0%-35.0%, of selected one day prior premiums paid to the price of PAS common stock and PBG common stock on the last day of trading prior to the respective presentation. Each of the preliminary analyses implied a price range for PAS common stock that was lower than the price range implied by similar analyses performed in the August 3, 2009 presentation, except for the 52-week trading range for PAS for the period ending December 31, 2008 (which was \$14.51 to \$34.50, instead of \$14.51 to \$27.02), the analysts price targets presented January 4, 2009 (which ranged from \$15.00 to \$30.00, instead of, prior to PepsiCo's initial public announcement of a proposal to acquire PAS, \$14.00 to \$24.00), and the range implied by the preliminary precedent squeezeout premiums analysis presented January 4, 2009 (which was \$23.50 to \$27.50, instead of \$24.75 to \$26.75).

The opinions and financial analyses of Centerview Partners and BofA Merrill Lynch do not address any other aspect of the merger (including, without limitation, the fairness or appropriateness of the merger consideration to PAS or any of its stockholders) and do not constitute recommendations to any stockholder of any party to the merger as to how to vote or act in connection with the merger. The opinions and financial analyses of Centerview Partners and BofA Merrill Lynch were prepared for and delivered to the board of directors of *PepsiCo* and did not evaluate the merger or the merger consideration from the point of view of any party other than PepsiCo. PepsiCo did not request, and Centerview Partners and BofA Merrill Lynch did not provide, any opinion or financial analyses to PepsiCo, PAS or PBG or to any of their stockholders as to the fairness to the holders (in such capacity) of PAS common stock or PBG common stock of the merger consideration or the PBG merger consideration, or any valuation of PAS or PBG for the purpose of assessing the fairness to the holders (in such capacity) of PAS common stock or PBG common stock of the merger consideration or the PBG merger consideration. The opinions and financial analyses of Centerview Partners and BofA Merrill Lynch were not intended to be used by PAS stockholders in evaluating the merger or the merger consideration.

Accounting Treatment

The merger will be accounted for under the acquisition method of accounting, as such term is used under accounting principles generally accepted in the United States. Under the acquisition method, the assets acquired and the liabilities assumed are measured at fair value based on key assumptions of the acquisition, including prior acquisition experience, benchmarking of similar acquisitions and historical data. The final determination of the recognition and measurement of the identified assets acquired and liabilities assumed is based on an estimate of the fair market value of actual net tangible and intangible assets and liabilities of PAS at the closing date of the merger.

Regulatory Approvals Required for the Merger***General***

PepsiCo and PAS have agreed to use their reasonable best efforts to obtain all regulatory approvals required to consummate the transactions contemplated by the merger agreement. These approvals include approval under or notices pursuant to, the HSR Act and the competition laws and regulations of the European Union and Ukraine. The transactions contemplated by the merger agreement have been approved by the competition regimes of the European Union and Ukraine. In using its reasonable best efforts to obtain the remaining required regulatory approvals, PepsiCo or PAS may be obligated to sell, divest or dispose of certain of their assets or businesses (which may include the sale, divestiture or disposition of assets or businesses of the surviving corporation at or following the effective time of the merger) or take other action to avoid the commencement of any action to prohibit any of the transactions contemplated by the merger agreement, or if already commenced, to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any action so as to enable the closing of the merger to occur.

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Under the terms of the merger agreement, neither PepsiCo nor PAS will be required to enter into any settlement, undertaking, consent decree, stipulation or agreement with any governmental authority in connection with the transactions contemplated by the merger agreement, or to divest or otherwise hold separate or take any other action, in each case, with respect to any of the material businesses, assets or properties of PepsiCo or PAS or any of their respective material subsidiaries.

Each of PepsiCo, PAS and Metro's obligation to effect the merger is subject to, among other things, any applicable waiting period relating to the merger under the HSR Act and any agreement between PepsiCo, PAS and any governmental authority not to consummate the merger prior to a specific date having expired or been terminated. In addition, PepsiCo's and Metro's obligation to effect 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. There can be no assurance that the required regulatory approvals will be obtained on terms that satisfy the conditions to closing of the merger or the PBG merger. See The Merger Agreement Conditions to the Completion of the Merger and The PBG Merger beginning on pages [] and [], respectively, of this proxy statement/prospectus.

Department of Justice, Federal Trade Commission and Other United States Antitrust Authorities

The transactions contemplated by the merger agreement and the PBG merger agreement are subject to the HSR Act. The HSR Act and related rules prohibit the completion of transactions such as the merger unless the parties notify the Federal Trade Commission, or the FTC, and the Antitrust Division of the Department of Justice, or the DOJ, in advance. The HSR Act further provides that a transaction notifiable under the HSR Act, such as the merger and the PBG merger, may not be completed until the expiration of a 30 calendar-day waiting period, or the early termination of that waiting period, following the parties' filing of their respective HSR Act notification forms. If the DOJ or the FTC issues a Request for Additional Information and Documentary Material prior to the expiration of the waiting period, the parties must observe a second 30-day waiting period, which would begin to run only after both parties have substantially complied with the request for information, unless the waiting period is terminated earlier. It is common practice for parties to agree to provide for additional time prior to completion of the transaction even after the expiration of the waiting period in order to provide additional time for governmental review of the transaction.

PepsiCo and PAS each filed its required HSR notification and report form with respect to the merger on September 11, 2009 and each of PepsiCo and PBG filed their required HSR notification and report form with respect to the PBG merger on September 11, 2009, in each case, commencing the initial 30-day waiting period. On October 9, 2009, PepsiCo withdrew its PAS and PBG notification and report forms effective October 13, 2009 and refiled them on October 15, 2009 in order to allow more time for the FTC, the agency reviewing the merger and the PBG merger, to review the proposed transactions. On November 10, 2009, PepsiCo announced that it had again withdrawn its PAS and PBG notification and report forms to give the FTC more time to review the proposed transactions and plans to refile at the appropriate time. PepsiCo, PAS and PBG are working cooperatively with the FTC, the agency reviewing the merger and the PBG merger, and, as of the date of this proxy statement/prospectus, expect to close each of the merger and the PBG merger by the end of the first quarter of 2010.

At any time before or after the merger or the PBG merger is completed, the FTC could take action under the antitrust laws in opposition to the merger or the PBG merger, including seeking to enjoin the transaction or seeking divestiture of substantial assets of PepsiCo, PAS or PBG or their subsidiaries. Private parties also may seek to take legal action under the antitrust laws under some circumstances. Based upon an examination of information available relating to the businesses in which the companies are engaged, PepsiCo and PAS believe that the merger will, and PepsiCo believes that the PBG merger will, receive the necessary regulatory clearance. However, PepsiCo and PAS can give no assurance that a challenge to the merger on antitrust grounds will not be made, or, if such a challenge is made, that PepsiCo and PAS will prevail.

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In addition, the merger may be reviewed by the attorneys general in the various states in which PepsiCo and PAS operate. There can be no assurance that one or more state attorneys general will not attempt to file an antitrust action to challenge the merger.

Timing

There can be no assurance that all of the regulatory approvals described above will be obtained and, if obtained, there can be no assurance as to the timing of any approvals, ability to obtain the approvals on satisfactory terms or the absence of any litigation challenging such approvals. There can also be no assurance that the DOJ, the FTC or any state attorney general or any other governmental entity or any private party will not attempt to challenge the merger on antitrust grounds, and, if such a challenge is made, there can be no assurance as to its result.

Neither PepsiCo nor PAS is aware of any material governmental approvals or actions that are required for completion of the merger other than those described above. It is presently contemplated that if any such additional material governmental approvals or actions are required, those approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

Material United States Federal Income Tax Consequences

General

In the opinion of Davis Polk & Wardwell LLP, counsel to PepsiCo, and Briggs and Morgan P.A., counsel to PAS (together with PepsiCo's counsel, **tax counsel**), the following are the material United States federal income tax consequences of the merger to U.S. Holders (as defined below) of PAS common stock. This discussion is based on the Code, applicable Treasury regulations, administrative interpretations and court decisions as in effect as of the date of this proxy statement/prospectus, all of which may change, possibly with retroactive effect. For purposes of this discussion, a **U.S. Holder** is a beneficial owner of PAS common stock that is for United States federal income tax purposes:

a citizen or resident of the United States;

a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or

an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

This discussion addresses only the consequences of the exchange of shares of PAS common stock held as capital assets. It does not address all aspects of United States federal income taxation that may be important to a U.S. Holder in light of that stockholder's particular circumstances or to a U.S. Holder subject to special rules, such as:

a financial institution or insurance company;

a tax-exempt organization;

a dealer or broker in securities;

a stockholder who holds PAS common stock as part of a hedge, appreciated financial position, straddle, or conversion or integrated transaction; or

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a stockholder who acquired PAS common stock pursuant to the exercise of compensatory options or otherwise as compensation. If a partnership holds the shares of PAS common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding shares of PAS common stock should consult its tax advisors.

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This discussion of material United States federal income tax consequences is not a complete analysis or description of all potential United States federal income tax consequences of the merger. This discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address any non-income tax or any foreign, state or local tax consequences of the merger. **Accordingly, each PAS stockholder should consult his or her own tax advisor to determine the particular United States federal, state or local or foreign income or other tax consequences to him or her of the merger.**

Tax Opinions

PepsiCo has received an opinion of Davis Polk & Wardwell LLP, and PAS has received an opinion of Briggs and Morgan P.A., each dated as of the date of this proxy statement/prospectus that, based on certain representations, covenants and assumptions described below, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, the merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that PepsiCo, Metro and PAS will each be a party to that reorganization within the meaning of Section 368(b) of the Code. It is a condition to the obligation of each of PepsiCo and PAS to complete the merger that the relevant tax counsel confirm its opinion as of the closing date of the merger. Neither PepsiCo nor PAS intends to waive this condition.

In rendering opinions regarding the merger, tax counsel have each relied, and for the purposes of the confirmation opinions regarding the merger as of the closing date of the merger (which are referred to in this proxy statement/prospectus as the closing date opinions) will each rely, on (1) representations and covenants made by PepsiCo and PAS, including those contained in certificates of officers of PepsiCo and PAS, and (2) specified assumptions, including an assumption that the merger will be completed in the manner contemplated by the merger agreement. In addition, in rendering their opinions, tax counsel have assumed, and tax counsel's ability to provide the closing date opinions will depend on, the absence of changes in existing facts or in law between the date of this proxy statement/prospectus and the closing date of the merger. If any of those representations, covenants or assumptions is inaccurate, tax counsel may not be able to provide the required closing date opinions or the tax consequences of the merger could differ from those described below. An opinion of tax counsel neither binds the Internal Revenue Service (IRS) nor precludes the IRS or the courts from adopting a contrary position. Neither PepsiCo nor PAS intends to obtain a ruling from the IRS on the tax consequences of the merger.

Based on such opinions, the United States federal income tax consequences of the merger are as follows:

United States Federal Income Tax Consequences to PepsiCo, Metro and PAS

None of PepsiCo, Metro and PAS will recognize any gain or loss for United States federal income tax purposes as a result of the merger.

United States Federal Income Tax Consequences to U.S. Holders Who Participate in the Merger

The United States federal income tax consequences of the merger to a U.S. Holder will vary depending on whether the U.S. Holder receives shares of PepsiCo common stock, cash, or a combination of PepsiCo common stock and cash, in exchange for PAS common stock. At the time that a U.S. Holder chooses whether to make a cash election pursuant to the merger agreement, such U.S. Holder will not know whether, or to what extent, the proration rules of the merger agreement will alter the mix of consideration such U.S. Holder will receive. As a result, the tax consequences to a U.S. Holder will not be ascertainable with certainty until the U.S. Holder knows the precise number of shares of PepsiCo common stock and the amount of cash that such U.S. Holder will receive in the merger.

Receipt Solely of PepsiCo Common Stock

A U.S. Holder who receives only shares of PepsiCo common stock in the merger will not recognize any gain or loss, except for any gain or loss recognized with respect to cash received in lieu of a fractional share of

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PepsiCo common stock. U.S. Holders will recognize gain or loss on any cash received in lieu of a fractional share of PepsiCo common stock equal to the difference between the amount of cash received in lieu of the fractional share and the portion of the holder's adjusted tax basis in the shares of PAS common stock surrendered that is allocable to the fractional share. Such gain or loss generally will be long-term capital gain or loss if the holding period in PAS common stock is more than one year on the closing date of the merger. Such U.S. Holder will have an adjusted tax basis in the PepsiCo common stock received in the merger, including any fractional share for which cash is received, equal to the adjusted tax basis of PAS common stock surrendered by that holder in the merger. The holding period for PepsiCo common stock received in the merger will include the holding period for PAS common stock surrendered therefor.

Receipt of PepsiCo Common Stock and Cash

A U.S. Holder who receives both PepsiCo common stock and cash in the merger will not recognize any loss on the exchange, and will recognize gain (if any) equal to the lesser of: (1) the amount of cash so received (excluding cash received in lieu of a fractional share of PepsiCo common stock); or (2) the excess of (i) the sum of (a) the amount of such cash and (b) the fair market value of the shares of PepsiCo common stock received on the closing date of the merger over (ii) the stockholder's adjusted tax basis in the shares of PAS common stock surrendered in the exchange.

For this purpose, a U.S. Holder may be permitted to calculate the amount of gain separately for each share of PAS common stock surrendered by electing, pursuant to the merger agreement, to exchange specific shares of PAS common stock for cash. Treasury regulations promulgated under Section 358 of the Code provide that where a stockholder surrenders shares of target stock in an exchange and receives cash and shares of acquiror stock, then, to the extent the terms of the exchange specify that shares of acquirer stock or cash are received in exchange for a particular share of target stock surrendered, the terms of the exchange shall control for the purpose of determining gain to the extent the terms of the exchange are economically reasonable. The election described above is intended to permit U.S. Holders to rely upon these Treasury regulations, although it is unclear whether such an election will be treated as satisfying the requirements of such regulations, and there can therefore be no assurance that, if a U.S. Holder reports gain on such U.S. Holder's United States federal income tax return on the basis of such election, the IRS will not challenge such election. If the IRS were to challenge successfully the position that the U.S. Holder takes on the return, then the U.S. Holder could be required to recalculate the amount of gain realized by allocating the shares of PepsiCo common stock and the cash that the U.S. Holder receives on a pro rata basis to each share of PAS common stock that the U.S. Holder surrenders.

U.S. Holders therefore should consult with their own tax advisor with respect to the advisability of making an express designation in their letter of transmittal, as well as the United States federal income tax consequences in the event that proration applies.

Any gain recognized with respect to shares of PAS common stock as a consequence of participating in the merger will generally be capital gain, and generally will be long-term capital gain if the shares have been held for more than one year on the closing date of the merger. It is possible, however, that a U.S. Holder would instead be required to treat all or part of such gain as dividend income, if that U.S. Holder's percentage ownership in PepsiCo (including shares that the stockholder is deemed to own under certain attribution rules) after the transaction is not meaningfully reduced from what that U.S. Holder's percentage ownership would have been if the U.S. Holder had received solely shares of PepsiCo common stock rather than a combination of cash and PepsiCo common stock in the merger. If a U.S. Holder who has a relatively minimal stock interest in PepsiCo and PAS suffers a reduction in its proportionate interest in PepsiCo relative to what its proportionate interest in PepsiCo would have been had it received solely shares of PepsiCo common stock in the merger, the U.S. Holder should be regarded as having suffered a meaningful reduction in interest. For example, the IRS has ruled that any reduction in the stockholder's proportionate interest will constitute a meaningful reduction in a transaction in which a holder held less than 1% of the shares of a corporation and did not have management control over the corporation. A U.S. Holder should consult its own tax advisor as to whether its receipt of cash in the merger will be treated as capital gain or dividend income under the Code.

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A U.S. Holder who receives PepsiCo common stock will have an adjusted tax basis in the PepsiCo common stock received in the merger (including fractional shares deemed received) equal to the adjusted tax basis of the shares of PAS common stock surrendered, increased by the amount of gain, if any, recognized, including any portion of the gain that is treated as a dividend, and decreased by the amount, if any, of cash received. The holding period for shares of PepsiCo common stock received in exchange for shares of PAS common stock in the merger will include the holding period for the shares of PAS common stock surrendered in the merger.

U.S. Holders will recognize gain or loss on any cash received in lieu of a fractional share of PepsiCo common stock equal to the difference between the amount of cash received in lieu of the fractional share and the U.S. Holder's tax basis in the fractional share. A U.S. Holder's tax basis in a fractional share will be determined by allocating the U.S. Holder's tax basis in the PepsiCo common stock between the PepsiCo common stock received and the fractional share, in accordance with their respective fair market values. Such gain or loss generally will be long-term capital gain or loss if the holding period in PAS common stock is more than one year as of the closing date of the merger.

In the case of a U.S. Holder who holds shares of PAS common stock with differing tax bases and/or holding periods, the preceding rules must be applied separately to each identifiable block of shares of PAS common stock.

Receipt Solely of Cash

A U.S. Holder who receives only cash in the merger will generally recognize gain or loss equal to the difference between the amount of cash received and its adjusted tax basis in the shares of PAS common stock surrendered in the exchange. It is anticipated that most U.S. Holders will be required to treat any recognized gain as capital gain, as described above. However, it is possible that a U.S. Holder would instead be required to treat all or part of such gain as dividend income as described in the section Receipt of PepsiCo Common Stock and Cash. A U.S. Holder should consult its own tax advisor as to whether its receipt of cash in the merger will be treated as capital gain or dividend income under the Code.

Backup Withholding and Information Reporting

Information returns will be filed with the IRS in connection with cash received in lieu of fractional shares and cash payments from a disposition of shares of PAS common stock pursuant to the merger. Backup withholding at a rate of 28% may apply to cash paid in the transaction to a U.S. Holder, unless the stockholder furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal to be delivered to such stockholder following the completion of the merger.

Any amount withheld under the backup withholding rules will be allowed as a refund or credit against United States federal income tax liability, provided the required information is timely furnished to the IRS. The IRS may impose a penalty upon any taxpayer that fails to provide the correct taxpayer identification number.

Reporting Requirements

If a U.S. Holder receives PepsiCo common stock as a result of the merger, such holder will be required to retain records pertaining to the merger and will be required to file with its United States federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger, including:

the cost or other basis of the U.S. Holder's shares of PAS common stock transferred in the exchange; and

the fair market value of the PepsiCo common stock and the amount of cash the U.S. Holder receives in the exchange.

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Appraisal Rights

In connection with the merger, record holders of PAS common stock who comply with the procedures summarized below will be entitled to appraisal rights if the merger is completed. Under Section 262 of Delaware law, as a result of completion of the merger, holders of shares of PAS common stock with respect to which appraisal rights have been properly exercised and perfected and not withdrawn or lost are entitled, in lieu of receiving the merger consideration, to have the fair value of their shares at the effective time of the merger (exclusive of any element of value arising from the accomplishment or expectation of the merger) judicially determined and paid to them in cash by complying with the provisions of Section 262. PAS is required to send a notice to that effect to each stockholder not less than 20 days prior to the special meeting. This proxy statement/prospectus constitutes that notice to you.

Stockholders of record who desire to exercise their appraisal rights must satisfy all of the following conditions.

A stockholder who desires to exercise appraisal rights must (a) not vote in favor of the proposal to adopt the merger agreement and (b) deliver a written demand for appraisal of the stockholder's shares to the Corporate Secretary of PAS before the vote on the merger agreement at the special meeting.

A demand for appraisal must be executed by or for the stockholder of record, fully and correctly, as the stockholder's name appears on the certificates representing shares. If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, such demand must be executed by the fiduciary. If shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand must be executed by all joint owners. An authorized agent, including an agent of two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose that, in exercising the demand, the agent is acting as agent for the record owner. In addition, the stockholder must continuously hold the shares of record from the date of making the demand through the effective time of the merger.

A record owner, such as a broker, who holds shares as a nominee for others may exercise appraisal rights with respect to the shares held for all or less than all beneficial owners of shares as to which the holder is the record owner. In that case, the written demand must set forth the number of shares covered by the demand. Where the number of shares is not expressly stated, the demand will be presumed to cover all shares outstanding in the name of the record owner.

Beneficial owners who are not record owners and who intend to exercise appraisal rights should instruct the record owner to comply strictly with the statutory requirements with respect to the exercise of appraisal rights before the vote on the proposal to adopt the merger agreement at the special meeting. A holder of shares held in street name who desires appraisal rights with respect to those shares must take such actions as may be necessary to ensure that a timely and proper demand for appraisal is made by the record owner of the shares. Shares held through brokerage firms, banks and other financial institutions are frequently deposited with and held of record in the name of a nominee of a central security depository, such as Cede & Co., The Depository Trust Company's nominee. Any holder of shares desiring appraisal rights with respect to such shares who held such shares through a brokerage firm, bank or other financial institution is responsible for ensuring that the demand for appraisal is made by the record holder. The stockholder should instruct such firm, bank or institution that the demand for appraisal must be made by the record holder of the shares, which might be the nominee of a central security depository if the shares have been so deposited.

As required by Section 262, a demand for appraisal must be in writing and must reasonably inform PAS of the identity of the record holder (which might be a nominee as described above) and of such holder's intention to seek appraisal of such shares.

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Stockholders of record who elect to demand appraisal of their shares must mail or deliver their written demand to: PepsiAmericas, Inc., 4000 RBC Plaza, 60 South Sixth Street, Minneapolis, Minnesota 55402, Attention: Brian D. Wenger, Corporate Secretary. The written demand for appraisal should specify the stockholder's name and mailing address, the number of shares owned, and that the stockholder is demanding appraisal of his, her or its shares. The written demand must be received by PAS prior to the meeting. Neither voting (in person or by proxy) against, abstaining from voting on or failing to vote on the proposal to adopt the merger agreement will alone suffice to constitute a written demand for appraisal within the meaning of Section 262. In addition, the stockholder must not vote its shares of common stock in favor of the proposal to adopt the merger agreement. Because a proxy that does not contain voting instructions will, unless revoked, be voted in favor of the proposal to adopt the merger agreement, a stockholder who votes by proxy and who wishes to exercise appraisal rights must vote against the proposal to adopt the merger agreement or abstain from voting on the proposal to adopt the merger agreement.

Within 120 days after the effective time of the merger, either the surviving corporation in the merger or any stockholder who has timely and properly demanded appraisal of such stockholder's shares and who has complied with the requirements of Section 262 and is otherwise entitled to appraisal rights, or any beneficial owner of the stock for which a demand for appraisal has been properly made, may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares of all stockholders who have properly demanded appraisal. If a petition for an appraisal is timely filed, after a hearing on such petition, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights and thereafter will appraise the shares owned by those stockholders, determining the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest to be paid, if any, upon the amount determined to be the fair value. Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharges) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. In determining fair value, the Delaware Court of Chancery is to take into account all relevant factors. In *Weinberger v. UOP, Inc., et al.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered and that [f]air price obviously requires consideration of all relevant factors involving the value of a company." The Delaware Supreme Court stated that in making this determination of fair value the court must consider "market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts which were known or which could be ascertained as of the date of merger which throw any light on future prospects of the merged corporation." The Delaware Supreme Court construed Section 262 to mean that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered." However, the Delaware Supreme Court noted that Section 262 provides that fair value is to be determined "exclusive of any element of value arising from the accomplishment or expectation of the merger."

Stockholders considering seeking appraisal should bear in mind that the fair value of their shares determined under Section 262 could be more than, the same as, or less than the merger consideration they are entitled to receive pursuant to the merger agreement if they do not seek appraisal of their shares, and that opinions of investment banking firms as to the fairness from a financial point of view of the consideration payable in a transaction are not opinions as to, and do not address, fair value under Section 262.

The cost of the appraisal proceeding may be determined by the Delaware Court of Chancery and charged upon the parties as the Delaware Court of Chancery deems equitable in the circumstances. Upon application of a stockholder seeking appraisal rights, the Delaware Court of Chancery may order that all or a portion of the expenses incurred by such stockholder in connection with the appraisal proceeding, including, but not limited to, reasonable attorneys' fees and the fees and expenses of experts, be charged pro rata against the value of all shares entitled to appraisal. In the absence of such a determination of assessment, each party bears its own expenses.

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Except as explained in the last sentence of this paragraph, at any time within 60 days after the effective time of the merger, any stockholder who has demanded appraisal and who has not commenced an appraisal proceeding or joined that proceeding as a named party, shall have the right to withdraw such stockholder's demand for appraisal and to accept the cash and PepsiCo common stock to which the stockholder is entitled pursuant to the merger. After this period, the stockholder may withdraw such stockholder's demand for appraisal only with the consent of the surviving corporation. If no petition for appraisal is filed with the Delaware Court of Chancery within 120 days after the effective time of the merger, stockholders' rights to appraisal shall cease and all stockholders shall be entitled only to receive the merger consideration as provided for in the merger agreement. Inasmuch as the parties to the merger agreement have no obligation to file such a petition, and have no present intention to do so, any stockholder who desires that such petition be filed is advised to file it on a timely basis. No petition timely filed in the Delaware Court of Chancery demanding appraisal shall be dismissed as to any stockholders without the approval of the Delaware Court of Chancery, and that approval may be conditioned upon such terms as the Delaware Court of Chancery deems just.

The foregoing is a brief summary of Section 262 that sets forth the procedures for demanding statutory appraisal rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Section 262, a copy of the text of which is attached hereto as Appendix C to this proxy statement/prospectus.

If you fail to comply strictly with all of the procedures set forth in Section 262, you will lose your statutory appraisal rights. Consequently, if you wish to exercise your appraisal rights, you are strongly urged to consult a legal advisor before attempting to exercise your appraisal rights.

Certain Litigation Matters

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. One of these complaints was amended following the public announcement of the merger agreements to include allegations concerning one of the proposed mergers.

Delaware Court of Chancery

Beginning on April 22, 2009, eight putative stockholder class action complaints challenging the April 19 proposals were filed against various combinations of PepsiCo, PAS and 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 complaints alleged, among other things, that the defendants had breached or would breach their fiduciary duties owed to the public stockholders of PAS and PBG in connection with the April 19 proposals. On June 5, 2009, the Court of Chancery entered orders consolidating the actions relating to PepsiCo's proposal to acquire PAS under the caption *In re PepsiAmericas, Inc. Shareholders Litigation* (C.A. No. 4530-VCS) (the **Consolidated Delaware PAS Action**), consolidating the actions relating to PepsiCo's proposal to acquire PBG under the caption *In re The Pepsi Bottling Group, Inc., Shareholders Litigation* (C.A. No. 4526-VCS) (the **Consolidated Delaware PBG Action**), appointing co-lead counsel and co-lead plaintiffs in each consolidated action, and providing for coordination between the two consolidated actions.

On June 19, 2009, co-lead plaintiffs in the Consolidated Delaware PAS Action filed a verified consolidated class action complaint. The complaint seeks, among other things, damages and declaratory, injunctive, and other equitable relief alleging, among other things, that the defendants have breached or will breach their fiduciary duties owed to the public stockholders of PAS, that the April 19 proposals and the transactions contemplated

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thereunder were not entirely fair to the public stockholders, that PepsiCo retaliated against PAS and PBG for rejecting the April 19 proposals, that certain provisions of the certificate of incorporation of PAS are invalid and/or inapplicable to the April 19 proposals and the proposed mergers, and that PepsiCo's pursuit of its acquisition of PAS violates the PAS Shareholder Agreement. Also on June 19, 2009, the co-lead plaintiffs in the Consolidated Delaware PBG Action filed a verified consolidated class action complaint. The complaint seeks, among other things, damages and declaratory, injunctive, and other equitable relief alleging, among other things, that the defendants have breached or will breach their fiduciary duties owed to the public stockholders of PBG, that the April 19 proposals and the transactions contemplated thereunder were not entirely fair to the public stockholders, that PepsiCo had retaliated or would retaliate against PAS and PBG for rejecting the April 19 proposals, and that certain provisions of the certificate of incorporation of PBG are invalid and/or inapplicable to the April 19 proposals and the proposed mergers. On July 23, 2009, co-lead plaintiffs in the Consolidated Delaware PBG Action and the Consolidated Delaware PAS Action filed separate motions for partial summary judgment concerning their allegations relating to the certificates of incorporation of PBG and PAS and the PAS Shareholder Agreement.

On August 31, 2009, the Court of Chancery entered a Stipulation and Order Governing the Protection and Exchange of Confidential Information in each of the Consolidated Delaware PAS Action and the Consolidated Delaware PBG Action. Shortly thereafter, defendants began producing documents to co-lead plaintiffs in these actions. On November 20, 2009, the parties to the Consolidated Delaware PAS Action and to the Consolidated Delaware PBG Action entered into the Stipulation and Agreement of Compromise, Settlement, and Release described below.

Minnesota State Court

Beginning on April 20, 2009, three putative stockholder class action complaints challenging the April 19 proposals were filed against PepsiCo, PAS, and PAS's board of directors in the District Court of the State of Minnesota, County of Hennepin. The complaints seek, among other things, damages and declaratory, injunctive, and other equitable relief alleging, among other things, that the defendants have breached or will breach their fiduciary duties owed to the public stockholders, that PepsiCo possessed material, non-public information concerning PAS, and that the April 19 proposals and the transactions contemplated thereunder were not entirely fair to the public stockholders. On June 24, 2009, the parties to the three Minnesota actions entered into a stipulation consolidating and staying the Minnesota actions in favor of the Consolidated Delaware PAS Action. On June 29, 2009, the court entered an order consolidating and staying the Minnesota actions pending resolution of the Consolidated Delaware PAS Action.

On September 23, 2009, one of the plaintiffs in the Minnesota actions filed a notice of dismissal voluntarily dismissing the action captioned *Leone v. PepsiAmericas, Inc.* (No. 27-CV-099196). On November 20, 2009, the parties to the two remaining Minnesota actions entered into the Stipulation and Agreement of Compromise, Settlement, and Release described below.

New York State Court

Westchester County Actions

Beginning on April 29, 2009, two putative stockholder class action complaints challenging the April 19 proposals were filed against various combinations of PepsiCo, PAS, PBG, and the members of PBG's board of directors in the Supreme Court of the State of New York, County of Westchester. The complaints seek, among other things, damages and declaratory, injunctive, and other equitable relief alleging, 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 of PAS and PBG, and that the defensive measures implemented by PBG were not being used to maximize stockholder value. On June 8, 2009, the defendants filed motions to dismiss or stay the actions in favor of the previously filed actions pending in the Delaware Court of Chancery.

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On October 19, 2009, the parties to the two Westchester County actions entered into a stipulation staying the Westchester County actions in favor of the Consolidated Delaware PAS Action and the Consolidated Delaware PBG Action. On October 21, 2009, the court entered an order staying the two Westchester County actions pending resolution of the Consolidated Delaware PAS Action and the Consolidated Delaware PBG Action. On November 20, 2009, the parties to the two Westchester County actions entered into the Stipulation and Agreement of Compromise, Settlement, and Release described below.

New York County Action

On May 8, 2009, a putative stockholder class action complaint was filed against PBG and the members of PBG's board of directors other than Mr. Compton and Ms. Trudell in the Supreme Court of the State of New York, County of New York. The complaint alleged that the defendants had breached their fiduciary duties owed to the public stockholders of PBG by depriving those stockholders of the full and fair value of their shares by failing to accept PepsiCo's April 19 proposal to acquire PBG or to negotiate with PepsiCo after that proposal was made and by adopting certain defensive measures. On June 8, 2009, the defendants moved to dismiss or to stay this action in favor of the previously filed actions pending in the Delaware Court of Chancery. The plaintiff failed to file a timely opposition to the motion. On August 10, 2009, the plaintiff filed an amended class action complaint, adding as defendants PepsiCo, Mr. Compton, and Ms. Trudell. The amended complaint seeks, among other things, damages and declaratory, injunctive, and other equitable relief alleging, among other things, that the defendants have breached or will breach their fiduciary duties owed to the public stockholders of PBG and that the proposed PBG merger is not entirely fair to the public stockholders. On August 27, 2009 the defendants again moved to dismiss or stay this action in favor of the previously filed actions pending in the Delaware Court of Chancery.

On October 2, 2009, the parties to this action entered into a stipulation providing that this action should be voluntarily stayed for 45 days while plaintiff's counsel conferred with co-lead counsel in the Consolidated Delaware PBG Action and that the defendants' motion to dismiss or stay should be adjourned during the voluntary stay. Also on October 2, 2009, the court entered an order staying the New York County action for 45 days while plaintiff's counsel conferred with co-lead counsel in the Consolidated Delaware PBG Action. On November 20, 2009, the parties to the New York County action entered into the Stipulation and Agreement of Compromise, Settlement, and Release described below. On December 2, 2009, the court entered an order staying the New York County action pending resolution of the Consolidated Delaware PBG Action.

Litigation Filed by PepsiCo

On May 11, 2009, PepsiCo, along with Mr. Compton and Ms. Trudell (PepsiCo employees who are members of PBG's board of directors) filed a complaint against PBG and the other members of PBG's board of directors in the Court of Chancery of the State of Delaware. The complaint sought declaratory and injunctive relief and alleged that the defendants had breached their fiduciary duties owed to the public stockholders of PBG by, among other things, holding a meeting of PBG's board of directors and taking certain actions at that meeting without providing notice to Mr. Compton and Ms. Trudell, adopting a stockholder rights plan that restricted PepsiCo's rights as a stockholder by, for example, limiting its ability to solicit consents, and adopting a shareholder rights plan that was an unreasonable and disproportionate response to PepsiCo's April 19 proposal to acquire PBG. On August 5, 2009, following PepsiCo's entry into the PBG merger agreement, PepsiCo voluntarily dismissed this action with prejudice.

Settlement of Stockholder Litigation

On November 20, 2009, the parties to the Consolidated Delaware PAS Action and the Consolidated Delaware PBG Action, as well as the parties to the two actions pending in the District Court of the State of Minnesota and to the three actions pending in the Supreme Court of the State of New York, entered into a Stipulation and Agreement of Compromise, Settlement, and Release (the **Settlement Stipulation**) to resolve all of these actions.

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Pursuant to the Settlement Stipulation, and in exchange for the releases described below, defendants have taken or will take the following actions: (1) PepsiCo, PAS, and PBG have included and will continue to include co-lead 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); (2) PepsiCo agreed to reduce the termination fee set forth in the PAS merger agreement from \$71.6 million to \$50 million pursuant to the Waiver Letter dated as of November 16, 2009 which is included in Appendix A to this proxy statement/prospectus; (3) PepsiCo agreed to reduce the termination fee set forth in the PBG merger agreement from \$165.3 million to \$115 million; (4) PepsiCo agreed to shorten the termination fee tail set forth in the PAS merger agreement from 12 months to 6 months pursuant to the Waiver Letter dated as of November 16, 2009 which is included in Appendix A-1 to this proxy statement/prospectus; and (5) PepsiCo agreed to shorten the termination fee tail set forth in the PBG merger agreement from 12 months to 6 months. The settlement is conditioned on satisfaction by co-lead counsel that the disclosures made in connection with the PAS merger and the PBG merger are not materially omissive or misleading.

Pursuant to the Settlement Stipulation, the Consolidated Delaware PAS Action and the Consolidated Delaware PBG Action will be dismissed with prejudice on the merits, the plaintiffs in the Minnesota and New York actions will voluntarily dismiss those actions with prejudice, and all defendants will be released from any and all claims relating to, among other things, the merger, the PBG merger, the merger agreement, the PBG merger agreement, and any disclosures made in connection therewith. The Settlement 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.

The defendants have denied and continue to deny any wrongdoing or liability with respect to all claims, events, and transactions complained of in the aforementioned litigation or that they have engaged in any wrongdoing. The defendants have entered into the Settlement Stipulation to eliminate the uncertainty, burden, risk, expense, and distraction of further litigation. The foregoing description of the Settlement Stipulation does not purport to be complete, and a copy of the Settlement Stipulation has been filed with the SEC as part of the registration statement on Form S-4 of which this proxy statement/prospectus is a part.

Financing of the Merger

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.

Senior Note Issuance

In order to finance the merger, the PBG merger, and related transactions, PepsiCo intends to issue approximately \$4 billion of senior unsecured fixed rate notes, subject to market conditions. See Unaudited Pro Forma Condensed Combined Financial Information Note 8 Debt-Obligations and Commitments beginning on page [] of this proxy statement/prospectus.

Bridge Facility

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

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of seven other lenders have committed to provide up to \$4.0 billion of loans under a bridge facility. The documentation governing the bridge facility has not been finalized. Accordingly, the actual terms of these financing arrangements may differ from those described in this proxy statement/prospectus. To the extent that the other methods of raising the required financing for the merger, the PBG merger, and related transactions, such as the issuance of long-term debt securities as described above, are sufficiently utilized, the bridge facility will not be drawn.

The bridge facility will be available to PepsiCo, as the borrower, on a revolving basis for a period of 364 days from the closing date of the merger. The bridge loans, if required, will be used to finance a portion of the purchase price for the merger (as well as for the PBG merger) and to pay related fees and expenses. PepsiCo will be required to prepay the bridge loans under specified circumstances, including upon specified non-ordinary course asset sales, specified incurrences of debt, and equity issuances by PepsiCo or its subsidiaries and upon the issuance of debt securities for the purpose of refinancing the bridge facility.

Fees and Expenses Relating to the Merger

Fees and expenses incurred or expected to be incurred by PepsiCo and Metro in connection with the merger are estimated as of the date of this proxy statement/prospectus to be as follows:

Type of Fee	Amount (\$)
Filing fees	146,967
Financial advisors' fees and expenses	18,000,000
Accounting fees and expenses	325,000
Legal, printing and miscellaneous fees and expenses	1,375,000
Total	19,846,967

Subject to the termination fee payable by PAS to PepsiCo under certain circumstances, the merger agreement provides that each party will pay fees and expenses incurred by such party in connection with the merger agreement. See The Merger Agreement Termination Fees Payable by PAS beginning on page [] of this proxy statement/prospectus.

Table of Contents**RISK FACTORS**

In addition to the other information contained or incorporated by reference in this proxy statement/prospectus, the following factors should be considered carefully when evaluating the merger and the proposal to adopt the merger agreement at the special meeting. You should also consider the various risk factors of each of PepsiCo and PAS, as discussed in their respective annual reports on Form 10-K for the fiscal years ended December 27, 2008 and January 3, 2009, and their respective quarterly reports on Form 10-Q for the quarterly periods ended September 5, 2009 and October 3, 2009, under Risk Factors, each of which is on file with the SEC, for additional factors that may affect PepsiCo's and PAS performance.

Because the market price of PepsiCo common stock may fluctuate, you cannot be sure of the value of the stock portion of the merger consideration that you may receive.

Upon completion of the merger, each share of PAS common stock (other than shares held by PepsiCo or any of its subsidiaries (including Metro), shares held by PAS as treasury stock and shares with respect to which stockholders of PAS have properly exercised and perfected appraisal rights under Delaware law) will be converted into the right to receive the merger consideration. Because the exchange ratio of 0.5022 shares of PepsiCo common stock per share of PAS common stock at which PepsiCo is issuing its shares as part of the merger consideration is fixed, any change in the price of PepsiCo common stock prior to completion of the merger will affect the value of any shares of PepsiCo common stock you receive upon completion of the merger. The value of the PepsiCo stock portion of the merger consideration will vary from the date of the announcement of the merger agreement, the date that this proxy statement/prospectus was mailed to PAS stockholders, the date of the special meeting and the date the merger is completed and thereafter. At the time that the merger is completed, the value of the stock portion of the merger consideration could be more or less than the value of the cash portion of the merger consideration. Accordingly, at the time of the special meeting, you will not know or be able to determine the value of the PepsiCo common stock you may receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in the respective businesses, operations and prospects, and regulatory considerations of PepsiCo and PAS. Many of these factors are beyond PepsiCo's and PAS control.

Following completion of the merger and the PBG merger, PepsiCo will face risks different from those faced by PAS today, which may affect the market price of the shares of PepsiCo common stock.

Upon completion of the merger, certain holders of PAS common stock will become holders of PepsiCo common stock. Some of PepsiCo's current businesses and markets differ from those of PAS and, accordingly, the results of operations of PepsiCo after the merger may be affected by factors different from those currently affecting the results of operations of PAS. For further information on the businesses of PepsiCo and PAS and the factors to consider in connection with those businesses, see the documents incorporated by reference into this proxy statement/prospectus and referred to under Where You Can Find More Information beginning on page [] of this proxy statement/prospectus. Additionally, PepsiCo and Metro have entered into the PBG merger agreement. Some of PepsiCo's current businesses and markets differ from those of PBG, which may also affect PepsiCo's results of operations after completion of the merger if the PBG merger is also completed.

You cannot be certain of the form of merger consideration that you will receive for all of your shares.

PepsiCo will pay cash for 50% of 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

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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 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. If such a proration is required, holders of PAS common stock who elected to receive cash may receive a portion of their consideration in PepsiCo common stock, and holders who made no election may receive a portion of their consideration in cash. 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 a risk that you will receive a portion of the merger consideration in the form that you do not choose, which could result in, among other things, tax consequences that differ from those that would have resulted had you received the form of consideration you elected, including the recognition of taxable gain to the extent cash is received.

Failure to complete the PBG merger may adversely affect PepsiCo's results of operations and prevent PepsiCo from realizing the full extent of the benefits and cost savings expected from either or both mergers.

The PBG merger is subject to the satisfaction or, to the extent permissible, waiver, of certain conditions, including, but not limited to, receipt of the necessary PBG stockholder approval and receipt of the necessary regulatory consents and approvals. Although PepsiCo expects, as of the date of this proxy statement/prospectus, to complete both the merger and the PBG merger, it is possible that the PBG merger may not be completed. PepsiCo's obligation to complete 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. In addition, other conditions to the PBG merger may not be satisfied and PepsiCo's obligation to complete the merger is not otherwise subject to completion of the PBG merger. PepsiCo's relationship with PBG may suffer following a failure to complete the PBG merger, which could adversely affect PepsiCo's results of operations. Failure to complete the PBG merger may also prevent PepsiCo from realizing the full extent of the benefits and cost savings that it expects to realize as a result of the completion of both mergers.

After completion of the mergers, PepsiCo may fail to realize the anticipated cost savings and other benefits expected from the mergers, which could adversely affect the value of PepsiCo's common stock or other securities.

The success of the mergers will depend, in part, on PepsiCo's ability to successfully combine the businesses of PepsiCo, PAS and PBG and realize the anticipated benefits and cost savings from such combination. While PepsiCo believes, as of the date of this proxy statement/prospectus, that these cost savings estimates are achievable, it is possible that PepsiCo will be unable to achieve these objectives within the anticipated time frame, or at all. PepsiCo's cost savings estimates also depend on PepsiCo's ability to combine the businesses of PepsiCo, PAS and PBG in a manner that permits those cost savings to be realized. If these estimates turn out to be incorrect or PepsiCo is not able to combine the businesses of PepsiCo, PAS and PBG successfully, the anticipated cost savings and other benefits, including expected synergies, of the merger and the PBG merger may not be realized fully or at all or may take longer to realize than expected, and the value of PepsiCo's common stock (including the stock issued as part of the merger consideration) or other securities may be adversely affected.

Specifically, issues that must be addressed in integrating the operations of PepsiCo, PAS and PBG in order to realize the anticipated benefits of the merger and the PBG merger include, among other things:

integrating the manufacturing, distribution, sales and administrative support activities and information technology systems of PepsiCo, PAS and PBG;

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conforming standards, controls, procedures and policies, business cultures and compensation structures among the companies;

consolidating and streamlining corporate and administrative infrastructures;

consolidating sales and marketing operations;

retaining existing customers and attracting new customers;

identifying and eliminating redundant and underperforming operations and assets;

coordinating geographically dispersed organizations; and

managing tax costs or inefficiencies associated with integrating the operations of PepsiCo following completion of the merger and the PBG merger.

Delays encountered in the process of integrating the businesses of PepsiCo and PAS, or in the integration of either or both of these businesses with that of PBG, could have an adverse effect on the revenues, expenses, operating results and financial condition of PepsiCo after completion of the merger. Although significant benefits, such as increased cost savings, are expected to result from the merger and the PBG merger, there can be no assurance that any of these anticipated benefits will be realized by PepsiCo after completion of either or both of the mergers.

Additionally, significant costs are expected to be incurred in connection with consummating the mergers and integrating the operations of PepsiCo, PAS and PBG, with a significant portion of such costs being incurred through the first year after completion of the mergers. PepsiCo continues to assess the magnitude of these costs and additional unanticipated costs may be incurred in the integration of the businesses of PepsiCo, PAS and PBG. Although PepsiCo believes that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, will offset incremental transaction and merger-related costs over time, no assurances can be given that this net benefit will be achieved in the near term, or at all.

Combining PepsiCo, PAS and PBG could result in the loss of employees or customers or otherwise cause business disruption.

Each of PepsiCo, PAS and PBG has operated and, until the completion of the applicable merger, will continue to operate, independently. It is possible that the mergers could result in the loss of key employees, result in the disruption of each company's ongoing businesses or identify inconsistencies in standards, controls, procedures and policies that adversely affect PepsiCo's ability to maintain relationships with customers, suppliers or creditors. For the mergers to be successful, each of PepsiCo, PAS and PBG must continue to retain, motivate and recruit executives and other key employees during the pendency of the mergers. Such employee retention may be challenging as employees may experience uncertainty about their future roles with PepsiCo until, or even after, strategies with regard to the combined company are announced or executed. Moreover, following completion, PepsiCo must be successful at retaining key employees. If, despite retention efforts, key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with PepsiCo after completion of either merger, its ongoing business could be harmed. Additionally, the potential distraction of the merger may adversely affect the ability of PepsiCo, PAS or PBG during the pendency of the mergers, or of PepsiCo following completion, to attract, motivate and retain executives and other key employees and keep them focused on corporate strategies and goals, which could have a negative impact on the business of PepsiCo, PAS or PBG during the pendency of the mergers or of PepsiCo following completion.

The merger and the PBG merger are subject to the receipt of certain required clearances or approvals from governmental entities that could prevent or delay their completion or impose conditions that could have a material adverse effect on PepsiCo.

Completion of each of the merger and the PBG 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 under the HSR Act with respect to such merger. There can be no assurance that the

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required clearances and approvals will be obtained, and, additionally, government authorities from which these clearances and approvals are required may impose conditions on the completion of the merger or the PBG merger or require changes to their respective terms. While under the terms of the merger agreements, none of PepsiCo, PAS or PBG is required, in connection with the merger, to enter into any agreement or other undertaking with any such governmental authority with respect to any of their or their material subsidiaries' material businesses, assets or properties, or to divest or otherwise hold separate any such business, assets or properties, each has agreed to use reasonable best efforts to obtain governmental clearances or approvals necessary to complete the applicable merger. If, in order to obtain any clearances or approvals required to complete either of the mergers, any of PepsiCo, PAS or PBG, is required to divest itself of material assets, or PepsiCo becomes subject to any material conditions after completion of the merger, PepsiCo's business and results of operations after completion of the merger may be adversely affected.

PAS and PBG will be subject to business uncertainties and contractual restrictions while the merger and the PBG merger are pending which could adversely affect their respective businesses.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on PAS. Although PepsiCo and PAS intend to take steps to reduce any adverse effects, these uncertainties may impair their ability to attract, retain and motivate key personnel until the merger is completed and for a period of time thereafter, and could cause customers, suppliers and others that do business with PepsiCo or PAS to seek to change existing business relationships with either PepsiCo or PAS. In addition, the merger agreement restricts PAS, without PepsiCo's consent, from making certain acquisitions and taking other specified actions until the merger is completed or the merger agreement is terminated. These restrictions may prevent PAS from pursuing otherwise attractive business opportunities and making other changes to its business that may arise before the merger is completed or the merger agreement is terminated. The PBG merger is subject to similar risks which, if they materialize, may materially adversely affect the business or results of operations of PepsiCo following completion of either or both of the mergers even if these risks do not materialize with respect to PAS.

The indebtedness of PepsiCo following completion of the mergers will be substantially greater than its indebtedness on a stand-alone basis and greater than the existing combined indebtedness of PepsiCo and PAS prior to the merger. The increased level of indebtedness could adversely affect PepsiCo following completion of the merger, including by reducing funds available for other business purposes.

The indebtedness of PepsiCo and PAS, each on a consolidated basis, as of September 5, 2009 was approximately \$8.0 billion and \$2.3 billion, respectively, in each case consisting primarily of long-term debt and commercial paper. PepsiCo's pro forma indebtedness (consisting primarily of long-term debt and commercial paper) as of September 5, 2009, after giving effect to the merger and including indebtedness incurred in order to finance the merger, would be approximately \$11.4 billion, and after giving effect to the merger and the PBG merger and including, in each case, indebtedness incurred in order to finance the merger and the PBG merger, would be approximately \$19.7 billion. Following completion of the merger, as a result of the substantial increase in debt and the cost of that debt, the amount of cash required to service PepsiCo's increased indebtedness levels and thus the demands on its cash resources may be significantly greater than the percentages of cash flows required to service the indebtedness of PepsiCo individually prior to the merger. The increased levels of indebtedness could reduce funds available for PepsiCo's capital expenditures and other activities, may cause rating agencies to downgrade its debt, and may create competitive disadvantages for it relative to other companies with lower debt levels.

The shares of PepsiCo common stock to be received by PAS stockholders as a result of the merger will have different rights from the shares of PAS common stock.

Upon completion of the merger, PAS stockholders who receive PepsiCo stock as part of the merger consideration will become PepsiCo stockholders and their rights as stockholders will be governed by PepsiCo's amended and restated articles of incorporation and bylaws. Please see "Comparative Rights of Stockholders" beginning on page [] of this proxy statement/prospectus for a discussion of the different rights associated with PepsiCo common stock.

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Certain of PAS officers and directors have interests in the merger that are different from your interests as a PAS stockholder.

Certain of PAS officers and directors have interests in the merger that are different from your interests as a stockholder of PAS. 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 thereby. See *Interests of Certain Persons in the Merger* beginning on page [] of this proxy statement/prospectus.

Risks relating to PepsiCo and PAS.

PepsiCo and PAS are, and following completion of the merger, PepsiCo and Metro will continue to be, subject to the risks described in (i) Part I, Item 1A in PepsiCo's Annual Report on Form 10-K for the fiscal year ended December 27, 2008, filed with the SEC on February 19, 2009, (ii) *Our Business Risks* in Item 7 in Exhibit 99.1 to PepsiCo's Current Report on Form 8-K filed with the SEC on August 27, 2009, (iii) Part II, Item 1A in PepsiCo's Quarterly Report on Form 10-Q for the quarterly period ended September 5, 2009, filed with the SEC on October 8, 2009, (iv) Part I, Item 1A in PAS Annual Report on Form 10-K for the fiscal year ended January 3, 2009, filed with the SEC on March 4, 2009 and (v) Part II, Item 1A in PAS Quarterly Report on Form 10-Q for the quarterly period ended October 3, 2009, filed with the SEC on November 6, 2009, in each case, incorporated by reference into this proxy statement/prospectus. See *Where You Can Find More Information* beginning on page [] of this proxy statement/prospectus.

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FORWARD-LOOKING STATEMENTS

PepsiCo and PAS make forward-looking statements in this proxy statement/prospectus and their public documents. A forward-looking statement encompasses any estimate, prediction, opinion or statement of belief in this proxy statement/prospectus or such public documents and the underlying management assumptions. These forward-looking statements can be identified by words such as may, could, believes, expects, anticipates, intends and similar expressions. Forward-looking statements appear in the discussions of matters such as the benefits of the merger between PAS and PepsiCo and between PBG and PepsiCo, including, but not limited to, future financial and operating results related to potential cost savings and enhancements to revenue that may be realized from the merger and from the PBG merger, and PepsiCo's and PAS' plans, objectives, expectations and intentions and other statements contained in this proxy statement/prospectus or public documents of PepsiCo and PAS that are not historical facts. These statements are based upon the current reasonable expectations and assessments of the respective managements of PepsiCo and PAS and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of PepsiCo and PAS. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

These views involve risks and uncertainties that are difficult to predict and, accordingly, actual results may differ materially from the results discussed in such forward-looking statements. You should consider the various factors in the Risk Factors section beginning on page [] of this proxy statement/prospectus as well as those discussed in the annual report on Form 10-K and quarterly report on Form 10-Q of PepsiCo for the fiscal year ended December 27, 2008 and the quarterly period ended September 5, 2009, respectively, and the annual report on Form 10-K and quarterly report on Form 10-Q of PAS, for the fiscal year ended January 3, 2009 and the quarterly period ended October 3, 2009, respectively, in each case under Risk Factors, which reports are on file with the SEC, for additional factors that may affect PepsiCo's and PAS' performance.

In addition to factors that have been previously disclosed in the respective reports of PepsiCo and PAS filed with the SEC and those that are discussed elsewhere in this proxy statement/prospectus, the following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

the businesses of PepsiCo, PAS and PBG may not be combined successfully, or such combination, including the integration of systems, controls and procedures of the companies, may take longer, be more difficult, time-consuming or costly to accomplish than expected;

the merger or the PBG merger may not be completed;

the expected cost savings from the merger and the PBG merger may not be fully realized or may take longer to realize than expected;

management time may be diverted on matters relating to the merger or the PBG merger;

customer losses, increases in operating costs and business disruption, including disruption of supply or shortages of raw materials and other supplies, following the merger and the PBG merger, may be greater than expected;

adverse effects on relationships with employees may be greater than expected;

the regulatory approvals required for the merger and the PBG merger may not be obtained on the proposed terms, on the anticipated schedule, or at all;

adverse governmental, legal or regulatory policies may be enacted;

changes in demand for PepsiCo's products, as a result of shifts in consumer preferences or otherwise;

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PepsiCo may be unable to hire or retain key employees or a highly skilled and diverse workforce, including as a result of uncertainty regarding the merger;

PepsiCo may not successfully build and sustain proper information technology infrastructure, successfully implement its ongoing business process transformation initiative or outsource certain functions effectively;

PepsiCo may experience damage to its reputation; and

social and political conditions such as war, political unrest and terrorism, pandemics or natural disasters, unfavorable economic conditions or increased volatility in foreign exchange rates could have unpredictable negative effects on the businesses or results of operations of PepsiCo, PAS and PBG and on the economy.

The forward-looking statements are made as of the date of this proxy statement/prospectus or the applicable document, as the case may be, and, except as required by applicable law, PepsiCo and PAS assume no obligation to update these forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements. You should consider these risks and uncertainties in evaluating forward-looking statements and you should not place undue reliance on these statements.

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SPECIAL MEETING OF STOCKHOLDERS OF PAS

PAS is providing this proxy statement/prospectus to you in connection with the solicitation of proxies by PAS board of directors to be voted at the special meeting of PAS stockholders that PAS has called to allow its stockholders to consider and vote upon a proposal to adopt the merger agreement with PepsiCo. This document is first being mailed to PAS stockholders on or about [], 2009. Together with this document, PAS is sending a notice of the special meeting of PAS stockholders and a form of proxy that PAS board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting.

PepsiCo is also providing this document to you as a prospectus in connection with the offer and sale by PepsiCo of shares of PepsiCo common stock to be issued as merger consideration to PAS stockholders in connection with the merger.

Date, Time and Place

The special meeting of PAS stockholders will be held on [], 2010, at [] a.m., local time, at Briggs and Morgan, P.A., 80 South Eighth Street, Suite 2200, Minneapolis, Minnesota.

Purpose of the Special Meeting

At the special meeting, PAS will ask stockholders to consider and vote upon the proposal to adopt the merger agreement and to transact such other business as may properly come before the special meeting or any postponement or adjournment of the meeting. PAS board of directors is not aware of any other matters to be presented for action at the special meeting.

Record Date; Shares Entitled to Vote; Quorum

Only holders of record of PAS common stock at the close of business on [], 2009, the record date, are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the special meeting. On the record date, [] shares of PAS common stock were issued and outstanding and entitled to vote at the special meeting, held by [] holders of record. On the record date, PepsiCo and its subsidiaries owned 54,004,000 shares of PAS common stock, representing approximately []% of the outstanding PAS common stock entitled to vote at the special meeting.

Each stockholder is entitled to one vote for each share of PAS common stock held by such stockholder as of the record date. You may vote all shares owned by you as of the record date, including (1) shares held directly in your name as the stockholder of record and (2) shares held for you as the beneficial owner in street name through a broker, trustee or other nominee.

The holders of 51% of the outstanding shares of PAS common stock entitled to vote at the special meeting must be present in person or represented by proxy before any action can be taken at the special meeting. If a share is represented for any purpose at the special meeting, it is deemed to be present for the transaction of all business. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned or postponed to solicit additional proxies.

Vote Required; Abstentions and Broker Non-Votes

The adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of PAS common stock entitled to vote at the special meeting. 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. Pohlman or certain persons or entities affiliated with him, will also be required to adopt the merger agreement.

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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. Under the rules of the New York Stock Exchange, brokers who hold shares in street name for customers have the authority to vote on routine proposals when they have not received instructions from beneficial owners. However, brokers are precluded from exercising their voting discretion with respect to approving non-routine matters such as the proposal to adopt the merger agreement and, as a result, absent specific instructions from the beneficial owner of the shares, brokers are not empowered to vote those shares, referred to generally as broker non-votes, if the shares are present at the meeting. Broker non-votes, if any, will be counted for purposes of determining a quorum, but will have the same effect as a vote AGAINST the proposal to adopt the merger agreement.

If a properly executed proxy is submitted and the stockholder has abstained from voting on any matter, the shares represented by such proxy will be considered present at the meeting for purposes of determining a quorum and for purposes of calculating the vote, but will not be considered to have been voted in favor of the matter.

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 in favor of the proposal to adopt the merger agreement at the special meeting. See Record Date; Shares Entitled to Vote; Quorum beginning on page [] of this proxy statement/prospectus.

Shares Held by PAS Directors and Executive Officers

At the close of business on the record date, PAS directors and executive officers and their affiliates beneficially owned approximately [] shares of PAS common stock, which represented approximately []% of the outstanding shares of PAS common stock entitled to vote at the special meeting. PAS directors and executive officers, including Robert C. Pohlada, and their affiliates have informed PAS that they currently intend to vote their shares of PAS common stock, including any shares for which they hold proxies, FOR the proposal to adopt the merger agreement, believing it to be in the best interests of PAS stockholders. Other than as set forth under the caption Special Factors Recommendation of PAS Transactions Committee and PAS Board of Directors as to Fairness of the Merger on page [] of this proxy statement/prospectus, PAS directors and executive officers and their affiliates have not made a recommendation either in support of or opposed to the merger agreement.

Voting of Proxies

After carefully reading and considering the information presented in this proxy statement/prospectus, PAS stockholders of record 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.

Please note that although there is no charge to you for voting by telephone or through the Internet, there may be costs associated with electronic access such as usage charges for Internet service providers and telephone companies. PAS will not pay for these costs; they are solely your responsibility.

If you hold your shares of PAS common stock in street name through a broker, bank or other nominee, you must provide instructions to the broker, bank or nominee as to how your shares should be voted. Brokers do not have the discretion to vote on the proposal to adopt the merger agreement and will only vote at the direction of the underlying beneficial owners of the shares of PAS common stock. Accordingly, if you do not instruct your broker to vote your shares of PAS common stock, your broker will not have the discretion to vote your shares of PAS common stock. Your broker, bank or other nominee will usually provide you with the appropriate instruction forms at the time you receive this proxy statement/prospectus. If you own your shares of PAS common stock in this manner, you cannot vote in person at the special meeting unless you receive a proxy to do so from the broker, bank or other nominee, and you bring that proxy to the special meeting.

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All shares represented by each properly executed and valid proxy received by PAS before the special meeting will be voted in accordance with the instructions given on the proxy. If a PAS stockholder executes a proxy card without giving instructions, the shares of PAS common stock represented by that proxy card will be voted FOR approval of the proposal to adopt the merger agreement. PAS board of directors is not aware of any other matters to be voted on at the special meeting. If, however, such a matter is properly presented for action at the special meeting, including a motion to adjourn or postpone the special meeting in order to solicit additional proxies in favor of the proposal to adopt the merger agreement (in the event that there are not sufficient votes for such adoption), the persons named in the proxy card will vote the shares represented by all properly executed proxies on those matters in their discretion.

Revocability of Proxies

You may revoke your proxy or change your vote at any time before it is exercised at the special meeting, by one of the following means:

 sending the Corporate Secretary of PAS a written notice revoking the proxy prior to the date of the special meeting at the address provided under Where You Can Find More Information beginning on page [] of this proxy statement/prospectus;

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

 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.

Your attendance at the special meeting will not automatically revoke your proxy unless you vote again at the meeting or specifically request in writing that your prior proxy be revoked.

Election to Receive Cash Consideration

Holders of shares of PAS common stock (other than PepsiCo or any of its subsidiaries (including Metro), PAS (with respect to shares held by it as treasury stock) and stockholders of PAS who have properly exercised and perfected appraisal rights under Delaware law) will receive, for each share of PAS common stock owned by them, either 0.5022 shares of common stock of PepsiCo or, at their election, \$28.50 in cash, without interest, subject to proration provisions which provide that an aggregate 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, will be converted into the right to receive common stock of PepsiCo and an aggregate 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries will be converted into the right to receive cash.

If proration occurs because the number of shares of PAS common stock for which an 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, any share as to which a stockholder elected to receive cash but with respect to which such election is denied due to proration will be converted into 0.5022 of a share of PepsiCo common stock (plus cash in lieu of any fractional share interest) 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 proration occurs because the number of shares of PAS common stock for which an 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 election to receive cash 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 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. See The Merger Agreement Proration beginning on page [] of this proxy statement/prospectus.

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Shares of PAS 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 0.5022 shares of PepsiCo common stock at the effective time of the merger. PepsiCo and its subsidiaries may not make a cash election.

PAS Board of Directors Recommendation

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 the stockholders of PAS (other than PepsiCo, Metro and other affiliates at PepsiCo). **Accordingly, PAS board of directors approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement, and recommends that PAS stockholders vote FOR approval of the proposal to adopt the merger agreement.**

The merger is of great importance to the stockholders of PAS. Accordingly, you are urged to read and carefully consider the information presented in this proxy statement/prospectus, and to vote by telephone, through the Internet or by mail by completing, dating, signing and promptly returning the enclosed proxy card in the enclosed postage-prepaid envelope.

Appraisal Rights

Holders of PAS common stock are entitled to exercise appraisal rights in connection with the merger under Section 262 of Delaware law (which is reproduced and attached as Appendix C to this proxy statement/prospectus). The provisions of Delaware law governing appraisal rights are complex and you should study them carefully. A stockholder may take actions that prevent that stockholder from successfully asserting these rights, and multiple steps must be taken to properly exercise and perfect such rights.

If you do not vote in favor of the proposal to adopt the merger agreement and instead perfect your appraisal rights under Delaware law, you will have the right to a judicial appraisal of the fair value of your shares of PAS common stock in connection with the merger in lieu of receiving the merger consideration. This value could be more than, less than or the same as the merger consideration to be paid to non-dissenting stockholders in the merger.

In order to preserve your appraisal rights, you must take all the steps provided under Delaware law within the requisite time periods. Failure to follow exactly the procedures specified under Delaware law will result in the loss of appraisal rights. See Special Factors Appraisal Rights beginning on page [] of this proxy statement/prospectus for a more detailed description of your appraisal rights and these procedures.

ANY PAS STOCKHOLDER WHO WISHES TO EXERCISE APPRAISAL RIGHTS OR WHO WISHES TO PRESERVE HIS, HER OR ITS RIGHT TO DO SO SHOULD REVIEW APPENDIX C CAREFULLY AND SHOULD CONSULT HIS, HER OR ITS LEGAL ADVISOR, SINCE FAILURE TO TIMELY COMPLY WITH THE PROCEDURES SET FORTH THEREIN WILL RESULT IN THE LOSS OF SUCH RIGHTS.

Solicitation of Proxies and Expenses

This solicitation is being made on behalf of PAS board of directors, but may also be made without additional compensation by PAS executive officers by telephone, facsimile, e-mail or personal interview. In addition, PAS has engaged Innisfree M&A Incorporated as its proxy solicitor to help PAS solicit proxies by mail, telephone and personal interview for a fee of approximately \$50,000, and reimbursement of certain of its out-of-pocket expenses. PAS will bear the expense of the preparation, printing and mailing of the notice of the special meeting and these proxy materials. PAS will request brokers, banks and nominees who hold shares of PAS common stock in their names to furnish proxy materials to beneficial owners of the shares. PAS will reimburse such brokers, banks and nominees for their reasonable expenses incurred in forwarding solicitation materials to such beneficial owners.

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Stockholder List

A list of PAS stockholders entitled to vote at the special meeting will be available for examination by any PAS stockholder at the special meeting. For ten days prior to the special meeting, this stockholder list will be available for inspection during ordinary business hours at PAS principal place of business, located at 4000 RBC Plaza, 60 South Sixth Street, Minneapolis, Minnesota 55402.

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THE COMPANIES

PepsiCo

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. The principal executive offices of PepsiCo are located at 700 Anderson Hill Road, Purchase, New York 10577 and its telephone number is (914) 253-2000.

Metro

Metro is a New Jersey corporation and a wholly owned subsidiary of PepsiCo. Metro currently operates within PepsiCo's PepsiCo Americas Beverages business unit, and holds the stock of numerous active operating subsidiaries and bottling companies. Metro does not have any employees.

Metro was incorporated in 1934. The principal executive offices of Metro are located at 700 Anderson Hill Road, Purchase, New York 10577 and its telephone number is (914) 253-2000.

PAS

PAS is a publicly traded Delaware corporation and is 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, which accounted for approximately 80% of PAS's 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.

PAS distribution channels for the retail sale of its products include supermarkets, supercenters, club stores, mass merchandisers, convenience stores, gas stations, small grocery stores, dollar stores and drug stores. PAS also distributes its products through various other channels, including restaurants and cafeterias, vending machines and other formats that provide for immediate consumption of its products. In fiscal year 2008, its largest distribution channels were supercenters and supermarkets, and its fastest growing channels were drug stores and dollar stores.

PAS delivers its products through these channels primarily using a direct store delivery system. In its territories, PAS is responsible for selling products, providing timely service to its existing customers, and identifying and obtaining new customers. PAS is also responsible for local advertising and marketing, as well as executing national and regional selling programs created by brand owners in its territories. The bottling business is capital intensive. Manufacturing operations require specialized high-speed equipment, and distribution requires investment in trucks and warehouse facilities as well as extensive placement of fountain equipment, cold drink vending machines and coolers.

PAS was incorporated in Delaware in 1963. PAS's principal executive offices are located at 4000 RBC Plaza, 60 South Sixth Street, Minneapolis, Minnesota 55402 and its telephone number is (612) 661-4000.

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THE MERGER AGREEMENT

The following is a summary of the material terms and conditions of the merger agreement. This summary may not contain all the information about the merger agreement that is important to you. This summary is qualified in its entirety by reference to the merger agreement attached as Appendix A to, and incorporated by reference into, this proxy statement/prospectus. You are encouraged to read the merger agreement in its entirety because it is the legal document that governs the merger.

Explanatory Note Regarding the Summary of the Merger Agreement

The merger agreement and this summary of its terms have been included with this document to provide you with information regarding the terms of the merger agreement, and are not intended to modify or supplement any factual disclosures about PepsiCo or PAS contained in this proxy statement/prospectus or in PepsiCo's or PAS' public reports filed with the SEC. In your review of the representations and warranties contained in the merger agreement and described in this summary it is important to bear in mind that the representations and warranties have been negotiated with the principal purpose of establishing the circumstances in which a party to the merger agreement may have the right not to close the merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocates risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders and in some cases have been qualified by disclosures that were made by each party to the other, which disclosures are not reflected in the merger agreement.

Structure of the Merger

The merger agreement provides for a transaction in which 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, in each case until amended in accordance with applicable law. After completion of the merger, the directors and officers of Metro will be the directors and officers of the surviving corporation until their successors are duly elected or appointed and qualified in accordance with Metro's bylaws and applicable law. 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 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.

Merger Consideration

At the effective time of the merger, each share of PAS common stock outstanding immediately prior to the effective time not held by PepsiCo or any of its subsidiaries 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, and in each case subject to the proration procedures described below. PepsiCo will pay cash for a number of shares equal to 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 such shares. 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.

Each share of PAS common stock held by PAS as treasury stock, held by PepsiCo or held by Metro immediately prior to the effective time of the merger will be canceled, and no payment will be made with respect

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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.

Holders of shares of PAS common stock (other than PepsiCo or any of its subsidiaries (including Metro), PAS (with respect to shares held by it as treasury stock) and stockholders of PAS who have properly exercised and perfected appraisal rights under Delaware law) will have the right to elect to convert some or all of their PAS common stock into cash or to make no election, in which case they will be deemed to have made an election to receive PepsiCo common stock, in each case subject to proration to provide for the 50%-50% cash-stock allocation described below. See Election Procedure and Proration beginning on pages [] and [], respectively, of this proxy statement/prospectus.

Based upon the number of issued and outstanding shares of PAS common stock as of [], an aggregate of approximately [] million shares of PepsiCo common stock and approximately \$[] billion in cash would be paid in the merger for the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, assuming no stockholders of PAS validly exercise and perfect appraisal rights.

The merger agreement obligates PepsiCo to use reasonable best efforts to have the PepsiCo common stock to be issued in connection with the merger approved for listing on the New York Stock Exchange, subject to official notice of issuance, prior to the effective time of the merger.

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 more or less than the current market price of PepsiCo common stock.

If, between the date of the merger agreement and the effective time, 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 PAS 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 including, if applicable, to the exchange ratio.

No fractional shares of PepsiCo common stock will be issued to any holder of PAS common stock upon completion of the merger. For each fractional share that a holder of shares of PAS common stock would otherwise be issued, PepsiCo will pay cash in an amount equal to the fraction multiplied by the closing price of PepsiCo common stock on the New York Stock Exchange on the trading day immediately preceding the effective time of the merger. No interest will be paid or accrued on cash payable in lieu of fractional shares of PepsiCo common stock.

Election Procedure

Subject to the proration mechanism described under Proration beginning on page [] of this proxy statement/prospectus, each holder of shares of PAS common stock (other than shares held by PepsiCo or any of its subsidiaries (including Metro), shares held by PAS as treasury stock and shares with respect to which stockholders of PAS have properly exercised and perfected appraisal rights under Delaware law) may elect to receive cash with respect to any or all of his or her shares of PAS common stock, or may make no election.

Cash Election Shares. Stockholders who validly elect to receive cash for some or all of their shares will, subject to the proration mechanism described below, receive \$28.50 in cash, without interest, for each share of PAS common stock for which a valid cash election is made. In this proxy statement/prospectus, the shares of PAS common stock for which stockholders have made valid cash elections are referred to as cash election

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shares. Shares held by stockholders who fail to perfect or who effectively withdraw or otherwise lose their rights to appraisal of such shares under Delaware law will be deemed to have made a cash election with respect to such shares.

Non-Election Shares. Stockholders who do not validly elect to receive cash for their shares of PAS common stock will be deemed to have made a non-election. Stockholders who are deemed to have made a non-election will, subject to the proration mechanism described below, receive 0.5022 of a share of PepsiCo common stock for each share of PAS common stock for which they are deemed to have made a non-election. In this proxy statement/prospectus, the shares of PAS common stock held by stockholders who have not made an election to receive cash or do not make a valid election to receive cash are referred to as non-electing shares.

PepsiCo will pay cash for a number of shares equal to 50% of 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 such shares. If the number of shares of PAS common stock for which an 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 those shares 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 number of shares of PAS common stock for which an 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 non-electing shares 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 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 these 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. The proration procedures are described under Proration beginning on page [] of this proxy statement/prospectus.

Procedure for Record Holders. 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. The election form and letter of transmittal will allow record holders to specify the shares with respect to which they elect to receive cash (subject to proration procedures).

Holders of shares of PAS common stock in registered form who wish to elect to receive cash in the merger should carefully review and follow the instructions set forth in the election form and letter of transmittal when they are provided. Shares of PAS common stock as to which the holder has not made a valid election to receive cash prior to the election deadline specified in the instructions will be deemed non-electing shares.

Holders of shares of PAS common stock in registered form may elect to designate the priority in which their shares of PAS common stock are to be exchanged for cash in connection with the merger as described in Special Factors Material United States Federal Income Tax Consequences beginning on page [] of this proxy statement/prospectus. Stockholders may make such designation on the optional cash allocation addendum to the election form and letter of transmittal and include it with any letter of transmittal submitted in connection with the merger.

After you have received the election form and letter of transmittal and instructions, to make an election to receive cash, a properly completed election form and letter of transmittal along with the stock certificates representing the shares of PAS common stock with respect to which you have made a cash election must be received by The Bank of New York Mellon, the exchange agent no later than 5:00 p.m. New York, NY time on the third business day prior to the effective time of the merger or such other date

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as PAS and PepsiCo may agree, which is referred to as the election deadline, and otherwise in accordance with the instructions on the election form and letter of transmittal. PepsiCo will publicly announce the deadline for the receipt of election forms from record holders as soon as practicable but in no event later than eight business days prior to the effective time of the merger.

If you do not want to elect to receive cash for any of your shares of PAS common stock, you should not send a completed election form and letter of transmittal to the exchange agent.

An election to receive cash may be revoked or changed by the person submitting the election form and letter of transmittal prior to the election deadline. In the event of a revocation of an election to receive cash, a revoking holder will be deemed to have made no election. The exchange agent will have reasonable discretion to determine whether any election, change of election, or revocation has been properly or timely made and to disregard immaterial defects in any election form and letter of transmittal, and any good faith decisions of PepsiCo or the exchange agent regarding these matters will be binding and conclusive. Neither PepsiCo nor the exchange agent will be under any obligation to notify any person of any defects in an election form and letter of transmittal.

Procedure for Beneficial Owners. 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 should receive or 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 under Election Procedure Procedure for Record Holders. PepsiCo will publicly announce the deadline for the receipt of election forms from record holders as soon as practicable but in no event later than eight business days prior to the effective time of the merger.

You may consult your broker or other financial institution regarding the feasibility of electing to designate the priority in which your shares of PAS common stock are to be exchanged for cash in connection with the merger as described in Special Factors Material United States Federal Income Tax Consequences beginning on page [] of this proxy statement/prospectus. Street name holders may be subject to an election deadline earlier than the deadline applicable to holders of shares in registered form. 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 such person's directions for revoking or changing those instructions.

Proration

PepsiCo will pay cash for a number of shares equal to 50% of the shares of 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 such shares. If the aggregate number of cash election shares is lower than or higher than 50% of the shares of PAS common stock outstanding immediately prior to the effective time of the merger not held by PepsiCo or any of its subsidiaries, the exchange agent will allocate shares of PAS between cash and PepsiCo common stock in the manner described below. 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 such cash/stock allocation and the related proration mechanism, you cannot be certain of receiving the form of consideration that you choose with respect to all of your shares of PAS common stock.** In this proxy statement/prospectus, the number of shares that equals 50% of the shares of PAS common stock outstanding immediately prior to the effective time of the merger 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, is referred to as the cash election number.

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Oversubscription of Cash Election Shares. If the aggregate number of cash election shares is greater than the cash election number, then:

each non-electing share will be converted into the right to receive 0.5022 of a share of PepsiCo common stock;

a number of cash election shares of each stockholder making a cash election equal to the product of (x) the quotient of (1) the cash election number divided by (2) the total number of cash election shares and (y) the total number of cash election shares held by such stockholder, will be converted into the right to receive \$28.50 in cash, without interest; and

each cash election share that has not been converted into the right to receive \$28.50 in cash, without interest, in accordance with the preceding bullet will be converted into the right to receive 0.5022 of a share of PepsiCo common stock as if such shares were non-electing shares.

Subscription of Cash Election Shares equals 50%. If the aggregate number of cash election shares is equal to the cash election number, then each cash election share will be converted into the right to receive \$28.50 in cash, without interest, and each non-electing share will be converted into the right to receive 0.5022 of a share of PepsiCo common stock.

Undersubscription of Cash Election Shares. If the aggregate number of cash election shares is less than the cash election number, then:

each cash election share will be converted into the right to receive \$28.50 in cash, without interest;

a number of non-electing shares of each stockholder equal to the product of (x) the quotient of (1) the difference between the cash election number and the total number of cash election shares and (2) the total number of non-electing shares and (y) the total number of non-electing shares of such stockholder, will be converted into the right to receive \$28.50 in cash, without interest; and

each non-electing share that has not been converted into the right to receive \$28.50 in cash, without interest, pursuant to the preceding bullet will be converted into the right to receive 0.5022 of a share of PepsiCo common stock.

Because the United States federal income tax consequences of receiving cash, PepsiCo common stock, or both cash and PepsiCo common stock will differ, PAS stockholders are urged to read carefully the information set forth under *Special Factors* *Material United States Federal Income Tax Consequences* beginning on page [] of this proxy statement/prospectus and to consult their tax advisors for a full understanding of the merger's tax consequences to them. In addition, because the stock consideration may fluctuate in value, the economic value per share received by PAS stockholders who receive the stock consideration may, as of the date of receipt by them, be more or less than the amount of cash consideration per share received by PAS stockholders who receive cash consideration.

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

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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-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

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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.

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.

Effect of Shares for which Appraisal Rights are Properly Exercised and Perfected. Stockholders will not be entitled to make a cash election with respect to shares for which appraisal rights have been properly exercised and perfected under Delaware law. While PepsiCo will pay cash for a number of shares equal to 50% of the shares of PAS common stock outstanding immediately prior to the effective time of the merger not held by PepsiCo or any of its subsidiaries, the actual cash election number will reflect a reduction for the number of shares with respect to which appraisal rights have been properly exercised and perfected immediately prior to the effective time. For example, if 2% of the shares of PAS common stock outstanding immediately prior to the effective time are shares with respect to which appraisal rights have been properly exercised and perfected, the cash election number will be 48% of the shares of PAS common stock outstanding immediately prior to the effective time not held by PepsiCo or any of its subsidiaries. If any PAS stockholder fails to make an effective demand for payment in connection with the exercise of appraisal rights or otherwise withdraws or loses his, her or its appraisal rights, such stockholder's shares will be treated as cash election shares.

Procedures for Surrendering PAS Stock Certificates

An election form and letter of transmittal will be mailed under separate cover to PAS stockholders who hold shares of PAS common stock in registered form. If you wish to make a cash election with respect to any of your shares, you must submit an election form and letter of transmittal and the certificates which represent your cash election shares to the exchange agent prior to the election deadline. **Do not submit your stock certificates with your proxy card. You should only submit your stock certificates which represent your cash election shares when you have received and properly completed the election form and letter of transmittal.** See Election Procedure beginning on page [] of this proxy statement/prospectus.

Soon after the completion of the merger, the exchange agent will send a letter of transmittal to each person who was a PAS stockholder at the effective time of the merger and who has not submitted his or her election form and share certificates on or before the election deadline and for shares for which a valid cash election was not made. This mailing will contain instructions on how to surrender shares of PAS common stock in exchange for the merger consideration the holder is entitled to receive under the merger agreement.

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Until you surrender your PAS stock certificates for exchange, you will accrue, but will not be paid, any dividends or other distributions declared after the effective time of the merger with respect to PepsiCo common stock into which any of your shares may have been converted. When you surrender your certificates, PepsiCo will pay any unpaid dividends or other distributions, without interest. After the effective time of the merger, there will be no transfers on the stock transfer books of PAS of any shares of PAS common stock.

If certificates representing shares of PAS common stock are presented for transfer after the completion of the merger, they will be canceled and exchanged for the merger consideration into which the shares of PAS common stock represented by that certificate shall have been converted.

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.

Employee Matters

Compensation

For a period of one year following the effective time of the merger, PepsiCo will provide to all employees of PAS or any of its subsidiaries as of the effective time of the merger who continue employment with Metro or any of its affiliates, who are referred to in this proxy statement/prospectus as continuing employees, compensation and benefits (other than equity based compensation) that are in the aggregate substantially comparable to the compensation and benefits provided by PAS and its subsidiaries to continuing employees as in effect immediately prior to the effective time of the merger.

Employee Benefit Plans

With respect to each employee benefit plan maintained by PepsiCo or any of its subsidiaries in which a continuing employee will become a participant, the continuing employee will receive full credit for purposes of eligibility to participate and vesting (but not for purposes of benefit accruals) for service with PAS or any of its subsidiaries (or predecessor employers to the extent PAS provides such past service credit) to the same extent that such service was recognized as of the effective time of the merger under a comparable plan of PAS and its subsidiaries in which the continuing employee participated.

With respect to any welfare plan maintained by PepsiCo or any of its subsidiaries, in which any continuing employee is eligible to participate after the effective time of the merger, PepsiCo will, or will cause its subsidiaries to (i) waive all limitations as to preexisting conditions and exclusions with respect to participation and coverage requirements applicable to such employees to the extent such conditions and exclusions were satisfied or did not apply to such employees under the welfare plans of PAS or its subsidiaries prior to the effective time of the merger and (ii) provide each continuing employee with credit for any co-payments and deductibles paid and for out-of-pocket maximums incurred prior to the effective time of the merger in satisfying any analogous deductible or out-of-pocket requirements to the extent applicable under any such plan.

PepsiCo will, and will cause its subsidiaries to, honor, in accordance with its terms, each PAS employee benefit agreement, plan, arrangement or policy and all obligations thereunder, including any rights or benefits arising as a result of the transactions contemplated by the merger (either alone or in combination with any other event, including termination of employment). PepsiCo acknowledges that the consummation of the merger constitutes a change in control for purposes of PAS 2000 Stock Incentive Plan, 2009 Long-Term Incentive Plan, Change in Control Severance Plan for Senior Executive Employees, Change in Control Severance Plan for Employees, Change in Control Severance Plan for International Employees, Executive Deferred Compensation Plan, Supplemental Pension Plan, Deferred Compensation Plan for Directors, Salaried 401(k) Plan, Expatriate Policies and Annual Incentive Plan.

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Under the terms of the merger agreement, nothing in this *Employee Matters* section will (i) be treated as an amendment of, or undertaking to amend, any benefit plan, (ii) prohibit PepsiCo or any of its subsidiaries from amending any employee benefit plan, (iii) obligate PepsiCo, PAS, the surviving entity or any of their respective affiliates to retain the employment of any particular employee or (iv) confer any rights or benefits on any person other than the parties to the merger agreement.

Annual Bonus

With respect to the annual bonus for which any employee of PAS or any of its subsidiaries is eligible under any of PAS' annual incentive plans with respect to the year in which the effective time of the merger occurs, PepsiCo will administer each such plan (including the payment of all amounts owed at the ordinary time) in accordance with its terms, provided that the amount payable to such employee under such plan will be determined in accordance with the terms of such plan and based on the attainment of applicable performance goals as mutually determined in the reasonable, good faith judgment of PepsiCo and PAS. With respect to the annual bonus for which any employee of PAS or any of its subsidiaries is eligible under any of PAS' annual incentive plans with respect to any year, if any, prior to the effective time of the merger, PAS will administer each such plan (including the payment of all amounts owed thereunder at the ordinary time) in accordance with its terms consistent with past practices in the ordinary course.

Treatment of PAS Equity Awards

PAS Options

In accordance with the terms of the merger agreement, the PAS options will be converted into options to purchase PepsiCo common stock. In compliance with Section 409A of the Code, PepsiCo and PAS agreed that at the effective time of the merger, each PAS option outstanding immediately prior to the effective time of the merger will be converted into an adjusted option to acquire, on the same terms and conditions as were applicable under the PAS option immediately prior to the effective time of the merger, the number of shares of PepsiCo common stock equal to the product of (i) the number of shares of PAS common stock subject to the PAS option immediately prior to the effective time of the merger multiplied by (ii) the closing exchange ratio, rounded down to the nearest whole share. The exercise price per share of PepsiCo common stock subject to an adjusted option will be an amount (rounded up to the nearest whole cent) equal to the quotient of (A) the exercise price per share of PAS common stock subject to the PAS option immediately prior to the effective time of the merger divided by (B) the closing exchange ratio. The closing exchange ratio will be equal to the quotient of (a) the closing price of a share of PAS common stock on the business day immediately before the merger divided by (b) the closing price of a share of PepsiCo common stock on the business day immediately before the merger.

PAS Restricted Shares

At the effective time of the merger, each restricted stock award, which represents an outstanding share of PAS common stock subject to vesting and forfeiture, outstanding immediately prior to the effective time will be converted into the right to receive the merger consideration, consisting of either 0.5022 of a share of PepsiCo common stock or \$28.50 in cash, without interest, as validly elected by the holder of such restricted stock award, subject to the same election and proration procedures as applicable to a holder of unrestricted PAS common stock and as fully described above under *The Merger Agreement Election Procedure* and *The Merger Agreement Proration*.

PAS Restricted Stock Units

At the effective time of the merger, each PAS restricted stock unit representing an unfunded contractual right to receive the value of a share of PAS common stock in cash that is outstanding at the effective time of the merger will be canceled and, in exchange, will receive \$28.50 in cash, without interest.

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Fractional Shares

PepsiCo will not issue fractional shares in the merger. All fractional shares of PepsiCo common stock that a holder of PAS common stock would otherwise be entitled to receive as a result of the merger will be aggregated and if a fractional share results from such aggregation, such holder will receive an amount in cash, without interest, equal to the product of (a) the fractional part of a share of PepsiCo common stock to which such holder would otherwise have been entitled and (b) the closing price of PepsiCo common stock on the New York Stock Exchange on the trading day immediately prior to the effective time of the merger.

Effective Time

The merger will become effective at such time as the certificate of merger is duly filed with the Delaware Secretary of State and, if applicable, the New Jersey Department of Treasury, Division of Revenue (or at such later time as specified in the certificate of merger).

As of the date of this proxy statement/prospectus, the merger is expected to be completed by the end of the first quarter of 2010. However, completion of the merger is subject to the satisfaction (or waiver, to the extent permissible) of any conditions to the merger. There can be no assurances as to whether, or when, PepsiCo and PAS will complete the merger. If the merger is not completed on or before August 3, 2010, either PepsiCo or PAS may terminate the merger agreement, unless the failure to complete the merger by that date is due to a breach of the merger agreement by the party seeking to terminate the merger agreement. See *Conditions to the Completion of the Merger* and *Termination of the Merger Agreement* beginning on pages [] and [], respectively, of this proxy statement/prospectus.

Conditions to the Completion of the Merger

Mutual Closing Conditions. 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, in the event that 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. Pohlrad 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 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 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 actions 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;

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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 if made at and as of such time or as specifically required to be accurate as of such time;

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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;

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 confidential 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.

Additional Closing Conditions for PepsiCo's and Metro's Benefit. 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:

seeks or challenges 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 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 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 or any agreement between PepsiCo, PAS and any governmental authority not to complete the merger prior to a specific date that would reasonably be expected to result in any of the consequences referred to in the preceding five sub-bullets; and

the satisfaction of the following conditions to the PBG merger, to the extent that they relate to antitrust and competition laws:

absence of any applicable law prohibiting completion of the PBG merger;

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expiration or termination of any applicable waiting period relating to the PBG merger under the HSR Act and under any agreement between PepsiCo, PBG and any governmental authority not to consummate the PBG merger prior to a specific date;

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

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

seeks or challenges to make illegal, delay materially or otherwise directly or indirectly restrain or prohibit the completion of the PBG merger or to obtain material damages or otherwise directly or indirectly relating to the transactions contemplated by the PBG 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 the PBG capital stock, including the right to vote shares of such capital stock acquired or owned by such party following the effective time of the PBG merger on all matters properly presented to PBG 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 PBG or PepsiCo and their respective subsidiaries;

seeks to compel PepsiCo or any of its subsidiaries or affiliates to dispose of or hold separate all or any of any material business or assets of PBG 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 PBG or PepsiCo; and

absence of any action taken or applicable law enacted, enforced, promulgated, issued or deemed applicable to the PBG 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 bullet.

Antitrust and competition laws means statutes, rules, regulations, orders, decrees, administrative and judicial doctrines, and other laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization, lessening of competition or restraint of trade.

Completion of the merger is not subject to a financing condition.

Shares Subject To Properly Exercised Appraisal Rights

The shares of PAS held by PAS stockholders who do not vote for approval of the proposal to adopt the merger agreement and who properly exercise and perfect appraisal rights for their shares in accordance with Delaware law will not be converted into the right to receive cash and/or shares of PepsiCo common stock to which they would otherwise be entitled pursuant to the merger agreement, but will instead be converted into the right to receive such consideration as may be determined to be due with respect to such shares pursuant to Delaware law. If any PAS stockholder fails to make an effective demand for payment or otherwise withdraws or loses his, her or its appraisal rights, such stockholder s shares will be treated as cash election shares.

Representations and Warranties

The merger agreement contains a number of representations and warranties made by both PepsiCo and PAS as to, among other things:

corporate existence, good standing and qualification to conduct business;

due authorization, execution, delivery and validity of the merger agreement;

governmental and third-party consents necessary to complete the merger;

absence of any conflict with organizational documents or any violation of agreements, laws or regulations as a result of execution, delivery or performance of the merger agreement and completion of the merger;

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capital structure;

subsidiaries;

SEC filings, the absence of material misstatements or omissions from such filings and compliance with the Sarbanes-Oxley Act;

financial statements;

disclosure documents to be filed with the SEC in connection with the merger;

absence of certain changes;

absence of undisclosed material liabilities;

compliance with laws and court orders;

litigation;

fees payable to financial advisors in connection with the merger; and

the United States federal income tax treatment of the merger.

PepsiCo also makes a representation and warranty relating to the availability of sufficient cash and cash equivalents on hand for PepsiCo to pay the cash portion of the merger consideration.

PAS also makes representations and warranties relating to: employees and employee benefit matters, taxes, labor, foreign practices, material contracts, inapplicability of state takeover statutes and rights plans, environmental matters, intellectual property and the receipt of a fairness opinion from its financial advisor.

Certain of these representations and warranties are qualified as to materiality or material adverse effect. For purposes of the merger agreement, material adverse effect means, with respect to PepsiCo or PAS, as the case may be, a material adverse effect on the condition (financial or otherwise), business, assets or results of operations of such party and its subsidiaries, taken as a whole, excluding any effect resulting from: