ELLIOTT'S PERSPECTIVES ON

PEPSICO

Disclaimer

THIS PRESENTATION IS FOR DISCUSSION AND INFORMATIONAL PURPOSES ONLY. THE VIEWS EXPRESSED HEREIN REPRESENT THE OPINIONS OF ELLIOTT INVESTMENT MANAGEMENT L.P. AND ITS AFFILIATES (COLLECTIVELY, "ELLIOTT MANAGEMENT") AS OF THE DATE HEREOF. ELLIOTT MANAGEMENT RESERVES THE RIGHT TO CHANGE OR MODIFY ANY OF ITS OPINIONS EXPRESSED HEREIN AT ANY TIME AND FOR ANY REASON AND EXPRESSLY DISCLAIMS ANY OBLIGATION TO CORRECT, UPDATE OR REVISE THE INFORMATION CONTAINED HEREIN OR TO OTHERWISE PROVIDE ANY ADDITIONAL MATERIALS.

ALL OF THE INFORMATION CONTAINED HEREIN IS BASED ON PUBLICLY AVAILABLE INFORMATION WITH RESPECT TO PEPSICO INC (THE "COMPANY"), INCLUDING FILINGS MADE BY THE COMPANY WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND OTHER SOURCES, AS WELL AS ELLIOTT MANAGEMENT'S ANALYSIS OF SUCH PUBLICLY AVAILABLE INFORMATION. ELLIOTT MANAGEMENT HAS RELIED UPON AND ASSUMED, WITHOUT INDEPENDENT VERIFICATION, THE ACCURACY AND COMPLETENESS OF ALL DATA AND INFORMATION AVAILABLE FROM PUBLIC SOURCES, AND NO REPRESENTATION OR WARRANTY IS MADE THAT ANY SUCH DATA OR INFORMATION IS ACCURATE. ELLIOTT MANAGEMENT RECOGNIZES THAT THERE MAY BE CONFIDENTIAL OR OTHERWISE NON-PUBLIC INFORMATION WITH RESPECT TO THE COMPANY THAT COULD ALTER THE OPINIONS OF ELLIOTT MANAGEMENT WERE SUCH INFORMATION KNOWN. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS GIVEN AS TO THE RELIABILITY, ACCURACY, FAIRNESS OR COMPLETENESS OF THE INFORMATION OR OPINIONS CONTAINED HEREIN, AND ELLIOTT MANAGEMENT AND EACH OF ITS DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS EXPRESSLY DISCLAIM ANY LIABILITY WHICH MAY ARISE FROM THIS PRESENTATION AND ANY ERRORS CONTAINED HEREIN AND/OR OMISSIONS HEREFROM OR FROM ANY USE OF THE CONTENTS OF THIS PRESENTATION.

EXCEPT FOR THE HISTORICAL INFORMATION CONTAINED HEREIN, THE INFORMATION AND OPINIONS INCLUDED IN THIS PRESENTATION CONSTITUTE FORWARD-LOOKING STATEMENTS, INCLUDING ESTIMATES AND PROJECTIONS PREPARED WITH RESPECT TO, AMONG OTHER THINGS, THE COMPANY'S ANTICIPATED OPERATING PERFORMANCE, THE VALUE OF THE COMPANY'S SECURITIES, DEBT OR ANY RELATED FINANCIAL INSTRUMENTS THAT ARE BASED UPON OR RELATE TO THE VALUE OF SECURITIES OF THE COMPANY (COLLECTIVELY, "COMPANY SECURITIES"), GENERAL ECONOMIC AND MARKET CONDITIONS AND OTHER FUTURE EVENTS. YOU SHOULD BE AWARE THAT ALL FORWARD-LOOKING STATEMENTS, ESTIMATES AND PROJECTIONS ARE INHERENTLY UNCERTAIN AND SUBJECT TO SIGNIFICANT ECONOMIC, COMPETITIVE, AND OTHER UNCERTAINTIES AND CONTINGENCIES AND HAVE BEEN INCLUDED SOLELY FOR ILLUSTRATIVE PURPOSES. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE INFORMATION CONTAINED HEREIN DUE TO REASONS THAT MAY OR MAY NOT BE FORESEEABLE. THERE CAN BE NO ASSURANCE THAT THE COMPANY SECURITIES WILL TRADE AT THE PRICES THAT MAY BE IMPLIED HEREIN, AND THERE CAN BE NO ASSURANCE THAT ANY OPINION OR ASSUMPTION HEREIN IS, OR WILL BE PROVEN, CORRECT.

THIS PRESENTATION AND ANY OPINIONS EXPRESSED HEREIN SHOULD IN NO WAY BE VIEWED AS ADVICE ON THE MERITS OF ANY INVESTMENT DECISION WITH RESPECT TO THE COMPANY, COMPANY SECURITIES OR ANY TRANSACTION. THIS PRESENTATION IS NOT (AND MAY NOT BE CONSTRUED TO BE) LEGAL, TAX, INVESTMENT, FINANCIAL OR OTHER ADVICE. EACH RECIPIENT SHOULD CONSULT THEIR OWN LEGAL COUNSEL AND TAX AND FINANCIAL ADVISERS AS TO LEGAL AND OTHER MATTERS CONCERNING THE INFORMATION CONTAINED HEREIN. THIS PRESENTATION DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL OF THE INFORMATION THAT MAY BE RELEVANT TO AN EVALUATION OF THE COMPANY, COMPANY SECURITIES OR THE MATTERS DESCRIBED HEREIN.

THIS PRESENTATION DOES NOT CONSTITUTE (AND MAY NOT BE CONSTRUED TO BE) A SOLICITATION OR OFFER BY ELLIOTT MANAGEMENT OR ANY OF ITS DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES OR AGENTS TO BUY OR SELL ANY COMPANY SECURITIES OR SECURITIES OF ANY OTHER PERSON IN ANY JURISDICTION OR AN OFFER TO SELL AN INTEREST IN FUNDS MANAGED BY ELLIOTT MANAGEMENT. THIS PRESENTATION DOES NOT CONSTITUTE FINANCIAL PROMOTION, INVESTMENT ADVICE OR AN INDUCEMENT OR ENCOURAGEMENT TO PARTICIPATE IN ANY PRODUCT, OFFERING OR INVESTMENT OR TO ENTER INTO ANY AGREEMENT WITH THE RECIPIENT. NO AGREEMENT, COMMITMENT, UNDERSTANDING OR OTHER LEGAL RELATIONSHIP EXISTS OR MAY BE DEEMED TO EXIST BETWEEN OR AMONG ELLIOTT MANAGEMENT AND ANY OTHER PERSON BY VIRTUE OF FURNISHING THIS PRESENTATION. NO REPRESENTATION OR WARRANTY IS MADE THAT ELLIOTT MANAGEMENT'S INVESTMENT PROCESSES OR INVESTMENT OBJECTIVES WILL OR ARE LIKELY TO BE ACHIEVED OR SUCCESSFUL OR THAT ELLIOTT MANAGEMENT'S INVESTMENTS WILL MAKE ANY PROFIT OR WILL NOT SUSTAIN LOSSES. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

FUNDS MANAGED BY ELLIOTT MANAGEMENT CURRENTLY BENEFICIALLY OWN AND/OR HAVE AN ECONOMIC INTEREST IN AND MAY IN THE FUTURE BENEFICIALLY OWN AND/OR HAVE AN ECONOMIC INTEREST IN, COMPANY SECURITIES. ELLIOTT MANAGEMENT INTENDS TO REVIEW ITS INVESTMENTS IN THE COMPANY ON A CONTINUING BASIS AND DEPENDING UPON VARIOUS FACTORS, INCLUDING WITHOUT LIMITATION, THE COMPANY'S FINANCIAL POSITION AND STRATEGIC DIRECTION, THE OUTCOME OF ANY DISCUSSIONS WITH THE COMPANY, OVERALL MARKET CONDITIONS, OTHER INVESTMENT OPPORTUNITIES AVAILABLE TO ELLIOTT MANAGEMENT, AND THE AVAILABILITY OF COMPANY SECURITIES AT PRICES THAT WOULD MAKE THE PURCHASE OR SALE OF COMPANY SECURITIES DESIRABLE, ELLIOTT MANAGEMENT MAY FROM TIME TO TIME (IN THE OPEN MARKET OR IN PRIVATE TRANSACTIONS, INCLUDING SINCE THE INCEPTION OF ELLIOTT MANAGEMENT'S POSITION) BUY, SELL, COVER, HEDGE OR OTHERWISE CHANGE THE FORM OR SUBSTANCE OF ANY OF ITS INVESTMENTS (INCLUDING COMPANY SECURITIES) TO ANY DEGREE IN ANY MANNER PERMITTED BY LAW AND EXPRESSLY DISCLAIMS ANY OBLIGATION TO NOTIFY OTHERS OF ANY SUCH CHANGES. ELLIOTT MANAGEMENT ALSO RESERVES THE RIGHT TO TAKE ANY ACTIONS WITH RESPECT TO ITS INVESTMENTS IN THE COMPANY AS IT MAY DEEM APPROPRIATE.

ELLIOTT MANAGEMENT HAS NOT SOUGHT OR OBTAINED CONSENT FROM ANY THIRD PARTY TO USE ANY STATEMENTS OR INFORMATION CONTAINED HEREIN. ANY SUCH STATEMENTS OR INFORMATION SHOULD NOT BE VIEWED AS INDICATING THE SUPPORT OF SUCH THIRD PARTY FOR THE VIEWS EXPRESSED HEREIN. ALL TRADEMARKS AND TRADE NAMES USED HEREIN ARE THE EXCLUSIVE PROPERTY OF THEIR RESPECTIVE OWNERS.

About Elliott

Founded in 1977, Elliott Investment Management L.P. (together with its affiliates, "Elliott") is one of the oldest investment managers of its kind under continuous management. Elliott manages multi-strategy investment funds with approximately $76.1 billion of assets as of June 30, 2025. Our investors include pension funds, private endowments, charitable foundations, family offices and employees of the firm, and our offices are located in Florida, Connecticut, New York, California and London

Approach to Active Investing

- **Extensive Due Diligence:** Elliott thoroughly researches each opportunity by drawing on internal and external resources
- **Team Approach**: The companies with which we engage can benefit from Elliott's diverse team of specialized experts in shareholder engagement, corporate governance, capital markets, public relations and government relations
- **Hands-on Effort**: We believe Elliott's strength is in assisting constructive change
- **Industry Focus:** We work to develop deep sector knowledge and become a trusted partner to companies, boards and management teams

Representative Engagements

AT&T	BHP	CardinalHealth™	citrix	Constellation Brands	DELL	ebay
Etsy	Honeywell	HOWMET AEROSPACE	Johnson Controls	Medtronic	nrg	Pinterest
SAMSUNG	salesforce	SoftBank	Southwest		TEXAS INSTRUMENTS	

Our Diligence on PepsiCo

We have conducted exhaustive research to better understand PepsiCo, including working with a team of top-tier advisors to both evaluate PepsiCo and develop a perspective on its potential for value creation

Former Employees and Industry Executives
Engaged in more than 100 conversations with former PepsiCo employees and current industry executives to understand PepsiCo's operations, strategy and competitive positioning

Leading Strategy Consulting Firm
Worked with a global consulting firm to help us analyze the competitive positioning, market dynamics and future growth opportunities for PepsiCo's business in the U.S. and abroad

Specialty Beverage-Focused Consulting Firm
Worked with a boutique market specialist focused on beverage distribution dynamics in the U.S. to better assess the potential refranchising opportunity in North American Beverages

Cost and Optimization Consulting Firm
Worked with a leading management consulting firm focused on cost and optimization to assess PepsiCo's opportunity for operational improvements and quantify the potential cost savings

Customer Surveys (Retailers & Consumers)
Conducted multiple third-party surveys of nearly 15,000 consumers and 1,700 retail customers across the U.S., Mexico, Brazil and the UK to understand PepsiCo's value proposition for key products across both food and beverage offerings

Leading Investment Bank
Worked with a leading investment bank to inform our views on the competitive landscape and opportunities within PepsiCo's portfolio, including potential strategic transactions

Legal & Policy Diligence
Retained a team of legal advisors to help conduct extensive research across corporate governance and political and regulatory matters

Table of Contents

PepsiCo is a world-class company with iconic brands and unmatched global reach. Yet, the Company's strategic and operational challenges have led to poor financial results, sharp stock-price underperformance and a highly dislocated valuation.

Elliott sees a clear path to a better performing and higher valued PepsiCo through greater focus, improved operations, strategic reinvestment and enhanced accountability.

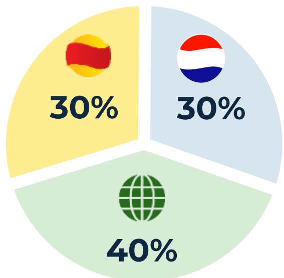
With the right strategic actions, PepsiCo can accelerate performance and reclaim its reputation as a world-class operator.

PepsiCo At a Glance – An Iconic CPG Leader

PepsiCo is one of the world's largest Consumer Packaged Goods ("CPG") companies, with a portfolio of some of the most beloved brands in food and beverage

Revenue by Segment (FY2024)

PepsiCo Foods North America ("PFNA")



PepsiCo Beverages North America ("PBNA")

PepsiCo International[1]

- **#1 Global Player In Snacking**
- **#2 Global Player In Beverages**
- **20+ "Billionaire" Brands[2]**

FOODS

BEVERAGES

GLOBAL SCALE & MARKET LEADERSHIP

✓ With sales in over 200 countries and more than **$90 billion in revenue**, PepsiCo commands dual category **leadership in both snacks and beverages**, which are two of the largest and fastest-growing segments in CPG

DIVERSIFIED & ICONIC BRAND PORTFOLIO

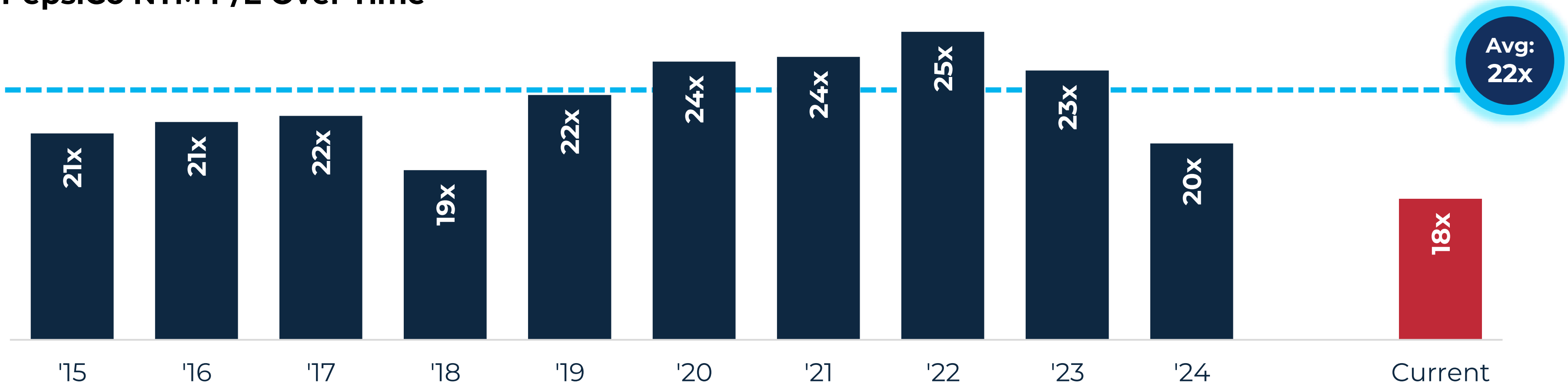
✓ PepsiCo has a highly **diversified portfolio of beloved global brands with strong equity across categories**. Pepsi is both a household name among consumers and a critical partner to retailers

Source: Public Filings, Equity Research, Euromonitor International Limited 2025 © All rights reserved. Note: Includes owned and operated brands, including JVs or partnerships. (1) Includes IB Franchise, EMEA, LatAm Foods and Asia Pacific Foods. (2) Represents brands with >$1bn in global retail sales per Euromonitor as of 2024.

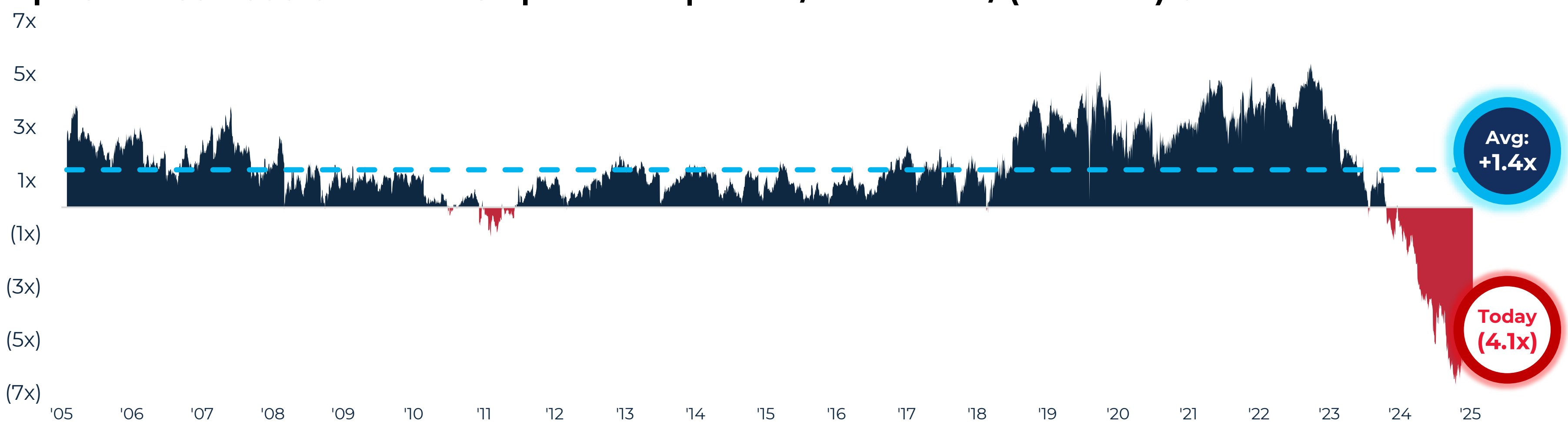
Today, PepsiCo is Deeply Undervalued

Despite its unmatched scale, brand strength and track record of growth, PepsiCo's valuation is deeply discounted relative to its own history and the industry. This discount offers investors a unique opportunity

PepsiCo NTM P/E Over Time



PepsiCo vs. S&P 500 Consumer Staples Index | NTM P/E Premium / (Discount) Over Time

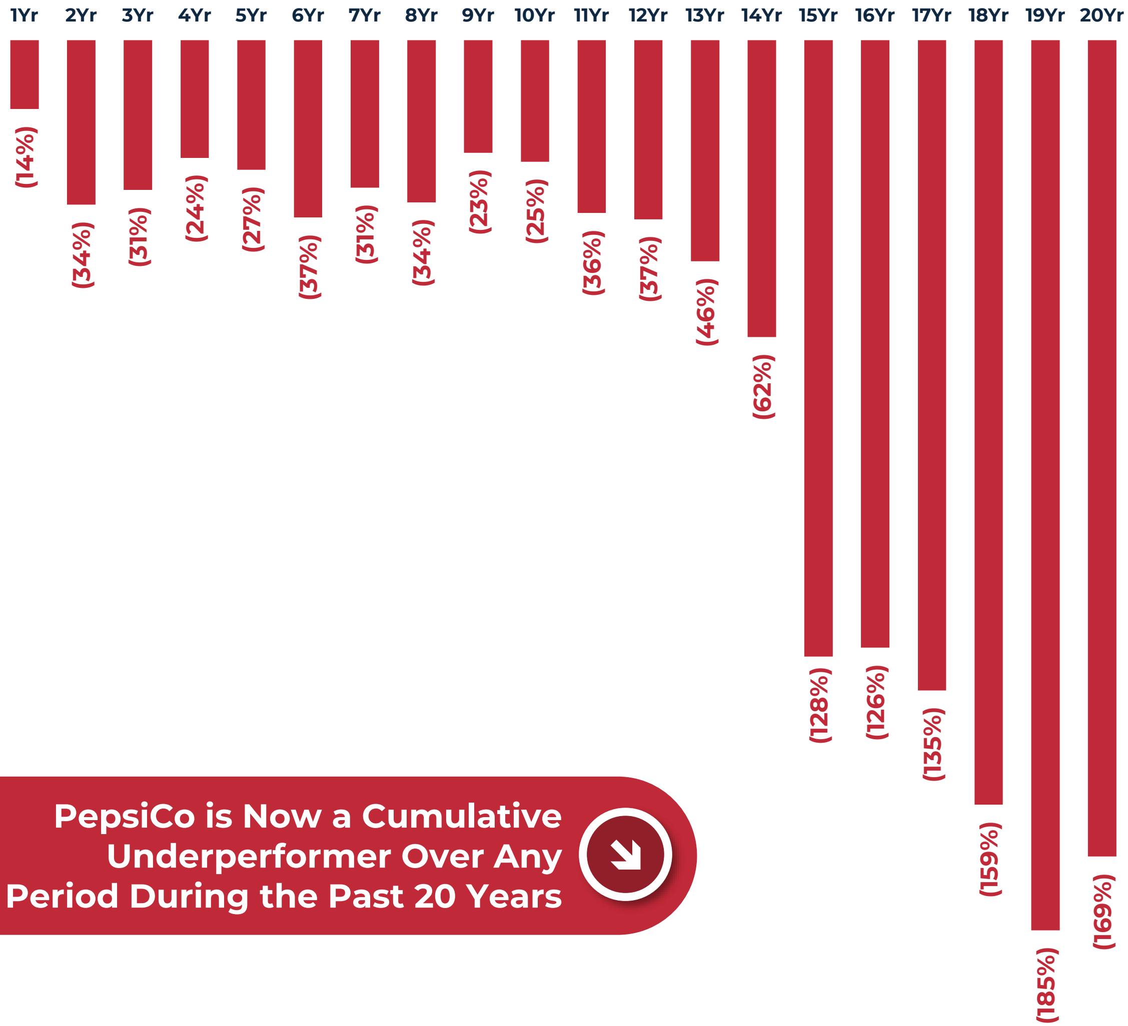


Source: CapIQ as of 8/29/2025.

Drivers of PepsiCo's Underperformance

Challenges in PepsiCo's North American business – both recent and longer-term – have substantially weighed on the Company's financial performance, driving long-term underperformance

PepsiCo TSR vs. S&P 500 Consumer Staples Index



PepsiCo is Now a Cumulative Underperformer Over Any Period During the Past 20 Years

Clear Reasons for Underperformance

- Persistent Share Loss and Margin Erosion in **North American Beverages**
- Decelerating Growth and Declining Margins in **North American Foods**

Weakness in North America Has **Weighed on Total Company Organic Growth and Earnings**, Despite Strong Execution Internationally

Source: Bloomberg as of 8/29/2025.

Resetting the PepsiCo Story

There are actionable steps that PepsiCo can take to increase strategic focus, re-accelerate growth and enhance margins, returning to a best-in-class financial profile

REVIEW OF PBNA STRUCTURE AND PORTFOLIO

Evaluate refranchising of PepsiCo's North American bottling network as well as opportunities for brand and SKU rationalization

RE-ALIGNMENT OF PFNA ASSET BASE AND PORTFOLIO

Review the opportunity to right-size the PFNA organization to align with the current demand environment, as well as streamline the portfolio by divesting non-core assets

REINVESTMENT PLAN

Establish clear and targeted re-investment priorities, including organic and inorganic opportunities to re-accelerate the core and expand into new growth vectors

UPDATED FINANCIAL TARGETS

Provide details around operational improvement plan, including updated medium-term financial targets

OVERSIGHT AND ACCOUNTABILITY

Ensure proper capabilities to successfully execute on the reviews and go-forward plan

Elliott looks forward to working with Management and the Board to ensure that PepsiCo successfully captures this unique opportunity

The PepsiCo Opportunity

Beverages

- Persistent Share Loss ↘
- Pattern of Missed Opportunities ↘
- Poor Portfolio Management ↘

- ↗ Focused Brand & SKU Portfolio
- ↗ Refranchised Bottler Network
- ↗ A Revitalized Core & Focused Growth

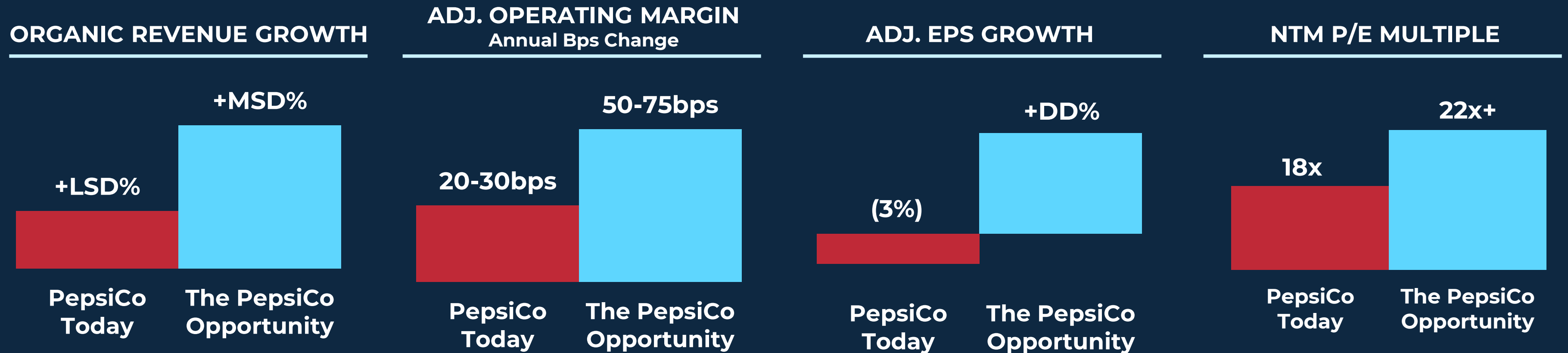
Food

- Recent Deceleration in Growth ↘
- Dramatic Reduction in Earnings Driven by Overinvestment ↘

- ↗ A Right-Sized Asset Base
- ↗ Optimized Portfolio
- ↗ Targeted Organic & Inorganic Reinvestment

- Weaker North America Has Weighed on Growth and Multiple Despite Impressive Execution Internationally ↘

- ↗ Revitalized North America Combined With Strong International Business Produce Leading Organic Growth Algorithm and Merit Valuation Re-rate



A reinvigorated PepsiCo can provide at least 50% upside to shareholders

Note: Analysis shown is based on Elliott internal analysis and estimates.

Table of Contents

PepsiCo is a global leader with over $90B in revenue and dual prominence in snacks and beverages, two of the most attractive categories in consumer packaged goods.

Backed by iconic brands, tremendous scale and powerful retail partnerships, its business is driven by three strategic engines: North American snacking leadership, North American beverage potential and a high-growth international platform.

PepsiCo's Legacy

PepsiCo today stands as a testament to more than a century of relentless execution, bold marketing and strategic transformation. By pioneering some of the world's most popular beverages and snacks and constantly reinventing itself, the Company has continually adapted to changing consumer tastes and global markets

1898
Caleb Bradham renames his "Brad's Drink" to Pepsi-Cola in New Bern, NC (creating the brand's birthday)

1920s – 1930s
Emerges from two bankruptcies as a strong challenger to Coke through value-based marketing like the "Nickel, Nickel" jingle

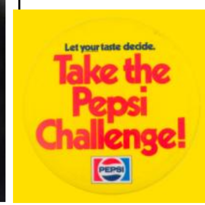
1932
With $100 borrowed from his mother, Charles Doolin founds The Frito Company

Herman Lay founds H.W. Lay & Company in Nashville, TN

1961
The Frito Company and H.W. Lay & Company merge to form Frito-Lay, Inc.

1965
Pepsi and Frito-Lay merge and form PepsiCo; begin trading as a public company at a value of 75 cents per share

1975
The Pepsi Challenge, an iconic blind taste-test campaign, becomes a cultural moment



1997 / 1999
PepsiCo spins off Yum and its anchor bottler, PBG, in an effort to streamline the organization

2001
Acquisition of Quaker Oats and Gatorade

2009/2010
Acquisition of its bottlers, PBG/PAS, given declining soda volumes

2010s-2020s
Geographic and category expansion through M&A

2021
PAI divestiture

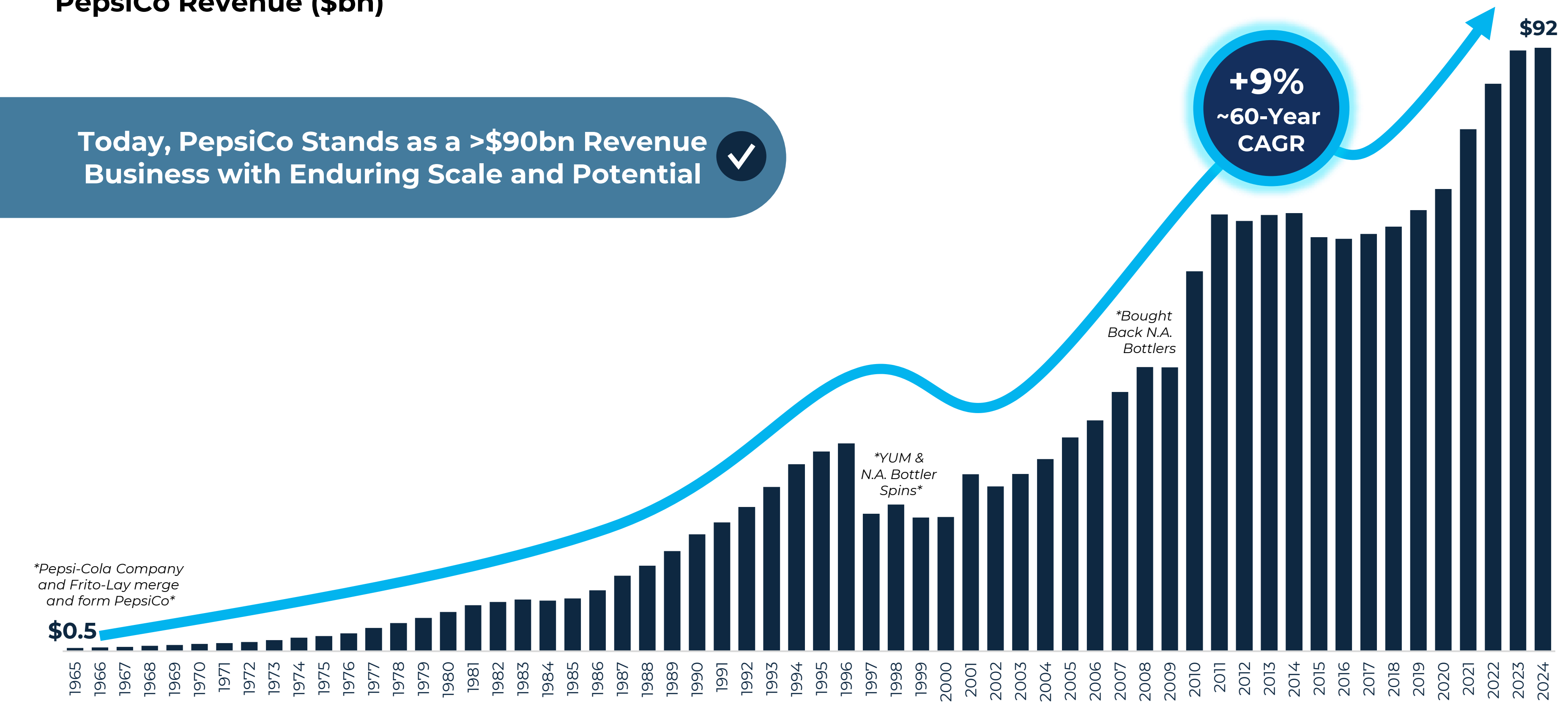
PepsiCo's Mission: Create More Smiles With Every Sip and Every Bite

Source: Public Filings.

PepsiCo is a Great American Consumer Powerhouse

For nearly six decades, PepsiCo has driven sustained growth by building a global portfolio of over 200 iconic brands in both snacks and beverage

PepsiCo Revenue ($bn)



"Pepsi-Cola's founder, Caleb Bradham, never could have imagined the height which his small soft drink business would soar. He could have never imagined that it would one day join hands with another iconic American company, Frito-Lay, to create a food and beverage powerhouse. **And he could have never imagined that the combined business would evolve into one of the most consistently successful companies of the last 50 years**"(1)

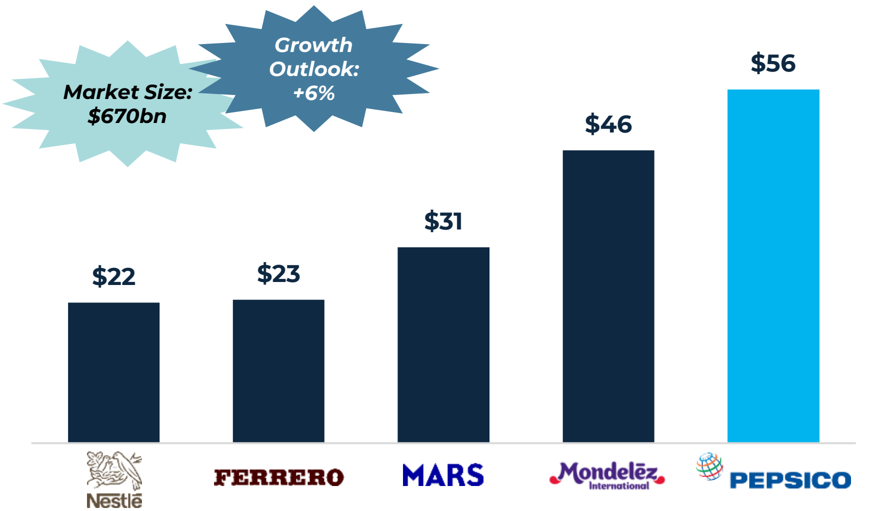
(Former PepsiCo CEO, Indra Nooyi, 2015)

Source: Public Filings, Equity Research. (1) Emphasis added here and throughout the materials, by Elliott.

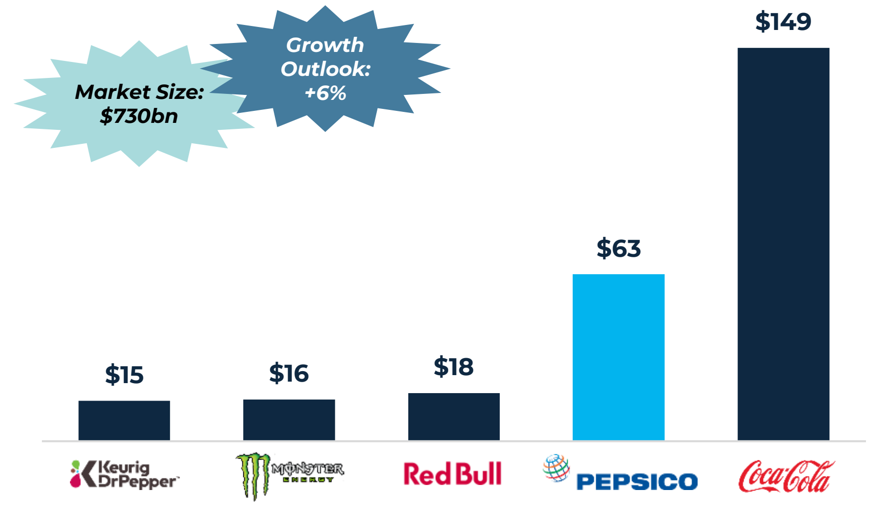
Leading Presence in Two Large and Growing Markets

PepsiCo commands global leadership in both snacks and beverages – two of the largest and most dynamic consumer categories – making it an indispensable partner to retailers

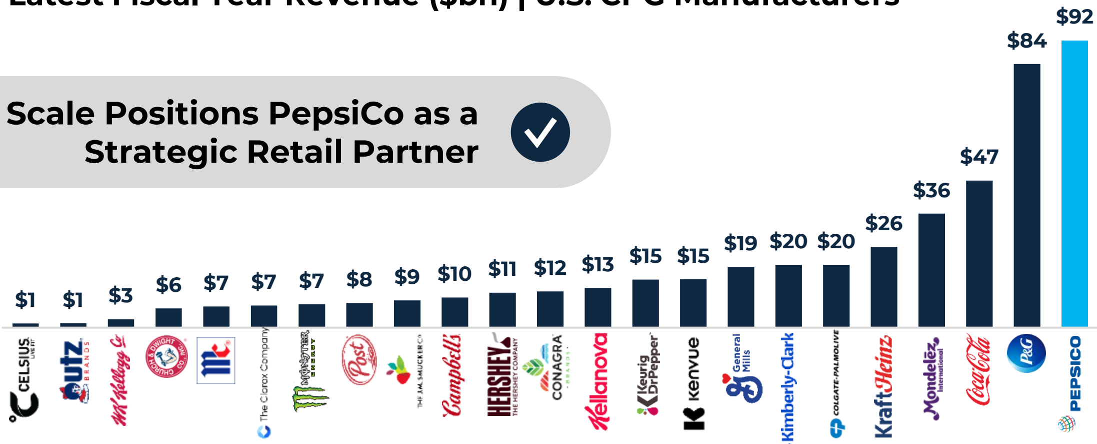
Global Snacking Retail Sales ("RSV") ($bn)



Global Beverage RSV ($bn)



Latest Fiscal Year Revenue ($bn) | U.S. CPG Manufacturers



Scale Positions PepsiCo as a Strategic Retail Partner

"Kantar, the world's leading marketing data and analytics business, released its 28th annual industry benchmarking report which spotlights retailers and manufacturers/suppliers that set the standard of performance, as ranked by their trading partners... **PepsiCo stood out as the top supplier for the ninth straight year, due to its continued growth, and consumer-oriented business practices**"

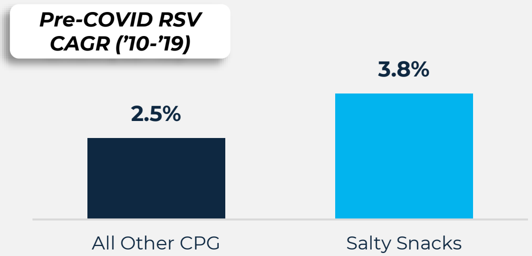
(Kantar, 2024)

Source: Public Filings and Euromonitor International Limited 2025 © All rights reserved. Note: Represents on-trade retail sales converted into USD with Fixed FX rates. Growth Outlook represents '24A-'29E RSV CAGR. Global market size as of 2024A.

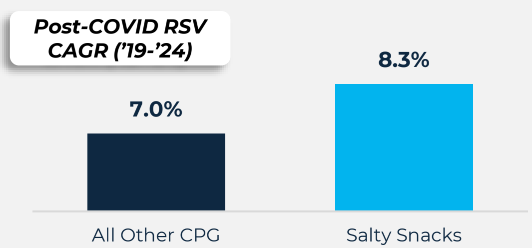
The North American Food Business is a Snacking Juggernaut

Frito-Lay North America ("FLNA"), which makes up ~90% of PFNA, is the undisputed leader in one of the most attractive categories in CPG, delivering outsized growth and serving as a cornerstone for retail partners

Salty Snacks is a Highly Attractive Category…

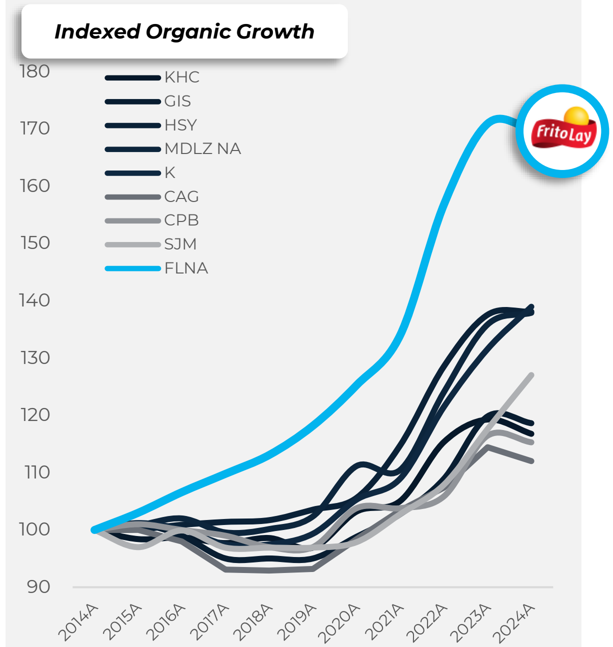


Salty Snacks is one of the fastest growing categories in CPG, delivering outsized growth pre- and post-COVID



…And Frito-Lay is the Undisputed Leader…

…With Outsized Growth Relative to Other U.S. Food[2]



"**FLNA is a truly unique asset in the U.S. consumer staples landscape**… As we see it, FLNA is a structurally advantaged business in attractive categories, and we fully expect the business to remain the keystone that it has been to the total portfolio…

The brands' market share advantages and velocity on shelf also translate into fuller trucks and greater delivery frequency. These factors also **make FLNA a highly valued supplier for retail customers – driving retail traffic, providing in-store merchandising activity and significant cash flow**"

(Barclays, 2017)

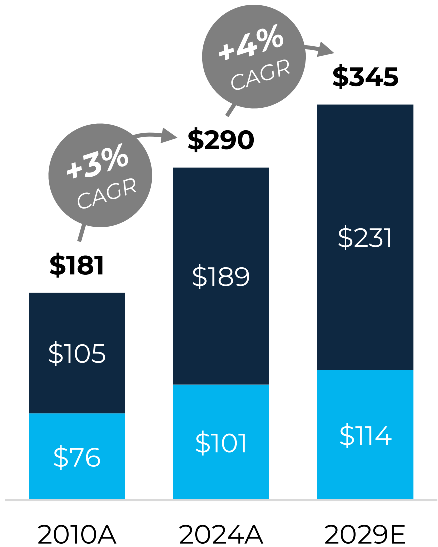
Source: Public Filings, Equity Research, Euromonitor International Limited 2025 © All rights reserved. (1) Per Euromonitor. Chart depicts public company peer savory snack retail sales estimates for 2024 and the chart does not show private companies (e.g. Link Snacks, who has ~$2.6bn in savory snack RSV per Euromonitor) or private label (which is ~$8.5bn in savory snack RSV per Euromonitor). (2) Includes U.S. publicly traded packaged food players with roughly $10bn market capitalizations or greater. Each name is WholeCo besides Mondelez, which is just the North American segment. Represents indexed organic growth for each group from Fiscal Year 2014 to Fiscal Year 2024.

The North American Beverages Business is One of Two Majors

PBNA has a portfolio of iconic brands and a reach that rivals Coca-Cola's system in a highly attractive market

The Beverage Market is Large and Growing

North America Beverage Market Size ($bn)[1]



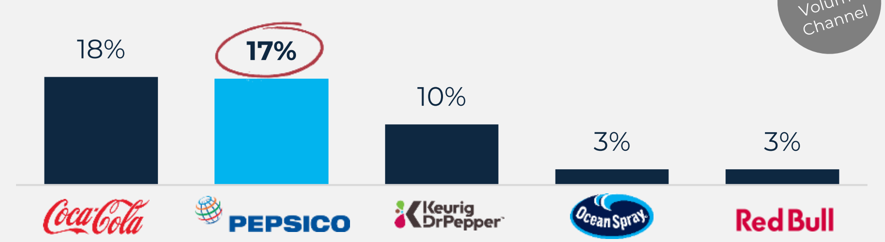
Non-Soda / NCB[2]

- ✓ Growth opportunities (e.g., energy, protein, prebiotics, electrolytes)
- ✓ Advantages for scaled peers with DSD[3] capabilities and retail relationships

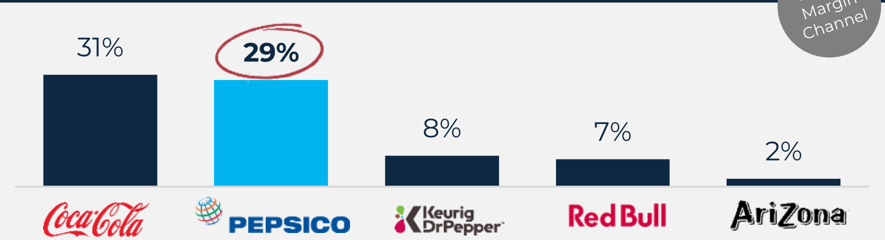
Soda / CSD[4]

- ✓ Highly penetrated and frequent purchase rates
- ✓ Brand staying power
- ✓ Opportunities in low-calorie and Away From Home

U.S. Large Format Channel Shelf Space Share[5,6]



U.S. Small Format Channel Shelf Space Share[5,7]



PepsiCo's System Reach Rivals Coca-Cola's

Representative PepsiCo System Brands[8]

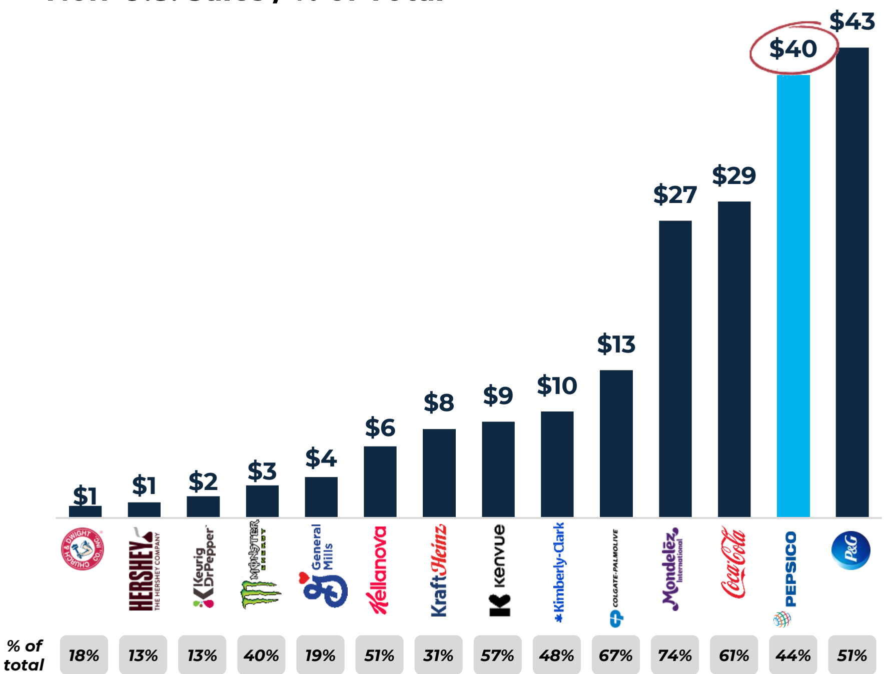
Source: NIQ, Euromonitor International Limited 2025 © All rights reserved. (1) As per Euromonitor Total Soft Drinks Retail Sales. (2) Non-Carbonated Beverages. (3) Direct Store Delivery. (4) Carbonated Soft Drinks. (5) NIQ, Retail Measurement Services; Total US xAOC+C; Represents LTM Manufacturer Total Distribution Points (TDP) Share, Through August 2025. Includes JVs and distribution partnerships for Coca-Cola and PepsiCo (excluding Dr Pepper). (6) NIQ measured Total US xAOC ex-Convenience. (7) NIQ measured Total US Convenience. (8) Includes JVs and distribution partnerships.

The International Opportunity is Highly Attractive

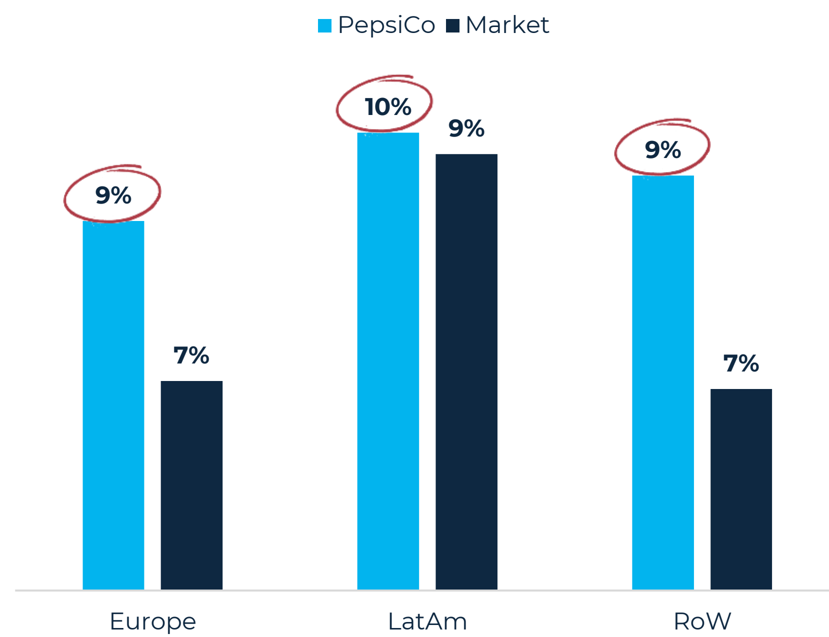
PepsiCo has demonstrated robust growth in high-potential international markets and there remains substantial runway for continued expansion

Demographic Tailwinds	Lower Packaged Food Penetration	Lower Retailer Concentration	Lower Prevalence of GLP-1s	Greater Advantage to Scale

Non-U.S. Sales / % of Total



PepsiCo Growth vs. Market (2017-2024)[1]



Very few CPG businesses have the brand equity, scale and infrastructure to go after as large of an international opportunity

PepsiCo has leveraged its leading international scale to gain share in nearly every market that it competes in

Source: Public Filings, Euromonitor International Limited 2025 © All rights reserved. Note: Peer Group on LHS chart refers to the identified peer set for PepsiCo which will be referenced throughout the rest of the materials. This group includes large-cap US-based CPG companies - food, beverage and household and personal care ("HPC") - with over $20bn in market capitalization: CHD, CL, GIS, HSY, K, KDP, KHC, KMB, KO, KVUE, MDLZ, MNST, PG. (1) Represents PepsiCo's organic growth CAGR by region from 2017-2024 and Euromonitor retail sales CAGR from 2017-2024 for the geographic market performance for snacks and beverages.

These Have Resulted in a Legacy of Global Leadership

With unmatched scale, category leadership and durable competitive advantages across both food and beverages, PepsiCo historically delivered one of the most impressive growth algorithms in consumer staples

Three Key Businesses Drove a Highly Attractive Value Proposition and Long-Term Growth Algo

+4-6% *Organic Growth*

+20-30bps *Margin Expansion*

+HSD% *Adj. EPS Growth*

PFNA

Clear #1 Player in North American Snacking

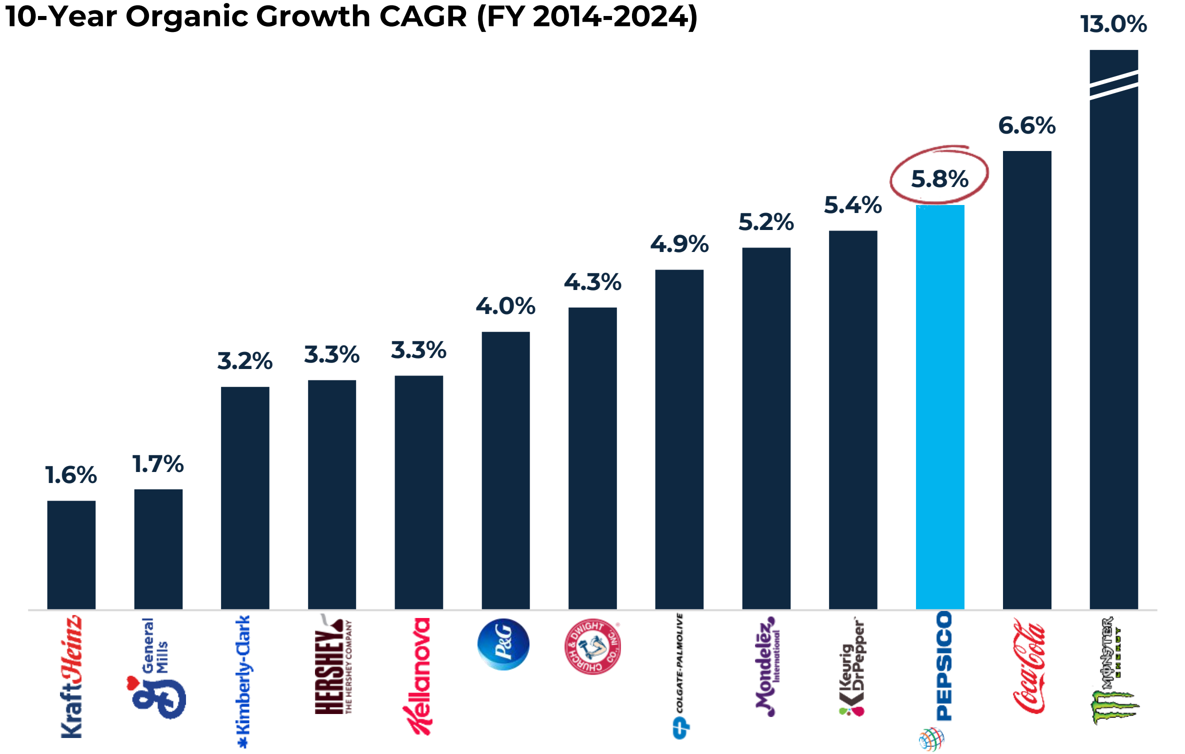
PBNA

Key Player in a Highly Attractive End Market

International

Notable Global Scale & LT Growth Runway

10-Year Organic Growth CAGR (FY 2014-2024)



"**PepsiCo is a defensive-growth behemoth**, underpinned by a strong brand portfolio (Lay's, Doritos, Pepsi, Gatorade, etc.) and powerful distribution system"

(Rothschild, 2025)

Source: Public Filings, Equity Research. Note: Peer Group on chart refers to the identified peer set for PepsiCo which will be referenced throughout the rest of the materials. This group includes large-cap US-based CPG companies - food, beverage and household and personal care ("HPC") - with over $20bn in market capitalization: CHD, CL, GIS, HSY, K, KDP, KHC, KMB, KO, KVUE, MDLZ, MNST, PG. The CAGR considers organic growth for each Company from Fiscal Year 2014 to Fiscal Year 2024.

Table of Contents

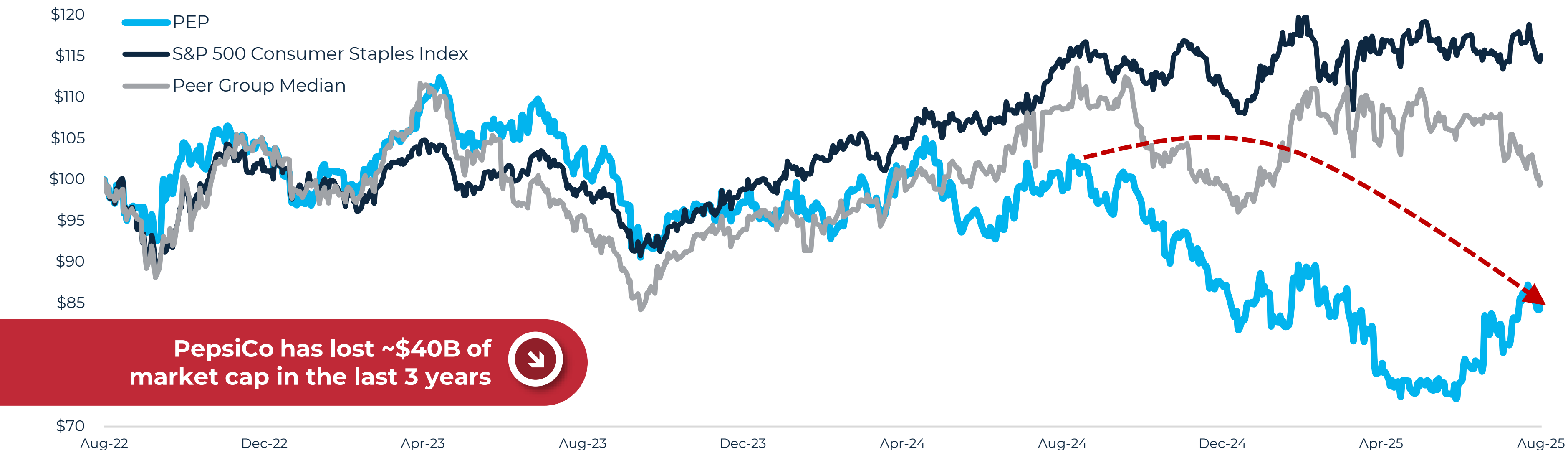
Despite its portfolio of leading franchises and a strong history of innovation and execution, PepsiCo has become a deep underperformer. This is driven by persistent share loss and margin pressure within its North American Beverages business combined with a North American Foods business facing decelerating growth and declining profitability.

As a result of this financial underperformance, PepsiCo has lost its long-held status as one of the world's best-performing and most-revered CPG franchises. Instead, it is now viewed similarly to structurally lower-growth businesses, with investors uncertain about its path back to prior success.

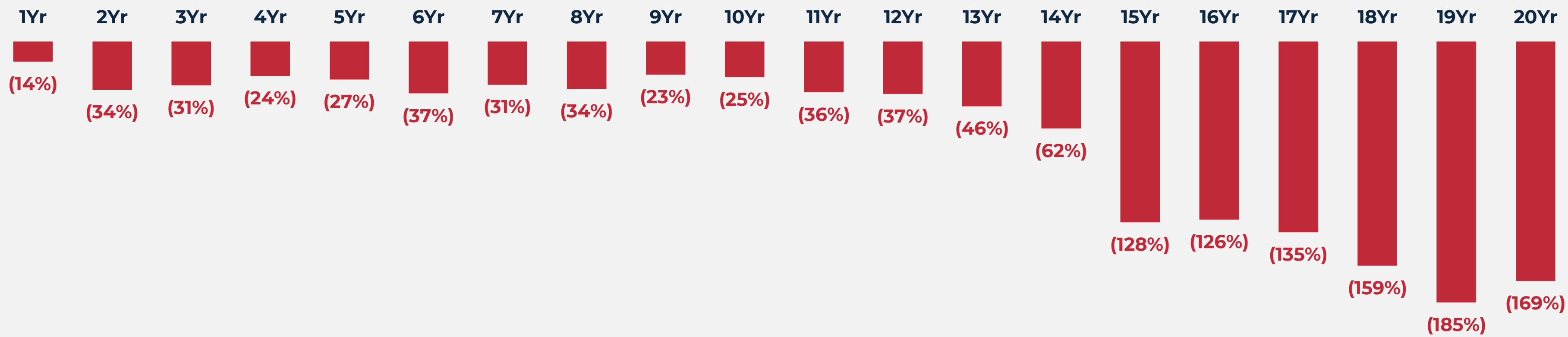
Dramatically Underperforming Its Potential

Despite being a global market leader with significant potential, PepsiCo shares have deeply underperformed over the past several years. The result is that PepsiCo is now a cumulative underperformer over any period

Indexed Share Price Performance *(Last 3 Years)*



Cumulative Total Shareholder Returns | PEP Outperformance / (Underperformance) vs. S&P 500 Consumer Staples Index



Source: CapIQ and Bloomberg as of 8/29/2025. Note: Peer Group Median refers to the identified peer set for PepsiCo which will be referenced throughout the rest of the materials. This group includes large-cap US-based CPG companies - food, beverage and HPC - with over $20bn in market capitalization: CHD, CL, GIS, HSY, K, KDP, KHC, KMB, KO, KVUE, MDLZ, MNST, PG.

North American Beverages Has Suffered Long-Term Declines

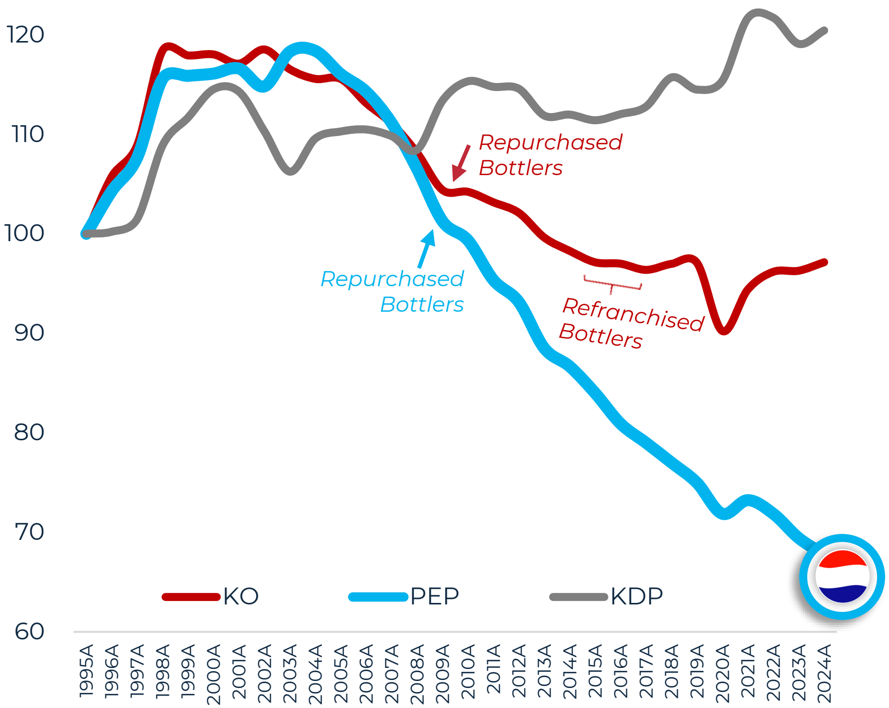
PBNA has notably and consistently underperformed the category and its potential over the past 15 years

Key Issues

Unresponsive to Changing Soda / CSD Landscape	Divergent Approach to Bottling Structure vs. Coca-Cola	Poor Portfolio Management and Undisciplined Approach to Growth

In the Last 3 Decades, PepsiCo's Soda Volume Growth Has Underperformed KO by ~30pp and KDP by ~50pp

Indexed U.S. Soda / CSD Volumes (Indexed To 100)



"In 2010, the U.S. Coke and Pepsi bottling systems underwent a dramatic shift. Coca-Cola and PepsiCo acquired most of their respective bottlers...at a time of seismic consumer and retail change.

Coca-Cola leaders were clear from the outset that they intended to refranchise their bottling business...while PepsiCo continued optimizing in-house. By 2017, Coke had completed its final refranchising deal.

This is the first time ever that the two companies' US bottling strategies have diverged to such an extent"

(Beverage Digest, 2024)

"**Simply put, as industry change has accelerated, we think NAB has fallen a step behind** in terms of maintaining relevance for its big brands and hasn't yet cracked the code (or articulated a clear approach) on small brand strategy"

(Barclays, 2018)

"We see evidence in 2Q results that **PepsiCo's root problems include weak innovation, brand development and market development**"

(HSBC, 2025)

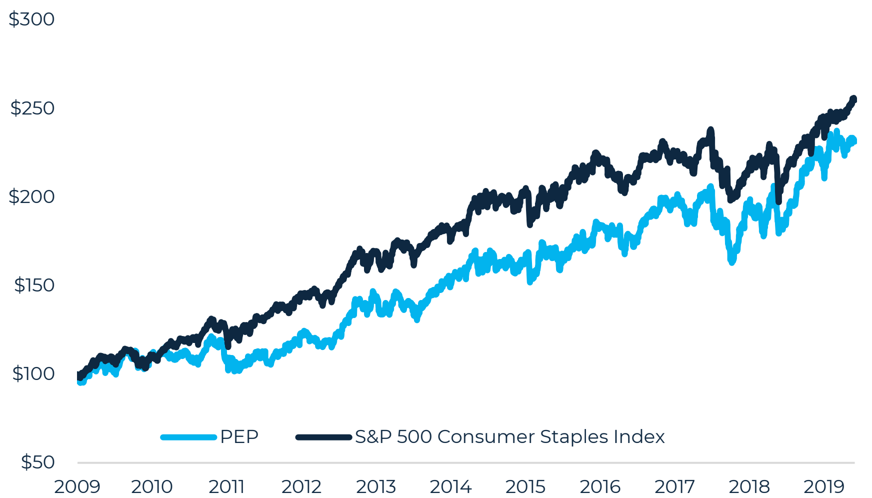
Source: Public Filings, Beverage Digest, Equity Research.

However, PepsiCo Got a “Pass” Because FLNA Was So Strong

Despite persistent Beverage weakness, strong FLNA performance kept aggregate financial results acceptable; However, FLNA’s strength created an unhealthy dependency and allowed PBNA to continue struggling

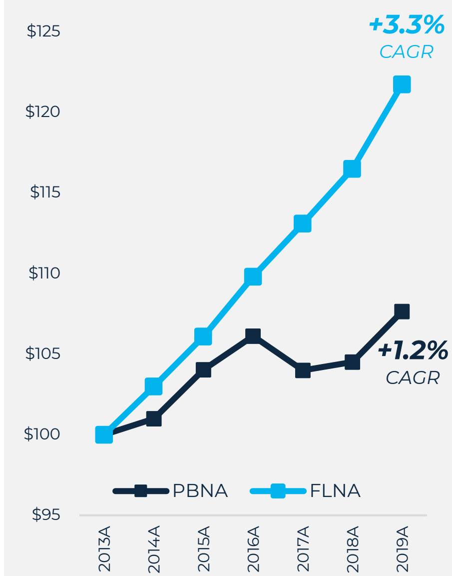
Strength in FLNA Shielded Weakness in PBNA Prior to 2020…

Indexed Share Price Performance *(L10Y Pre-COVID)*

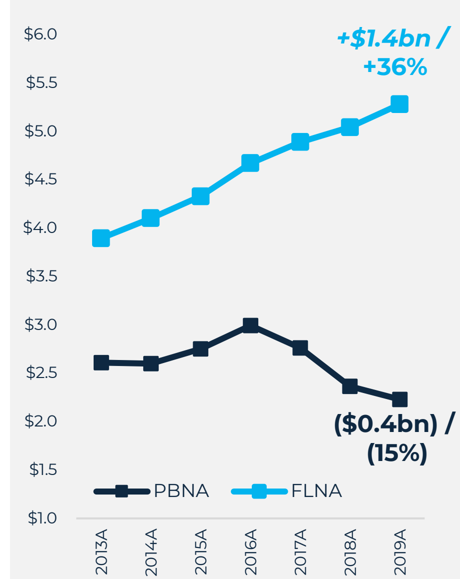


Even though PBNA underperformed in terms of share loss, margin degradation and slower organic growth, PEP shares performed nearly in line with key benchmarks due to strength in FLNA

FLNA vs. PBNA
Indexed Organic Revenue



FLNA vs. PBNA
Segment Operating Profit *($B)*



…But Investors Always Recognized That if FLNA Weakened, There Could Be Significant Downside

“Any wobble in FLNA (especially without coincident signs of improvement elsewhere) is likely to create significant disappointment and downside risk…Simply put, any bull case on PEP must start with an assumption that FLNA is ‘rock solid’…”

(Deutsche Bank, 2019)

Source: CapIQ, Public Filings, Equity Research. Note: PBNA metrics represent North American Beverages (“NAB”) segment results from 2013-2018 and PBNA segment results beginning in 2019. For the years 2013, 2014 and 2015 – the metrics above for revenue and adj. operating profit are per the 2015 10k given re-segmentation in 2015 which shifted from prior disclosure (PepsiCo Americas Beverages) to new segmentation (North American Beverages).

This Strength Emboldened PepsiCo To Accelerate Spending

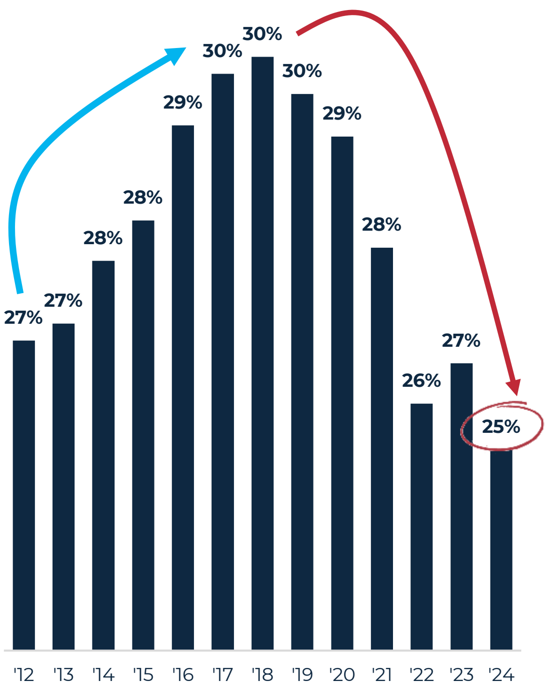
In recent years PepsiCo pursued aggressive investment as a growth catalyst, increasing spending considerably

"**We believe the purse strings at PepsiCo have (responsibly) been opened in earnest**, with the flex from this year's re-base, not to mention the multi-year margin adjustment, supporting much greater willingness & ability to fund pursuit of revenue opportunities…

We refined our view of what 'growth-focused' really means and key implications for the financial outlook. **We sensed a dramatically different tone around willingness to spend**, though of course PEP was adamant that it retains a framework to prioritize investment responsibly. This updated mentality feels like much more of a sea change rather than an incremental shift"

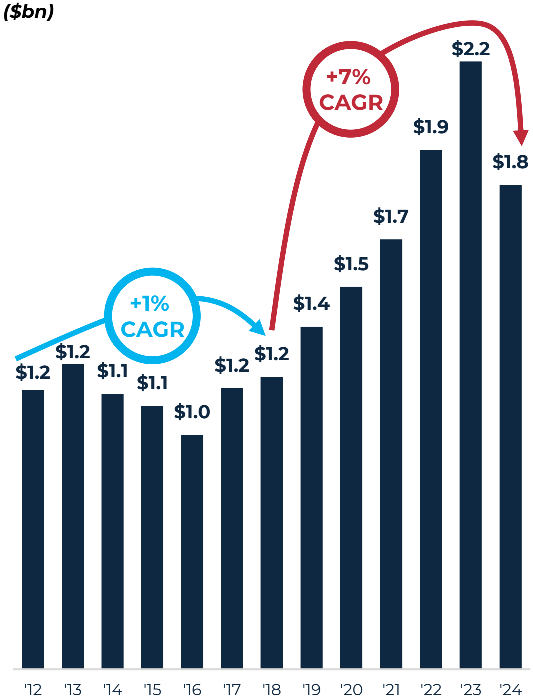
(Barclays, 2019)

PFNA Segment Operating Margins



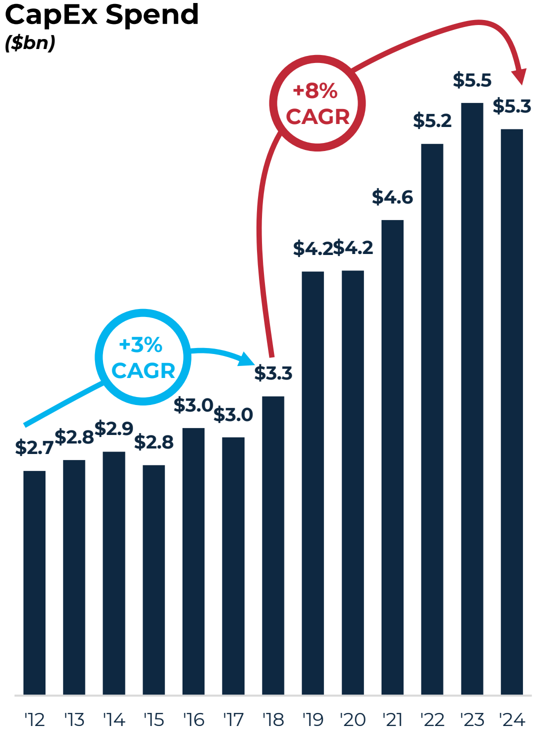
Unallocated Corporate Expenses

($bn)



CapEx Spend

($bn)



Source: Public Filings, Equity Research.

Unfortunately, Anticipated Growth Has Failed to Materialize

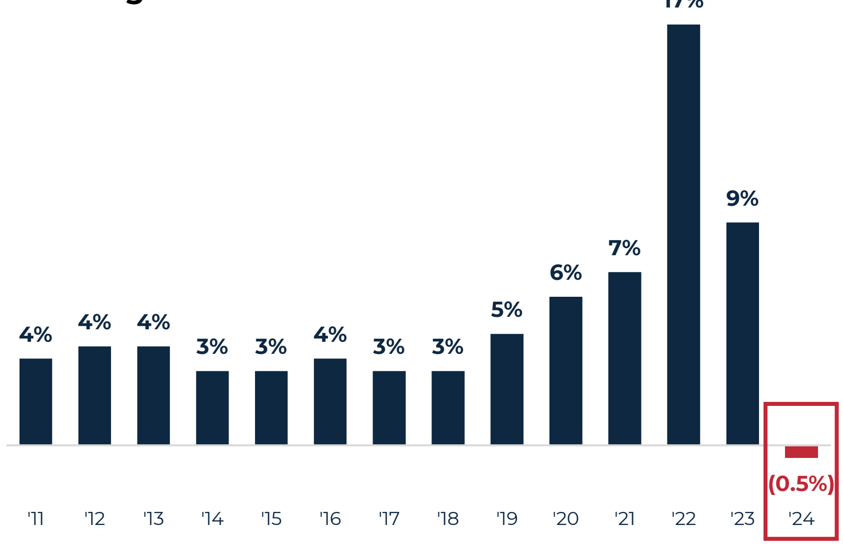
And while growth did accelerate for a few years driven largely by COVID-induced price/mix, FLNA has since sharply decelerated, raising concerns about the health of both FLNA and the broader salty snack category

From a Growth Engine to a Share Donor Amidst Broader Category Slowdown

BERNSTEIN
SOCIETE GENERALE GROUP
9 July 2024

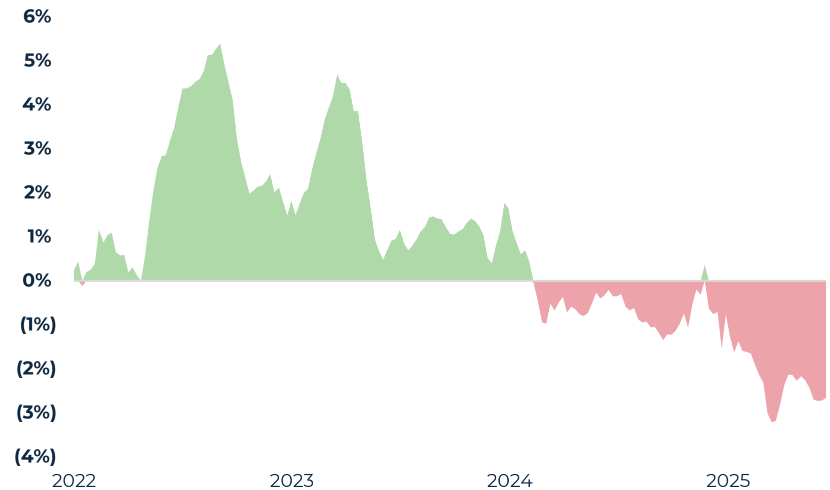
PepsiCo (PEP): Is the Frito-Lay Juggernaut running out of steam?

FLNA Organic Growth



FLNA Retail Sales Growth vs. Salty Snack Market

All Channels, Rolling 4-Week Y/Y Growth, FLNA Outperformance / (Underperformance)



"For the past two decades, Frito Lay, and in particular Frito North America (FLNA), has been the primary driver of PepsiCo… **Put simply, Frito has been the driver of this business**…

However, growth has slowed dramatically as of late – U.S. scanner data shows FLNA went ex-growth in 1Q and reported organic volumes have been in negative territory for three quarters running – **leading many investors to now think more critically about the FLNA business as a whole**"

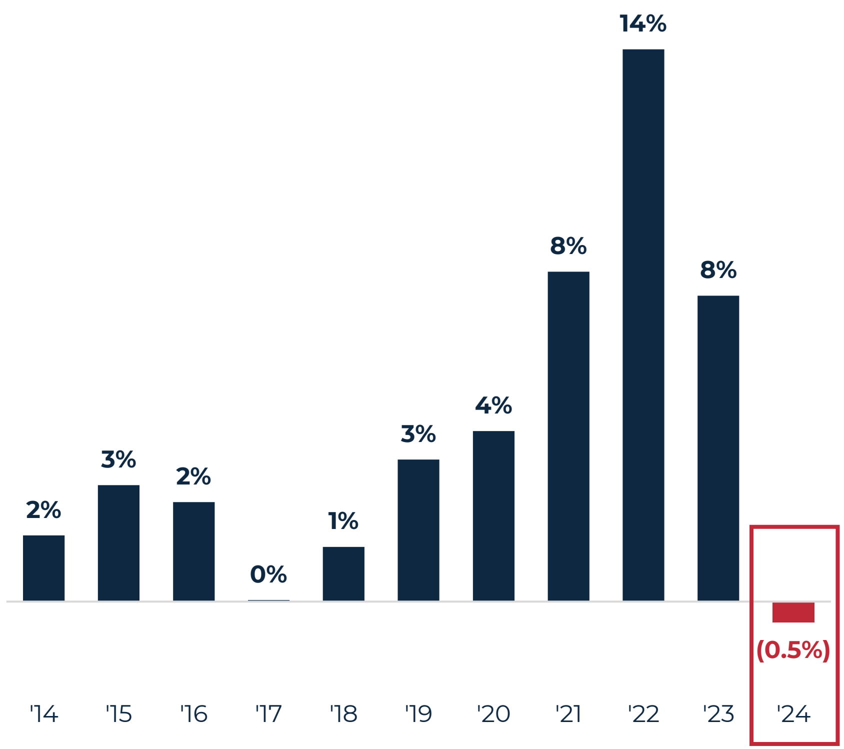
(Bernstein, 2024)

Source: Public Filings, Equity Research and NIQ, Retail Measurement Services; Total US xAOC+C; Salty Snacks; $ % y/y Change, Rolling 4-Week Through August 2025. FLNA is represented by NIQ Salty Snacks Owned by PepsiCo.

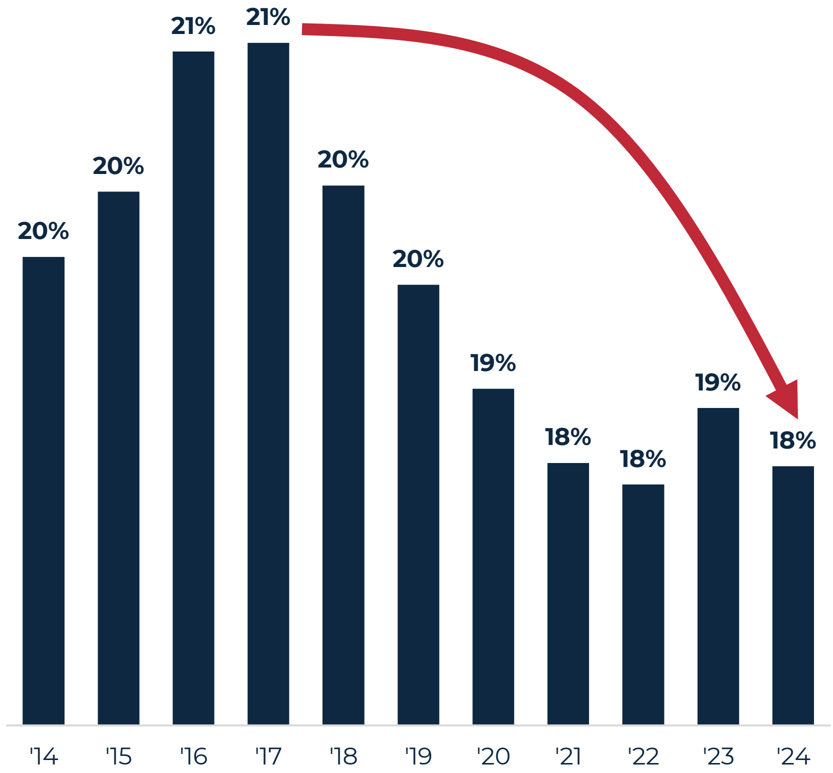
A Weaker Total North American Business is a Problem…

PepsiCo's total North American franchise, which drives ~60% of PepsiCo's sales and profit, has seen organic sales growth compress to roughly flat while margins have degraded materially

North America Business Organic Growth *(PBNA + PFNA)*



North America Business Adj. Operating Margins



"PEP is losing huge amounts of market share, according to scanner data, in both the US and Europe, and across both its beverage and snacking businesses. **What used to be US Beverage share issues, have spread to the rest of the business.** Data indicate that the problems are myriad: In Sports drinks, losing to upstart disruptors. In soda, losing to beverage giants. In snacking, losing to multinational packaged food companies…"

(Bernstein, 2024)

Source: Public Filings, Equity Research. Note: North American Business margins include PFNA and PBNA metrics. PBNA metrics represent North American Beverages ("NAB") segment results from 2014-2018 and PBNA segment results beginning in 2019. For the years 2014 and 2015 – the metrics above for revenue and adj. operating profit are per the 2015 10k given re-segmentation in 2015 which shifted from prior disclosure (PepsiCo Americas Beverages) to new segmentation (North American Beverages).

...And Investors Remain Skeptical of PEP's Prospects

PepsiCo has recently signaled a growth comeback, but the investment community remains unconvinced

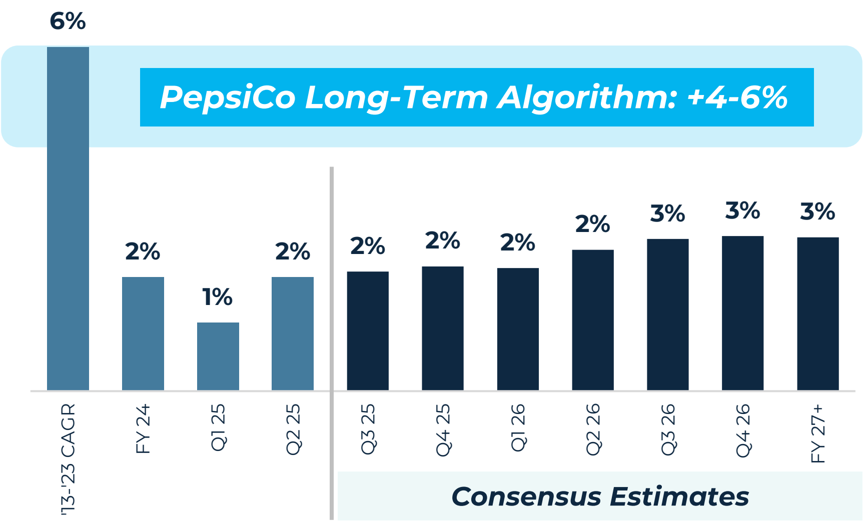
PepsiCo recently noted its goal to return to the low-end of its top-line algorithm in the next few quarters

"Now what would be success for us? Success would be sequential improvement of our top line, sequential improvement of our share of market performance **with a goal to be back at the low end of our algorithm in top line over the next few quarters**. That would be a success. That's where we're really having a sense of urgency as an organization, and all the businesses are improving all the operational metrics, are **very focused on delivering that over the next few quarters.**"

(PepsiCo CEO, July 2025)

This is Exciting...But Clearly Skepticism Remains

PepsiCo Forward Organic Growth Estimates



Consensus estimates still do not give the Company credit for a potential top-line turnaround

"In our view, the reaction to Q2 2025 was more start of valuation recovery vs. a turn in fundamentals / catalysts (sales/margins). **Durability requires the latter, and we see that as a major debate ahead**"

(Wells Fargo, July 2025)

"While results were still better than expected, we believe **investors will still have some skepticism about PEP's timeline of returning to the low end of their algorithm** over the next 3-4 quarters"

(RBC, July 2025)

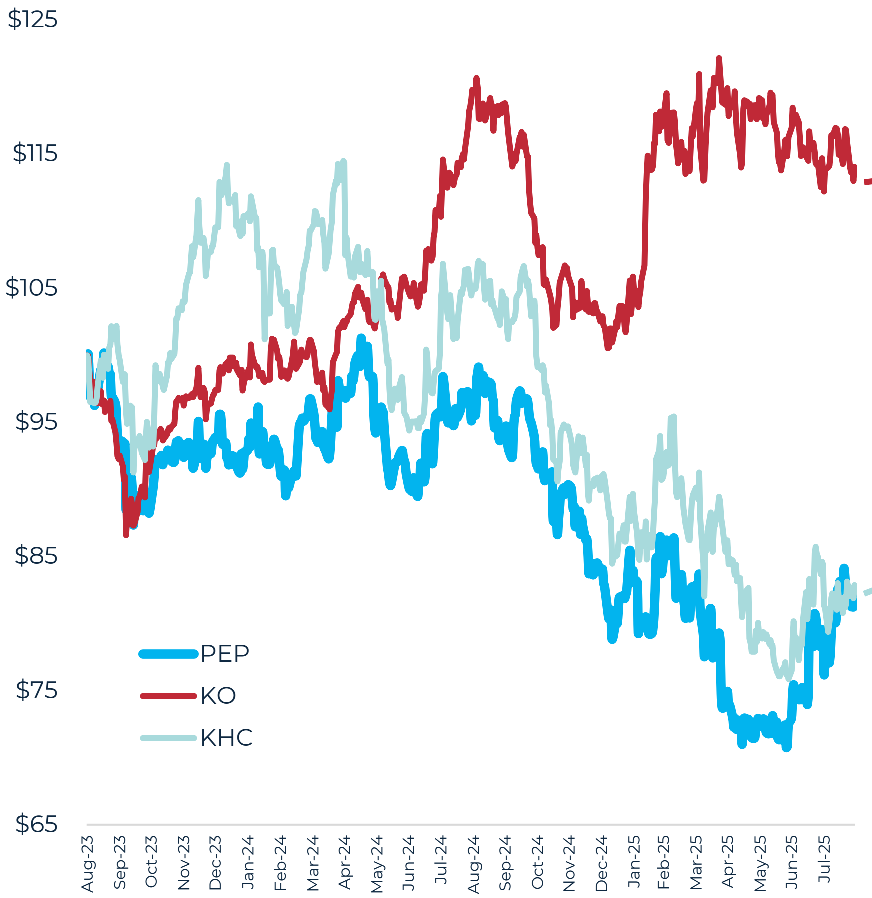
Source: Public Filings, Equity Research, Bloomberg Consensus Estimates.

This Skepticism is Evidenced in How PepsiCo Has Traded Recently

PepsiCo has become a clear laggard over the past couple of years, trading in line with structurally slower-growth peers like Kraft Heinz

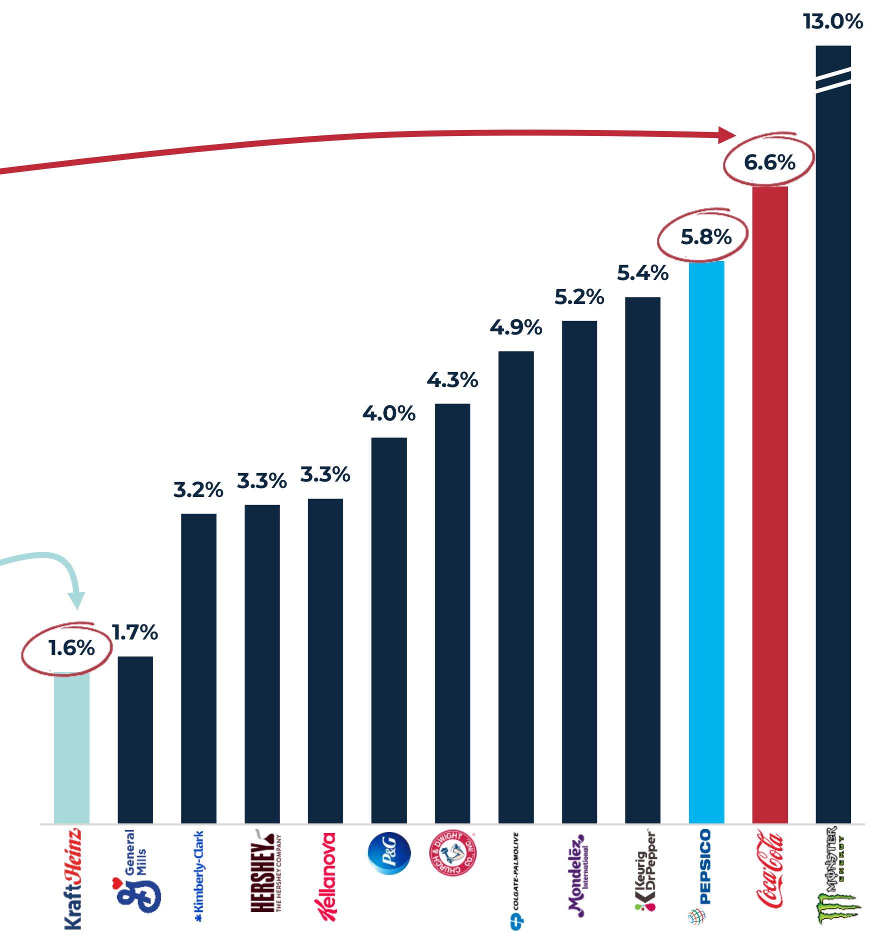
PepsiCo Has Traded More Like KHC Than KO...

Indexed Share Price Performance *(Last Two Years)*



...Despite a Markedly Different History of Growth

10-Year Organic Growth CAGR *(FY 2014-2024)*



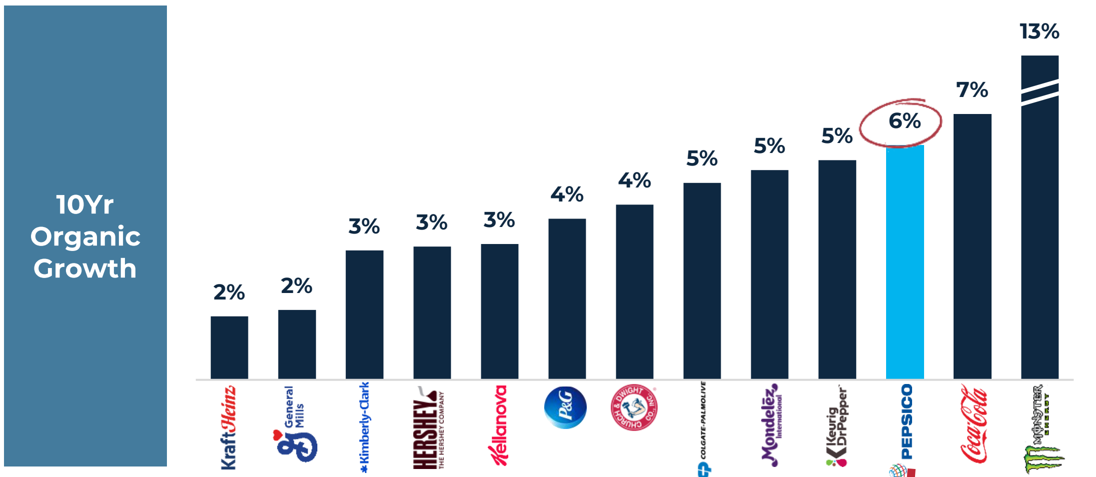
Source: Public Filings, CapIQ as of 8/29/2025. Note: Peer Group on RHS chart refers to the identified peer set for PepsiCo which will be referenced throughout the rest of the materials. This group includes large-cap US-based CPG companies - food, beverage and HPC - with over $20bn in market capitalization: CHD, CL, GIS, HSY, K, KDP, KHC, KMB, KO, KVUE, MDLZ, MNST, PG. Charts do not include KVUE for this analysis given lack of 10-year organic growth history as public company. The CAGR considers organic growth for each Company from Fiscal Year 2014 to Fiscal Year 2024.

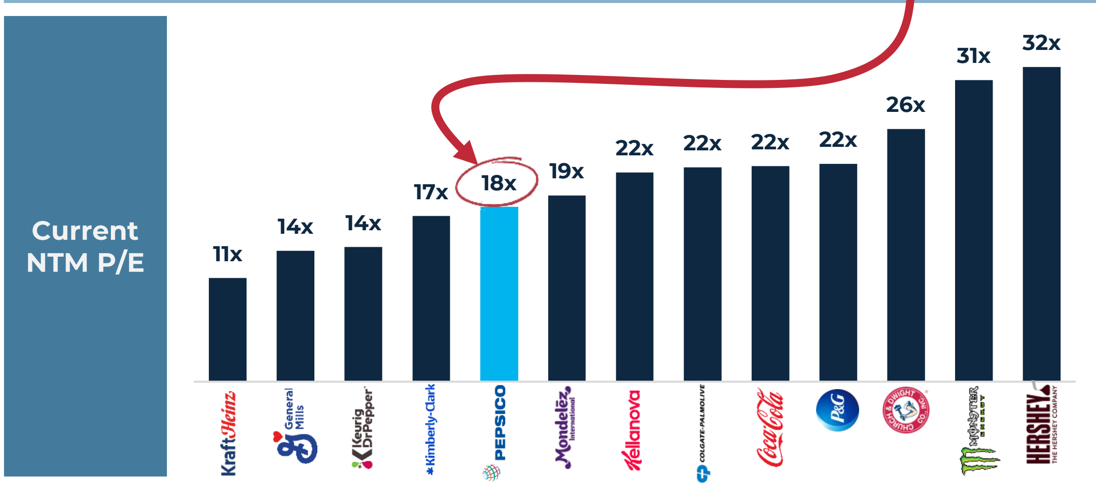
PepsiCo's Valuation Does Not Reflect Its Quality or Potential

Despite a legacy of best-in-class organic growth, PepsiCo currently trades at a substantial discount to many historically slower-growing peers, as well as to its own historical average valuation

PepsiCo's Valuation is Disconnected From Its Growth Profile

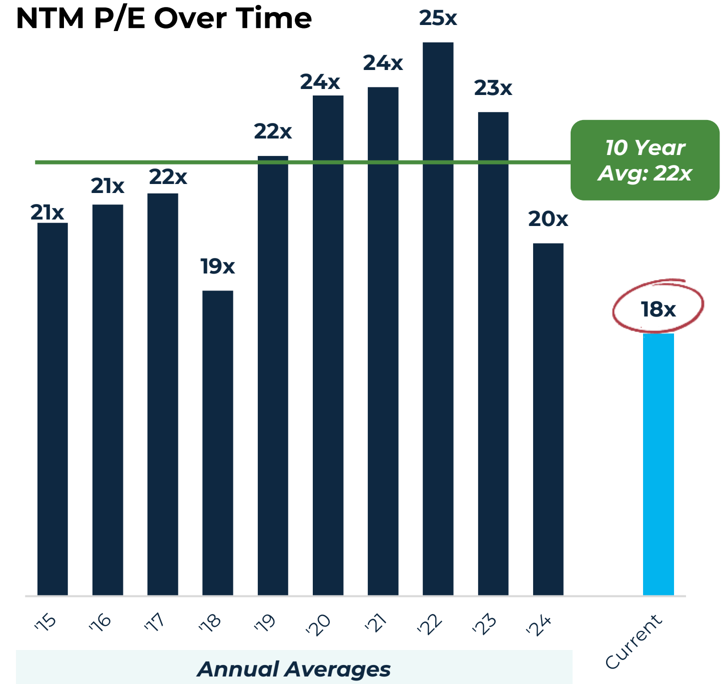
10Yr Organic Growth vs. Current Valuation





PepsiCo is Trading Near a 10-Year Low

NTM P/E Over Time



"**Importantly, we think PEP's valuation is compelling** - with the stock trading at a ~6.5x discount relative to KO on a forward P/E basis - well below it's long-term historical average discount of ~1x - while also trading at a ~5x discount to PG (i.e. a Staples peer) despite a similar topline growth profile (to PG)"

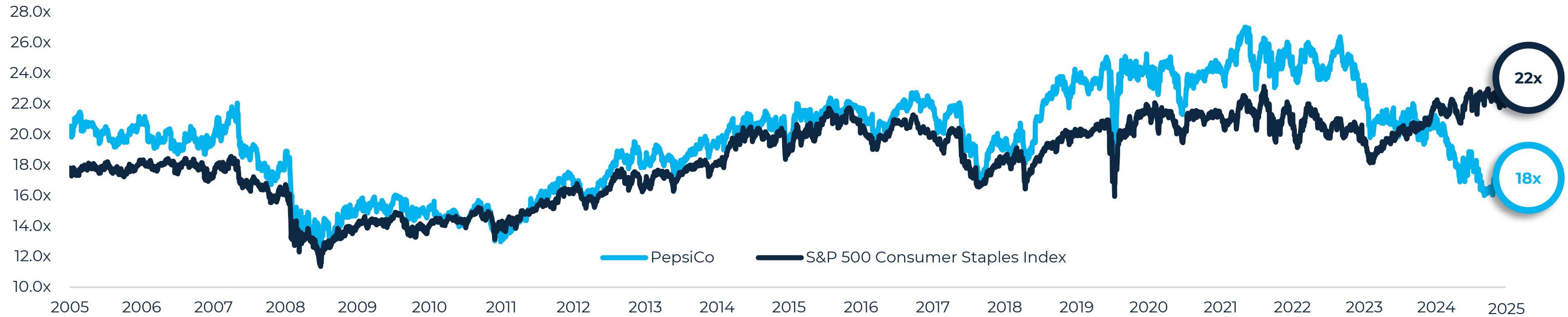
(Goldman Sachs, 2025)

Source: Public Filings, CapIQ as of 8/29/2025. Note: Peer Group on LHS charts refers to the identified peer set for PepsiCo which will be referenced throughout the rest of the materials. This group includes large-cap US-based CPG companies - food, beverage and HPC - with over $20bn in market capitalization: CHD, CL, GIS, HSY, K, KDP, KHC, KMB, KO, KVUE, MDLZ, MNST, PG. Charts do not include KVUE for this analysis given lack of 10-year organic growth history as public company. The CAGR considers organic growth for each Company from Fiscal Year 2014 to Fiscal Year 2024.

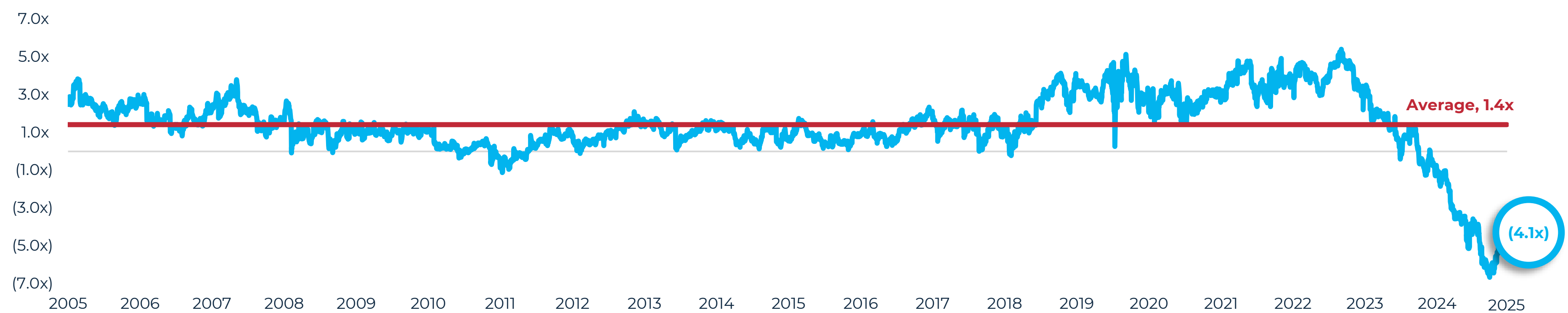
This Has Created a Unique Moment of Dislocation

Historically valued at a premium to Consumer Staples Peers thanks to its world-class assets and strong growth, PepsiCo now finds itself – *for the first time in many decades* – valued at a meaningful discount to this group

NTM P/E Over the Past 20 Years | *PepsiCo vs. S&P 500 Consumer Staples Index*



NTM P/E Over the Past 20 Years | *PepsiCo vs. S&P 500 Consumer Staples Index <u>Premium / (Discount)</u>*



"**The stock is just too cheap to ignore**. PEP isn't hiding from anyone so to speak…**[it] has not been this cheap vs. the market in at least 22 years.**"

(Wells Fargo, 2024)

Source: CapIQ as of 8/29/2025, Equity Research.

Table of Contents

PepsiCo should not be an underperformer, and it is time to get back to winning. After years of underachievement, we view this moment as a critical inflection point for PepsiCo.

We believe that there are actionable opportunities to substantially improve the competitiveness in PBNA and PFNA. If executed upon, we believe that these efforts can restore the North American business to best-in-class status and drive meaningful improvements in top-line growth and margin expansion.

Winning in North America

We believe that now is the time for PepsiCo to evaluate many elements of its operations in pursuit of realizing its full potential, and that there are tangible steps the Company can take to best position itself for long-term growth and outperformance

Value-Creation Opportunities in PepsiCo North America

PEPSICO BEVERAGES NORTH AMERICA

PBNA has a right to win. But the current structure has failed to deliver for many years and its shortcomings are more evident than ever as PepsiCo has not responded to a changing landscape. We believe that the following actions would help restore its position as a nimble and formidable competitor:

1. **Review Brand Portfolio & SKU Lineup**
2. **Evaluate Bottler Refranchising**
3. **Reinvest to Revitalize Core and Grow with Focus**

PEPSICO FOODS NORTH AMERICA

Now is the time to right-size PFNA's cost base for the current demand environment, as well as streamline the portfolio; Doing so will ensure that PFNA is able to accelerate growth through enhanced focus on its core portfolio and bolder investment behind up-and-coming brands:

1. **Align Cost Base with Current Reality**
2. **Optimize the Portfolio**
3. **Pursue Organic and Inorganic Investment To Drive Long-Term Growth**

We believe that these actions will unlock a high-performing North American food and beverage business, reigniting top-line momentum and driving meaningful margin expansion

Winning in North America

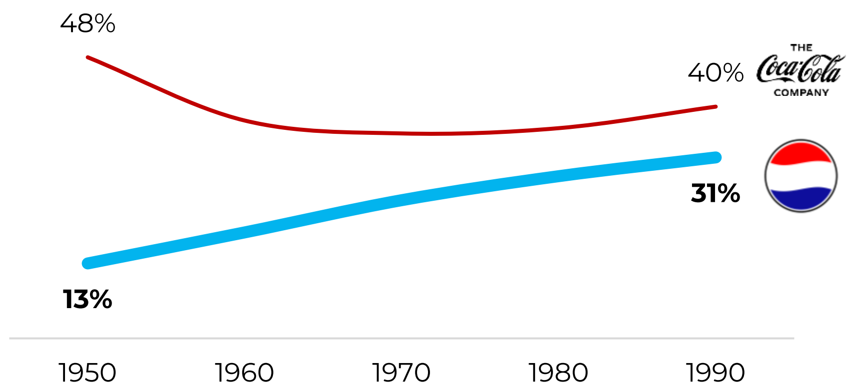
PEPSICO BEVERAGES NORTH AMERICA

PBNA Was Once The Challenger Outperforming the Leader

For decades, PBNA was the disruptive leader in the North American beverages market by combining culture-defining marketing with continuous innovation and relentless operational execution

As a Bold and Nimble Insurgent, PepsiCo Became a Formidable #2 Soft Drinks Player Post WWII

U.S. Soft Drinks Market Share[(1)]



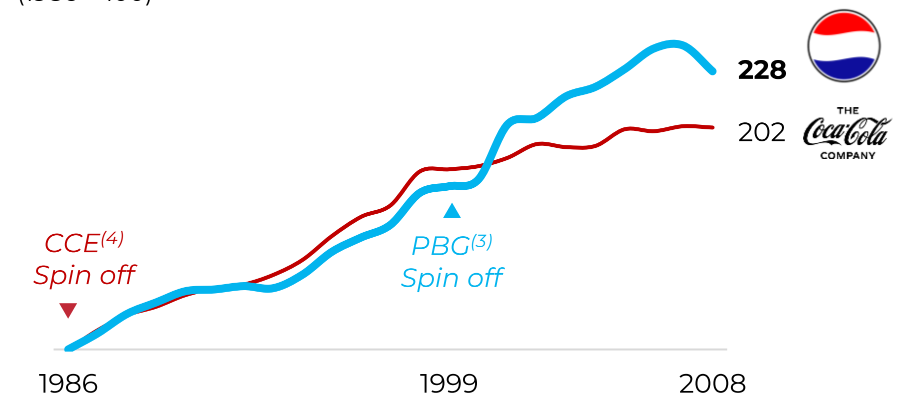
"Pepsi, however, through **aggressive advertising based on the youth-oriented 'Pepsi generation' theme**, has gained ground and is now ahead of Coke in the take-home market"
(The Talk of PepsiCo; At PepsiCo, Victory is Declared, The New York Times, 1985)

"Pepsi had a **reputation for making essential decisions quickly and moving ahead more aggressively**..."
(Pepsi-Cola U.S. Beverages, HBS Case Study, 1992)

"In 1974, Pepsi launched the 'Pepsi Challenge'...**[T]he Pepsi Challenge successfully eroded Coke's market share**"
(Cola Wars Continue: Coke and Pepsi, HBS Case Study, 2006)

Following the 1999 Anchor Bottler (PBG[(3)]) Spin, the PepsiCo System Demonstrated Superior Execution

Indexed U.S. Liquid Refreshment Beverages (LRB) Volume[(2)]
(1986 = 100)



Steady as she goes. January 13, 2006

PBNA has been an exceptional performer for the past five years, posting double-digit average annual profit growth…We still believe that the PBNA's strong track record and broader beverage portfolio could still allow for a profit growth rate that is 300bp stronger than that of Coke.

Soothing Blue 22 May 2006

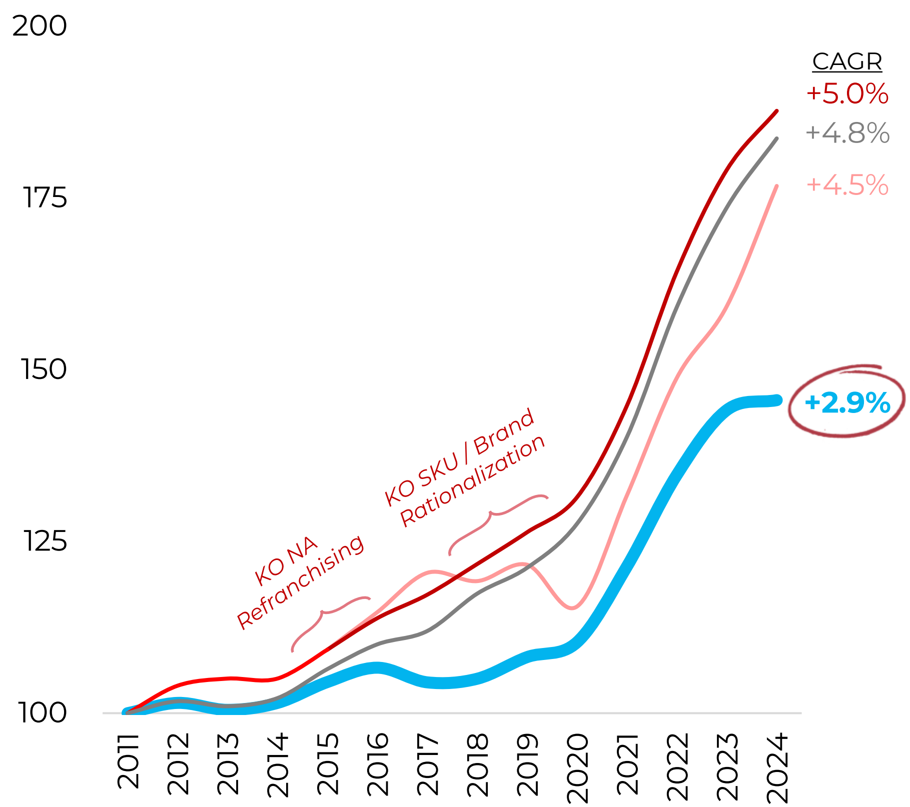
PepsiCo and PBG have delivered strong financial performance of late – a trend we believe is no accident but rather a function of getting many of the little things right: supply chain, procurement, consistent pricing and innovation…Boring? Not if you like to win.

Source: Harvard Business School (HBS) Case Studies, The New York Times, Beverage Digest, Equity Research. (1) Represents total share for PBNA and KO North America (i.e., not just Pepsi Cola or Coke). (2) As per Beverage Digest. (3) Pepsi Bottling Group (PepsiCo anchor bottler). (4) Coca-Cola Enterprises (Coke anchor bottler).

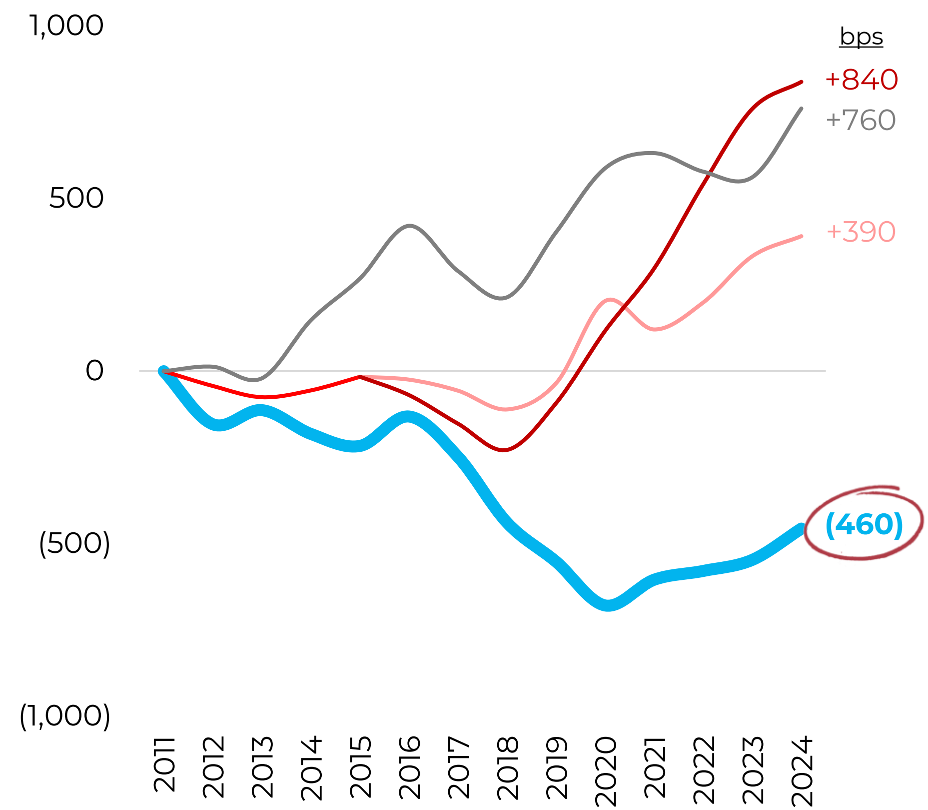
Yet PBNA Has Now Underperformed for More Than a Decade...

Since acquiring its bottlers in 2009/2010 in pursuit of strategic flexibility, PBNA has profoundly underperformed the Coca-Cola system and KDP on both growth and margins

Indexed Organic Revenue Growth Since 2011
2011 = 100



Cumulative Change in Operating Margin Since 2011 [(1)]
In bps



PBNA — KO NA[(2)] — KO NA (ConcentrateCo)[(2)] — COKE (KO BottlerCo)[(2)] — KDP US Beverages[(3)]

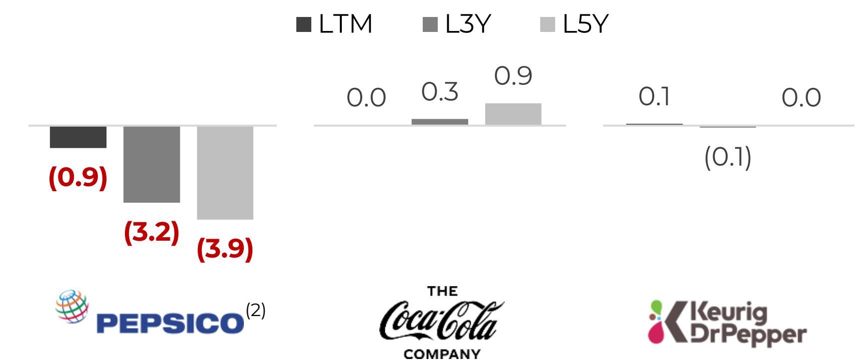
Source: Company Filings, Equity Research. (1) Allocates corporate costs based on segment revenue contribution. Cumulative change in margin analysis adjusts for various accounting and re-segmenting changes to estimate a like-for-like margin change since 2011. PBNA Operating Margins represent PAB segment margins for 2011-2014, NAB segment margins for 2015-2018 and PBNA margins for 2019-2024. (2) Coca-Cola financials on a vertically integrated basis until 2015. (3) Represents Packaged Beverages and Beverage Concentrates prior to 2021 and U.S. Refreshment Beverages post 2021.

…And Its Recent Performance Has Been Particularly Challenged

PBNA has consistently lost share in its high margin soda / CSD business, seen acquired or newly launched brands fail to gain traction and suffered from substantial margin erosion

Challenged Soda / CSD Narrative

Soda / CSD: Change in Market Share (in percentage points)[1]

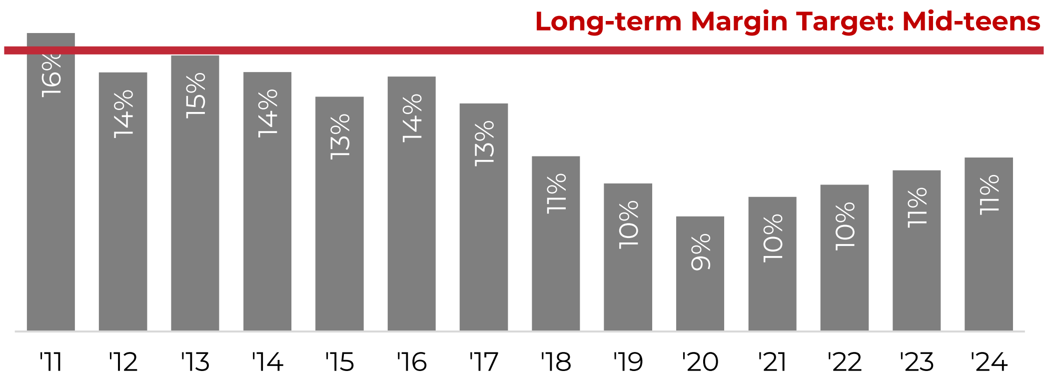


Poor Execution of Acquired / Newly Launched Brands

Rockstar	*Energy*	*Purchased for $3.9B…*	**…Impaired by $1.7B**
Muscle Milk	*Protein*	*Purchased for 3x Revenue…[3]*	**…Q1'25 Sales -13%** vs. Fairlife +54%[4]
SodaStream	*Equipment*	*Purchased for $3.2B…*	**…Impaired by $2.2B**
Starry	*Soda*	*Pulled resources from Mtn Dew…*	**…YTD Sales -15%** vs. Sprite +5%[5]

Lack of Progress Towards Long-term Margin Target

PBNA Segment Operating Margins Over Time



"**That is a priority for us, a priority for the business.** We see [PBNA] long term at mid-teens"
(PepsiCo CEO, April 2021)

"We'll progress along towards…something in the mid-teens over the course of **the next several years**"
(PepsiCo CFO, April 2022)

"…margins to the mid-teens levels that we have mentioned as well in **the next 2 to 3 years**"
(PepsiCo CEO, April 2023)

"**We see our line of sight** to a mid-teens margin in our beverage business"
(PepsiCo CEO, February 2025)

Source: Company Filings, Circana Group / Retail Tracking Service, Beverage Digest, Equity Research. Note: PBNA Operating Margins represent PAB segment margins for 2011-2014, NAB segment margins for 2015-2018 and PBNA margins for 2019-2024. (1) Rolling 13 weeks basis based on Circana. (2) Excludes Poppi. (3) PepsiCo purchased Muscle Milk as part of the CytoSport transaction. (4) YoY change in retail sales as per Beverage Digest. The RTD Protein Shakes industry growing at +14% YoY. (5) Represents YoY change in MULO+C retail sales based on Circana.

Analysts Do Not See a Path to Achieving Targets

Despite recent initiatives such as the acquisition of Poppi, a planned launch of liquid protein and the announcement of One North America, PBNA is expected to remain a substantial underperformer

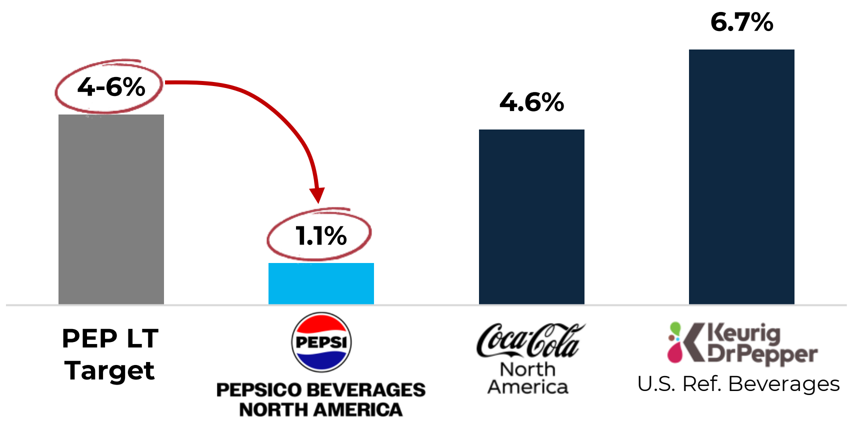
Despite recent initiatives, PBNA's organic growth expectations are deeply below peers'

"**PEP's offerings have been ceding ground** to the dominant player with no change in trajectory over the last 5 yrs. **The silver lining is that Pepsi's North American beverages business decline is well understood by investors at this point**, and little is expected in terms of near-term recovery"
(Bank of America, 2025)

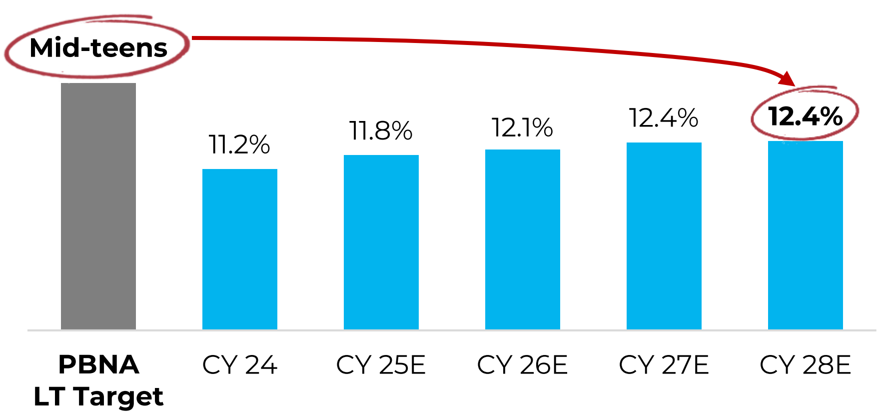
"**Despite PBNA's initiatives, the result is the same: CSD volumes continue to slide** and the portfolio continues to lose market share to competitors"
(Redburn Atlantic, 2024)

Consensus Organic Growth Outlook

CY2024A – CY2026E CAGR



PBNA Segment Operating Margin Outlook



Consensus sees no path towards LT target

"Bear Case Views…**Carrot of mid-teens margin has been dangled without any real progress for years**; in context of volumetric weakness, target is more aspiration than a realistic outcome"
(Deutsche Bank, 2025)

"**The bigger question for PBNA is whether it can reach a 'mid-teens' margin ambition** if volumes don't improve"
(Bank of America, 2024)

Source: Capital IQ, Bloomberg, Company Filings, Equity Research.

How Did We Get Here?

Without a clear growth strategy, PBNA has become overextended and operational complexity now weighs on brand and in-store execution

Unresponsive to Changing Soda/CSD Market

As soda consumption declined in the early 2000s, PBNA understandably shifted its focus away from soda and towards "better for you" categories; yet it never pivoted as circumstances changed

- Even after Coca-Cola doubled down on marketing and innovation and stabilized its soda volumes, PBNA has continued to underinvest in its core soda franchise
- This lack of focus has contributed to numerous missteps including the delayed launch of Pepsi Zero Sugar (in favor of the convoluted assortment of Pepsi One / Next / Max) and shifting resources from the core Mountain Dew brand to launch energy offshoots (e.g., MTN Dew Amp, MTN DEW Energy) or new brands (e.g., Starry)

Approach to Bottling Structure

Bottler repurchase was logical at the time, but PBNA has the opportunity today to evaluate a more effective franchised structure

- PBNA's integrated structure has been out-executed at the local level by refranchised Coke bottlers, leading to weaker price-pack management, slower regional innovation and poorer in-store execution
- A third-party bottler structure also creates checks and balances around portfolio management; in its absence, PBNA's approach towards growth has lost focus and discipline

Portfolio Management

Without a clear growth and portfolio management strategy, PBNA has acquired or launched multiple new brands that have fallen short

- Signs of an overextended organization are clear – PepsiCo has frequently overpaid for "growthier" assets at lofty multiples and subsequently failed to execute on them (e.g., Rockstar, SodaStream, Muscle Milk, KeVita, Bang distribution)
- In an effort to maintain share, PBNA has also resorted to launching an excessive number of SKUs (e.g., limited-time offers, flavor extensions and packaging formats), resulting in higher manufacturing and distribution costs

These Issues are Interconnected and Self-Reinforcing

Now is the Time to Take Bold Action

There is a significant opportunity for PBNA to take strategic actions that can dramatically improve the positioning of its beverage portfolio

Opportunities to Restore PBNA to Improved Competitiveness and Financial Success

1 | Brand Portfolio & SKU Rationalization

- Brand and SKU proliferation can have significant effects on the bottling side (manufacturing & distribution complexity) as well as the brand side (too many brands to invest behind)

Key Benefits

✓ Reduces manufacturing and distribution costs

✓ Frees up marketing spend and organizational bandwidth for brands with scale and relevance

✓ A simplified portfolio strengthens shelf presence, pricing power and consumer messaging

2 | Refranchising of the Bottling Network

- The highly operationally intensive nature of the bottling business has not only diverted PBNA's focus away from brand building and innovation, but has also resulted in worse execution and profit erosion

Key Benefits

✓ Allow each business to focus on core competencies:

– Anchor bottlers to focus on selling, servicing and local execution to achieve operational excellence

– ConcentrateCo to focus on marketing, brand building and innovation to achieve brand excellence

Savings and Proceeds to Fund Reinvestment

3 | Reinvestment Plan for Profitable Growth

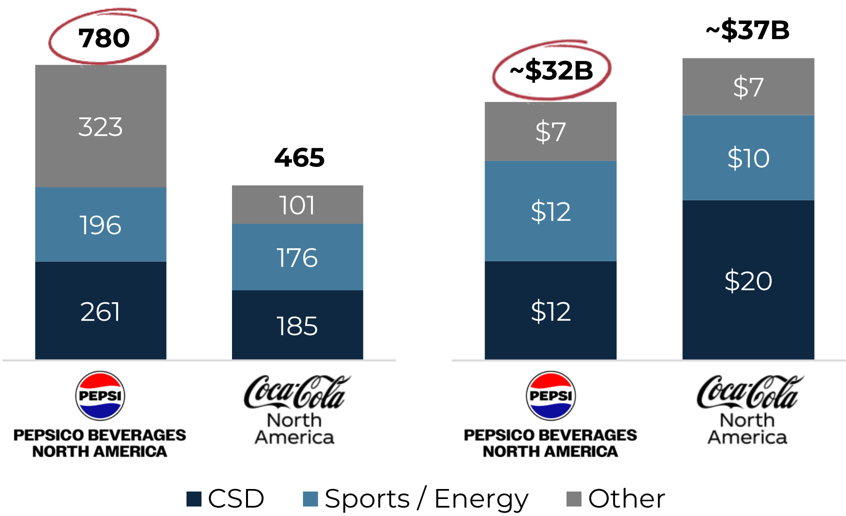
- **PBNA has an opportunity to reinvest in the core and pursue strategic growth in new areas:**
  - Defending the Core: Re-invest in soda/CSD marketing and innovation; win in Zero & immediate consumption
  - Executing on Growth: PBNA needs to decide on a few specific core brands and categories to win in (e.g., protein, prebiotics) and then invest aggressively behind them, while culling the non-core initiatives

We Believe PBNA's Portfolio is Too Complex and Lacks Focus

Portfolio proliferation – across everything from brands to packaging to flavor extensions to limited-time offerings – has diluted PBNA's organizational focus away from brand strategy and in-store execution

PBNA is Estimated to Have ~70% More SKUs than KO NA, But Generates ~15% Less Retail Sales

# of SKUs[1] | **Retail Sales[2]**



SKU Proliferation Weighs on Both Growth & Margins

- × Diverts focus and shelf space away from core brands
- × Dilutes marketing effectiveness across brands
- × Drives up COGS (e.g., ingredients and packaging)
- × Increases manufacturing changeovers and waste
- × Adds significant complexity to warehousing and distribution

Poor Brand Portfolio Decisions Divert Focus and Resources Away from the Core

e.g., Starry replacing Mtn Dew as official NBA / WNBA soft drink

"**The incremental support that is required to launch a brand like Starry isn't all incremental….that came at the expense of Mountain Dew** because up until the Starry launch, Dew had been the official drink of the NBA and that made a ton of sense given the Dew target demographic is younger"

(Former Marketing Director at a Mega Cap F&B Company, 2024)

Potential Brands for PBNA to Review

Recent Announcement with Celsius

- We think that the sale of the Rockstar brand in North America is a step in the right direction and believe there are more opportunities to simplify the portfolio

Source: Coca-Cola Ozarks Bottling Company, PepsiCo Partners, Circana Group / Retail Tracking Service. (1) SKU defined at the packaging level. Includes JV and Partnership brands. (2) Based on Circana MULO+C CY2024 retail sales. Includes JV and Partnership brands.

Streamlining Would Improve Execution and Drive Focus

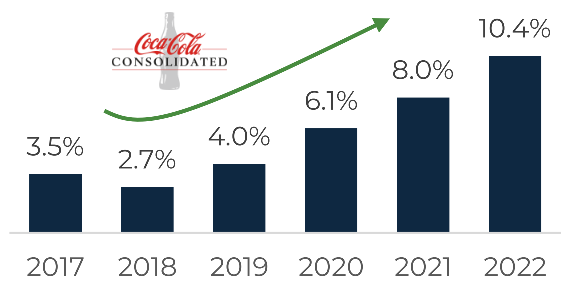
Many similar organizations have found immense success through brand and SKU rationalizations that reduced complexity and freed up organizational focus and resources for key brands

Coca-Cola Case Study: Starting 2018, KO Underwent an Extensive SKU and Brand Rationalization

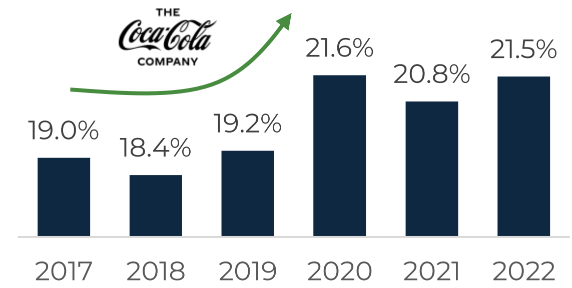
KO Global Number of Master *Brands*

In 2018 and 2019, KO also rationalized its "zombie SKUs"

COKE (KO Bottler) Operating Margin



KO NA (Conc.) Operating Margin[1]



Examples of Discontinued Master Brands

"We've removed the slower growing or declining brands with the least long-term potential to be leaders in their categories to free up more space or the brands that really are moving and for future innovations and future brands…
I'm entirely comfortable making the argument that even just stopping them actually could have been positive to sales and profit, but it freed up space for those brands and those SKUs that are doing much better…
It was pruning the garden to let the better plants grow"

(James Quincey, CEO of Coca-Cola Co, 2022)

Innovation is Important, But Must Be on Top of a Strong and Healthy Core

"It's still true that in our categories, the 25% of SKUs make less than 5% of sales…**that's an enormous amount of unproductive SKUs. So our push with retailers and their push is more towards how can we simplify the portfolio.** Now there's always a role for core brands and then there is what we call more. Some consumers are looking for new brands, new ideas. Retailers are looking for differentiation…**But I would argue the balance has gone to, well, let's make sure the core is healthy and we can operate the core as efficiently as we can. And then let's add a few brands on the side** that are either retailer-specific or for a specific niche in that particular category"

(P&G CFO, 2025)

Source: Company Filings, CapIQ, Equity Research. (1) 2017 operating margin adjusted for accounting changes. Includes corporate expenses allocated based on revenue contribution.

Pepsi and Coke Bottlers Have Undergone Decades of Reshaping

While the system has evolved over time as the industry has changed, the unique franchisor-franchisee system allows for a focus on the core competencies that drive strong local execution at national / global scale

Bottling Strategy Has Evolved with Time

Early History

In the early 1900s, KO and PEP license their brand to local families as franchised bottlers

Spin-off of Anchor Bottler

In 1986, KO spins off CCE[1], its anchor bottler, to help lead and consolidate smaller franchisees

In 1999, PEP follows and spins off PBG[2]

Acquisition of Anchor Bottlers

In 2009, PEP acquires PBG/PAS[3] given shifting soda landscape

In 2010, KO follows and acquires CCE

Divergence in Structure

In 2017, KO NA completes refranchising post-realignment of bottling incentive structure

PBNA maintains its vertically integrated structure

A Simple Overview of a Concentrate-Bottler System

"The System"

ConcentrateCo (e.g., NYSE: KO)
- Brand ownership
- Product development
- Consumer marketing
- Concentrate supply

Shared Resources

Soda/CSD Concentrates (i.e., syrup bags) or Finished Products

Bottlers (e.g., NASDAQ: COKE)
- Production of Soda/CSD
- Distribution & route to market
- Trade marketing & local execution
- Asset investment & maintenance

Direct Store Delivery (DSD)

Retailers & Consumers

"A bottling business is a very different business to a concentrate business. Whereas the latter is asset-light, low capital intensity and high margin, the former is the reverse"

(Atlantic Equities, 2022)

"Coca-Cola is a franchisor…Franchise business can also trade at substantial premium to operating businesses – better returns, faster growth, and higher cash flows"

(Credit Suisse, 2020)

Source: Equity Research and Company Filings. (1) Coca-Cola Enterprises. (2) Pepsi Bottling Group. (3) PepsiAmericas.

However, PBNA's Current Distribution Model Has Struggled

Bottler repurchase was logical in an era of perceived soda decline, but the industry and its players have vastly changed since then. PBNA needs to re-assess its operations in light of this evolving dynamic

PBNA's Current Structure Has Not Worked

Core Competencies	KO NA Today	PBNA Today
ConcentrateCo *Global marketing & product Innovation*	THE Coca-Cola COMPANY	PEPSI **PEPSICO BEVERAGES NORTH AMERICA** **Vertically Integrated[(1)]**
BottlingCo *Cost management & local execution*	Coca-Cola CONSOLIDATED; REYES Coca-Cola BOTTLING	

"[KO's] smaller bottlers do such a great job of activating in places that Pepsi may not have their finger in"

(Former Executive at a F&B Company, 2023)

"**Pepsi has, in the past, struggled** because their **operations teams are not only focused on selling** the product, **but they're also responsible for delivering** the product as well"

(Former Sales Director at a Mega Cap CPG Company, 2025)

"**PepsiCo's beverage service levels have been poor. There's been a lot of stock out issues.** The issue was so severe that we've had C-suite level discussions with the beverage leadership team, but they still haven't done anything about it"

(Current Top 20 Convenience Store Chain Senior Executive, 2025)

Why Has PBNA's Current Distribution Model Not Worked?

- **Bottling takes away mindshare from brand building**
  - *Brand managers are tasked with managing local execution, which is a fundamentally different job*
- **Bottling businesses are difficult to operate**
  - *Bottling businesses are highly dynamic, capital and operationally intensive businesses*
- **Beverage business is a local business**
  - *A vertically integrated structure makes it difficult to put the right product at the right price at the right outlet and occasion at the right time*

"An ultimate refranchising of the US bottling system will clearly unlock higher valuation over time…**as Coke brings in able partners to better manage local execution**"

(Morgan Stanley, 2013)

"With the benefit of hindsight, **it is clear to us that KO's decision to franchise its bottling operations provided a superior business model** for sustainable long-term growth… Without the burden of operating bottling facilities, **Coca-Cola could focus on branding, marketing, innovation, and 'premiumizing' beverage sales**"

(RBC, 2024)

Source: Equity Research. (1) ~75% of markets are vertically integrated and ~95% of revenue comes from company owned bottling operations.

Refranchising Would Help Unlock PBNA's Full Potential

There is a significant opportunity for PBNA to drive growth and margins through better execution

Opportunities for PBNA to Accelerate Growth Through Improved Local Execution…

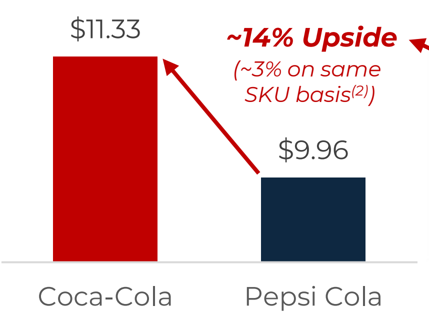
"**Bottlers perform two vital tasks…delivery of the product and local marketing.** Even the best and most creative image advertising (one of principal responsibilities of the soft drink companies) will not overcome poor execution at the retail level"
(Deutsche Bank, 2000)

"**Supported by Pepsi, PBG excelled in higher-margin channels – especially the convenience-and-gas channel**"
(HBS Case, Cola Wars Continue, 2006)

"A key competitive advantage for the Coke system is the power of the bottler network…You've seen **channel innovation and also regional innovation around flavors or pack sizes and even vessel types"**
(Former VP at a Bottling Company, 2025)

PBNA Has an Opportunity to Drive Further Price / Mix

Average Retail Selling Price per 192 Oz Across All Measured Channels[1]

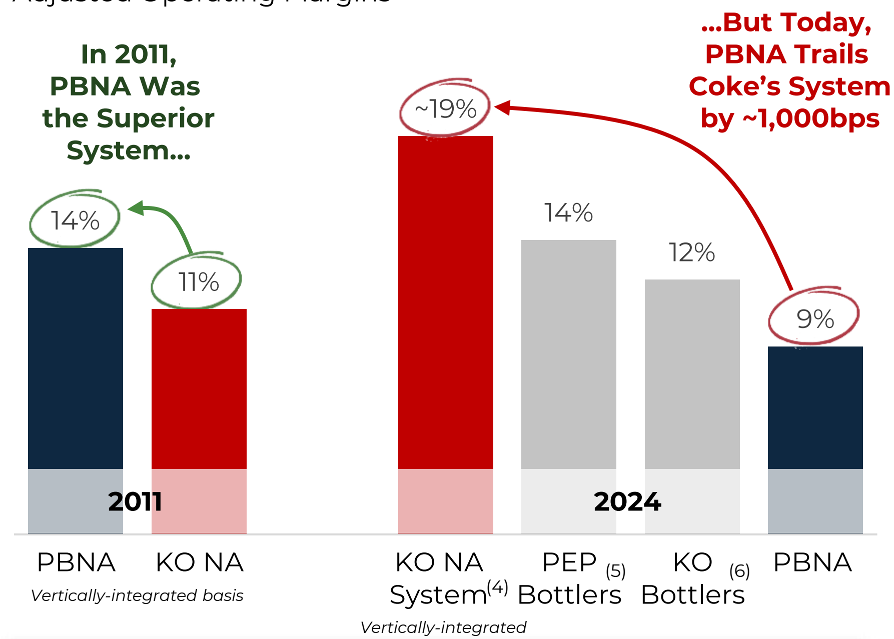


*Opportunities in **premium price packs** (e.g., mini cans and 20oz bottles) in **higher margin channels** (Away From Home like stadiums or convenience stores)*

…And Meaningfully Expand Margins by Returning to Operational Excellence

PBNA Has a ~1,000bps Margin Gap to KO NA System

Adjusted Operating Margins[3]



*While part of the ~1,000bps margin gap to KO NA system is driven by opportunities on the brand portfolio side, **we believe there is still significant near-term margin opportunities on the bottling side** as evidenced by PBNA margins being below even bottler margins[7]*

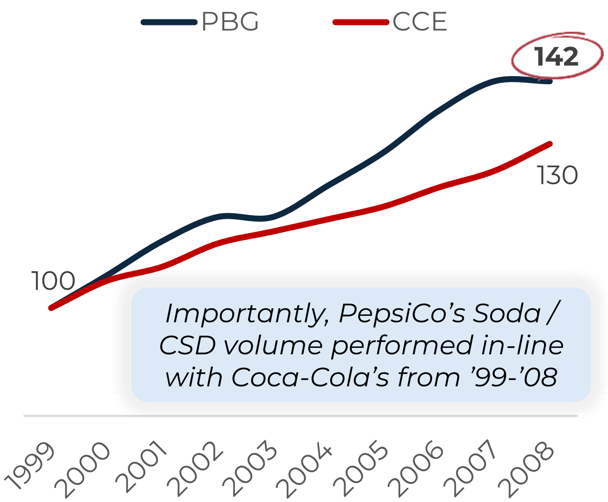
Source: Company Filings, Equity Research, Circana Group / Retail Tracking Service. (1) LTM MULO+C as per Circana. (2) For most same-sized SKUs, Coca-Cola is typically ~3% more expensive than Pepsi Cola. (3) Operating margins including corporate costs allocated based on revenue contribution. (4) Coca-Cola's vertically integrated margin estimates based on merging KO NA ConcentrateCo margin of ~24% and COKE BottlerCo margin of ~13% assuming concentrate expense is ~25% of BottlerCo Sales (in-line with historical precedents). (5) Includes Varun Beverages, Suntory Americas, Britvic. (6) Includes COKE, CCEP, Coca-Cola Hellenic. (7) Unlike PBNA, bottlers do not benefit from 25%+ margin Soda/CSD concentrate income.

Under the Refranchised Model, PBNA Outperformed Coca-Cola

From the time PepsiCo refranchised its bottlers in 1999 until it repurchased them in 2010, the PepsiCo system significantly outperformed the Coca-Cola system

The PepsiCo System Thrived Under the Concentrate-Bottler Model

PepsiCo BottlerCo Indexed Organic Revenue Growth



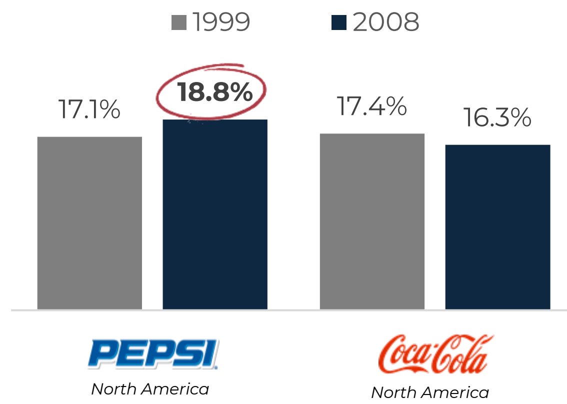
"Our mission is very simple…**We focus primarily on demand and [PBG] focuses primarily on execution.**"

(Gary Rodkin, PepsiCo President & CEO, 2002)

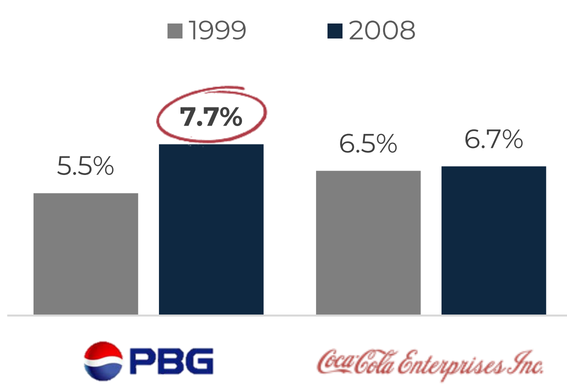
"**At PBG, we have really honed our pricing architecture as well as our strategies for managing mix…**"

(Harrald Kroeker, PBG Managing Director, 2002)

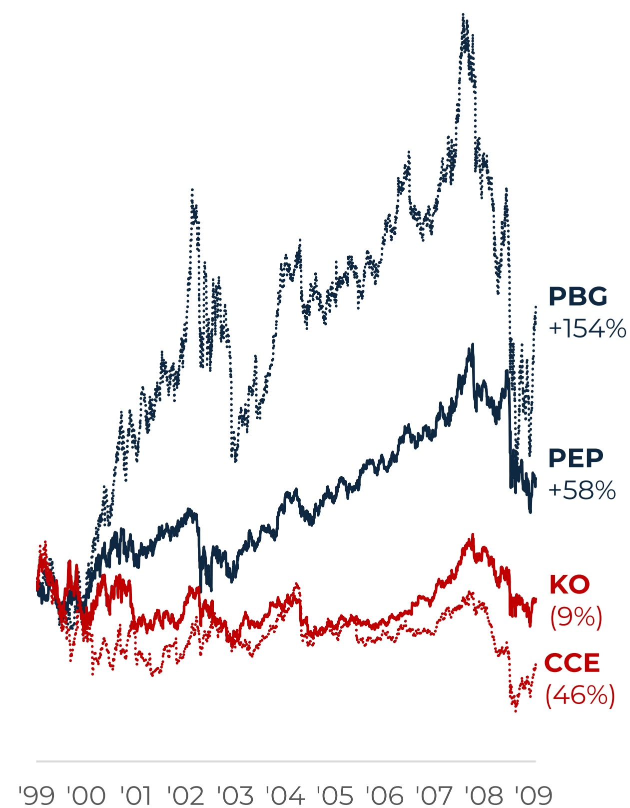
PepsiCo ConcentrateCo Margin[1]



PepsiCo BottlerCo Margin



Indexed TSR from PBG Spin-off to Repurchase Announcement[2]



Source: Company filings, HBS Case Study, Beverage Digest, CapIQ. (1) Includes corporate costs allocated based on revenue contribution. (2) From 3/31/99 (from PBG spin) to 4/17/09 (prior to announcing PBG / PAS acquisitions).

Refranchising Allowed Coca-Cola to Accelerate Its Performance

The Coca-Cola System's refranchising is a well-known case study in the power of focus and improved execution

The Benefits of Coca-Cola Refranchising Are Clear

Improved Focus

"**Lighter, stronger, more aligned.** Coke is quickly approaching the completion of the refranchising (expected by the end of 2017). It was the right thing to do, as **it ultimately allows Coke to focus on what it does best: building global brands in a franchise model**"

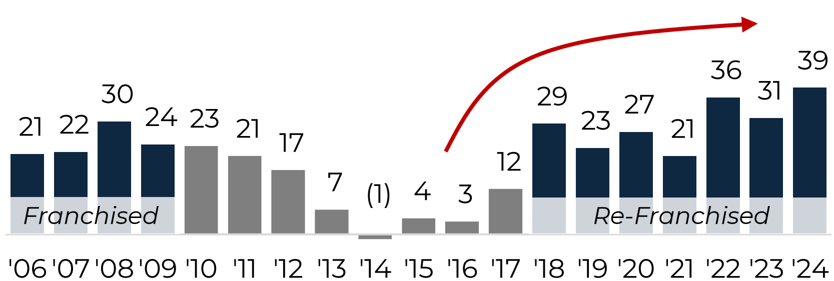
(Credit Suisse, 2017)

More Successful Brand Building

~25% KO EPS Growth Driven by Acquired Brands Since 2016

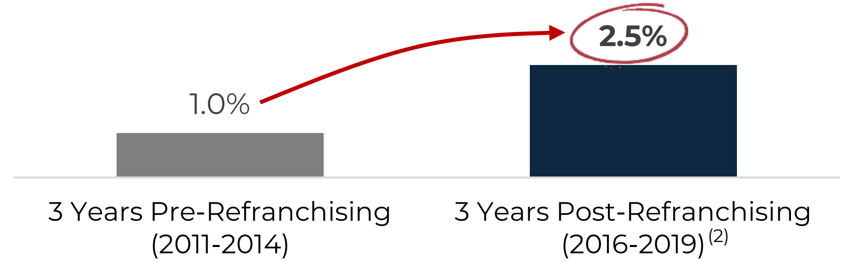
Superior Execution

Coke Zero YoY Change in Volume Share of Soda (bps)



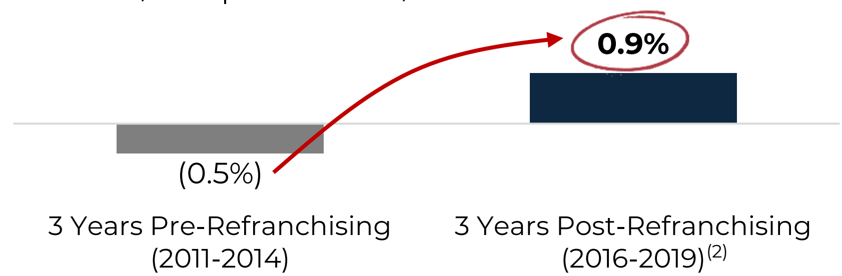
Accelerated Soda Volume Share...

KO vs. Soda Category ex-KO | 3-Year Volume CAGR[1]



...Which Drove Superior Price / Mix

KO vs. KDP / PEP | 3-Year Price / Mix CAGR[3]



"So we've refranchised the North American business portfolio, **the RGM** and the execution upgrade...They're growing faster than the industry. **They're gaining share and they're being innovative**. So when we bring together the brands, the RGM and the execution power, good things happen."

(Coca-Cola CEO, 2020)

Source: Company filings and equity research. Note: RGM refers to Revenue Growth Management. (1) Soda Volume as per Beverage Digest. (2) While refranchising was started in 2014 and completed in 2017, using 2016 as the base due to difficult comparability during COVID. (3) For KO, represents KO NA for 2011-2014 and COKE for 2016-2019 to make it a more like-for-like comparison.

Optimization & Refranchising to Help Fund Long-Term Growth

With a more focused brand portfolio and a rejuvenated bottling network, PepsiCo could deploy incremental savings towards innovation and marketing to accelerate long-term growth

PepsiCo Has an Opportunity to Reignite its Marketing and Innovation Engine

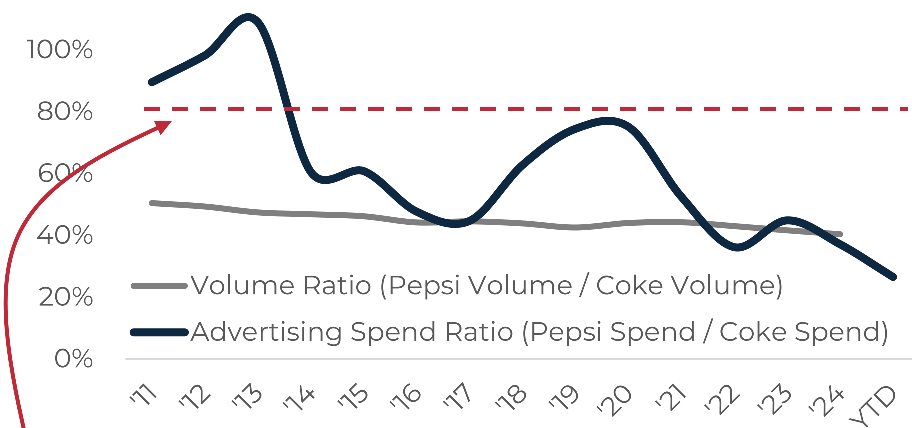
"**Part of PBNA's strategy involves 'optimizing advertising and marketing spend,' which we take to mean reducing it.** In contrast, Coke and KDP have made North American beverages a strategic priority and are generating strong results.

KO has successfully built on its leading beverage value-share through strong marketing and execution in key categories like sugar-free CSDs (with Coke Zero) and value-added dairy (with Fairlife). **KDP has launched highly successful marketing campaigns and flavor innovation behind its Dr. Pepper brand and leveraged partnerships with high-growth brands** like C4 and Electrolit.

(Cowen, 2024)

Opportunities for Marketing to Revitalize its Core

Pepsi Cola vs. Coke: Share of Market vs. Share of Voice[1]



"Pepsi Cola historically aimed for 80% index to Coke's marketing spend as the challenger brand, but this has come down significantly over the years. There simply hasn't been enough firepower for Pepsi to defend itself against Coke."

(Former Senior Vice President of a Mega Cap F&B Company, 2025)

Illustrative Opportunities Identified By Industry Experts

"Pepsi should do a one-time marketing push for Pepsi Zero, especially in foodservice to promote consumption. Pepsi Zero's fountain head penetration is still below 10%"

"Gatorade has been launching too many new flavors…they need to be focusing instead on pushing lower sugar options or functional extensions like nutrition or hydration"

"PepsiCo has to play a bigger role in protein. Either they need to revitalize Muscle Milk or they need to acquire up and coming brands"

"The prebiotics opportunity is large and Poppi is a great brand. PepsiCo needs to ensure that brands like Starry don't distract them from achieving Poppi's full potential"

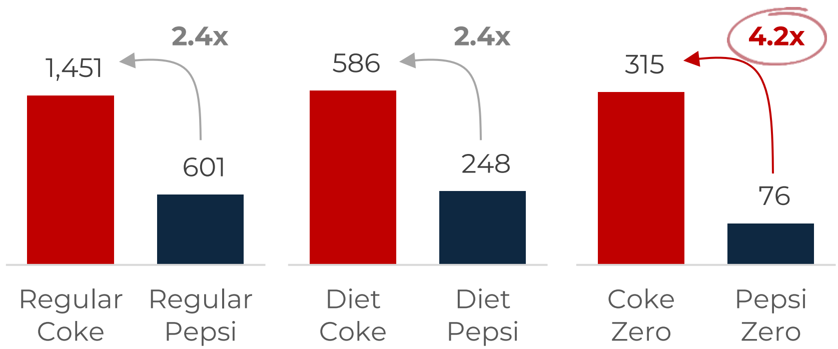
Source: Kantar Media, Beverage Digest, Equity Research. (1) Share of Voice based on Kantar Media.

PepsiCo Products are Worth Investing Behind

PepsiCo has proven its ability to win in the Zero category internationally even in Coke-dominated markets. We believe there is significant opportunity to drive more growth through investment in North America

In North America, Pepsi Zero Sugar Share Remains Undersized Relative to its Trademark Share

Coke vs. Pepsi Volume in U.S. (2024 / M 192oz Cases)



Opportunity to Turn the Tide

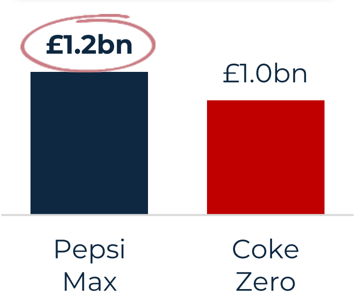
- While PepsiCo's missteps around Pepsi Max / One / Next from the early 2010's have delayed entry into Zero Sugar, Pepsi Zero Sugar in the U.S. is still growing at a ~20% CAGR
- We believe there is an opportunity to further build on the momentum in a growing market within Soda, including one-time marketing or innovation projects

"Restaurant is where people try out new products. Pepsi Zero needs to work with some of the restaurants such as Little Caesars to get people to try Pepsi Zero more." (Industry Expert, 2025)

Pepsi's Products Have Demonstrated its Right to Win Internationally, Even in Coke-Dominated Markets

Pepsi Max in the UK

UK Retail Sales[(1)]

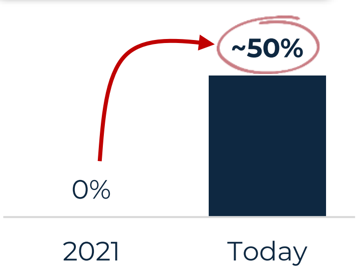


Winning the zero sugar war through consistent execution

- Pepsi Max is the #1 UK zero-sugar cola with ~30% share in UK cola market
- Distributed through Britvic, Pepsi Max has gained almost ~20 points of cola market share in the last decade

Pepsi Zero Sugar in South Korea

Pepsi Zero: Zero Cola Share in Korea[(2)]



Disrupting a Coke market

- Despite Trademark Coke being ~4x larger than Trademark Pepsi, Pepsi Zero has gained substantial share in the faster growing zero sugar category
- Distributed through Lotte Chilsung Beverages, Pepsi Zero has successfully leveraged K-pop marketing recently

Source: Company filings, Beverage Digest, NIQ (Retail Measurement Services, Total US AOC+C and NIQ European Data), Equity Research. (1) Based on NIQ – Grocery multiples, Convenience & impulse, Foodservice & Licensed venues as of 2024YE. (2) Based on NIQ retail sales share. Represents last 52-week market share.

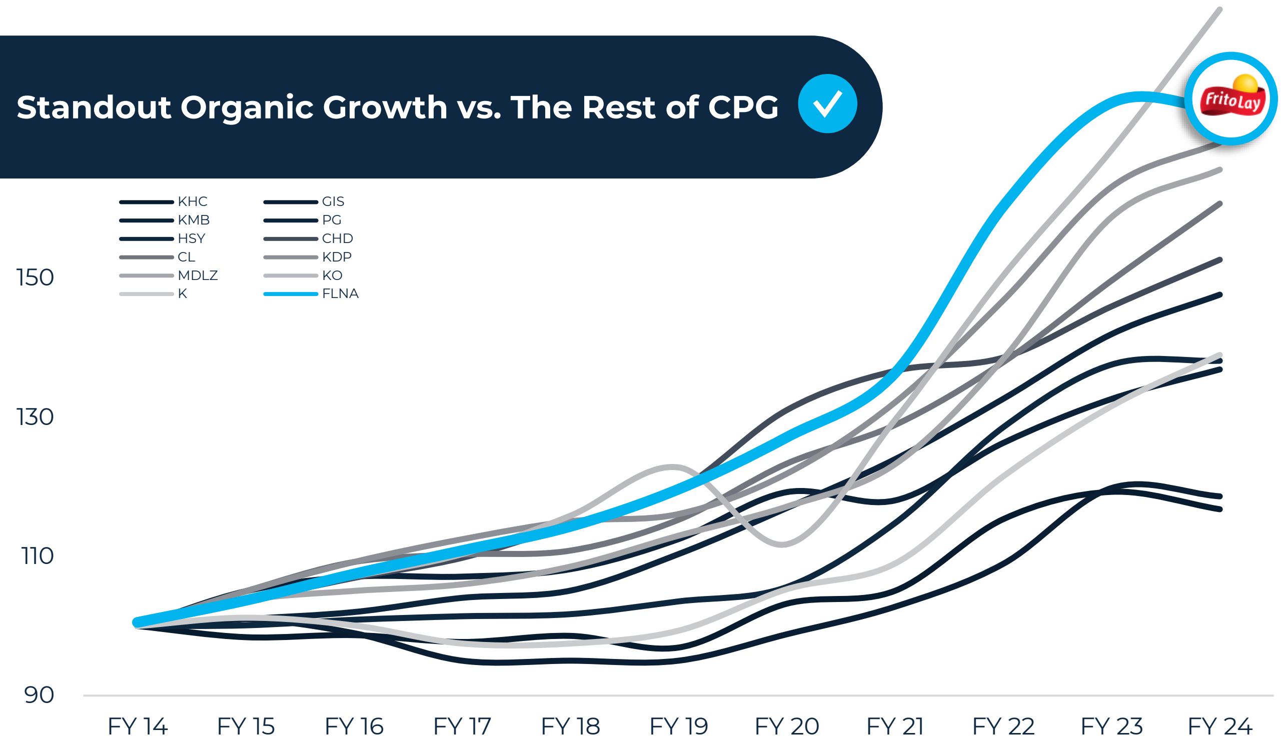
PEPSICO FOODS NORTH AMERICA

Frito-Lay is One of the Most Attractive Assets in CPG

FLNA is one of the premier assets in U.S. CPG as its impressive market positioning, iconic brands and unmatched distribution has resulted in near best-in-class organic growth

FLNA Indexed Organic Growth vs. All CPG Peers ***(Food, Beverage, HPC)***

Standout Organic Growth vs. The Rest of CPG



Why FLNA is Special

- **Unmatched scale in highly attractive category**
- **Iconic brands with deep consumer loyalty**
- **Best-in-class distribution through DSD[(1)] system**
- **Key partner for retailers resulting in leading shelf space**

"FLNA dominates the savory snacks category with an overall c40% market share and strength in the two largest sub-categories where it has held a 50-60% share for decades.

The strength of FLNA's brands and their pervasive distribution, underpinned by a DSD system and strong relationships with customers, makes it very difficult for competitors to win market share"

(Redburn, 2022)

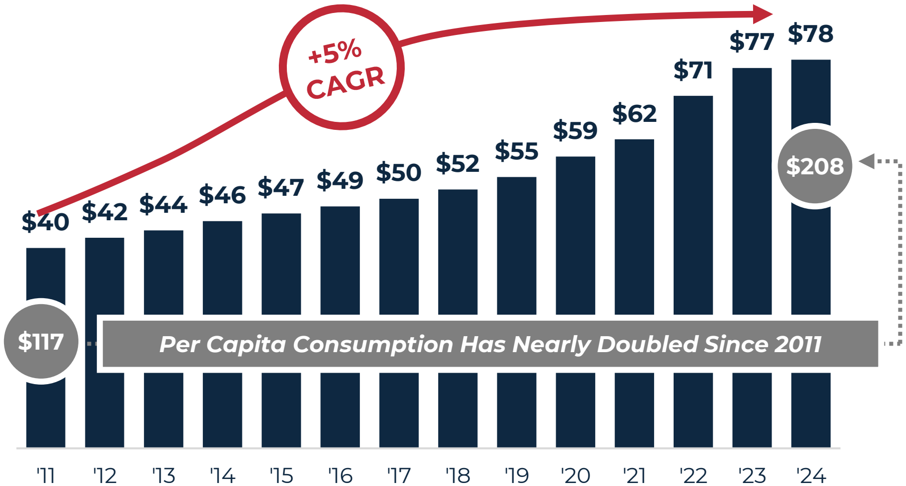
Source: Public Filings, Equity Research. Note: Indexed organic growth considers FLNA organic growth vs. broader peer group from Fiscal Year 2014 to Fiscal Year 2024. This peer set refers to the identified peer set for PepsiCo which will be referenced throughout the rest of the materials. This group includes large-cap US-based CPG companies - food, beverage and HPC - with over $20bn in market capitalization: CHD, CL, GIS, HSY, K, KDP, KHC, KMB, KO, KVUE, MDLZ, MNST, PG. Chart does not include KVUE for this analysis given lack of 10-year organic growth history as public company. Due to scaling, does not include MNST which would be >300 on the chart vs. the rest of peers at <200. (1) DSD stands for direct store delivery system. This refers to a distribution model where the manufacturer delivers products directly to the retail store instead of shipping to a retailer's central warehouse or distribution center.

With a Clear Market-Leading Position in an Attractive Category

FLNA operates powerhouse brands with leading positions in a large, highly attractive category - all reinforced by the unmatched scale of its DSD system

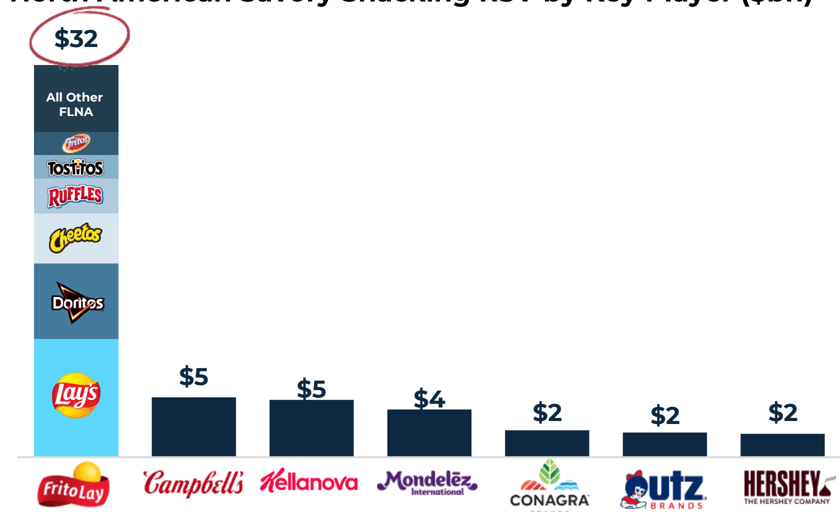
Salty Snacks is a Large and Attractive Industry

North American Savory Snacking RSV ($bn)



FLNA is a >$30bn RSV Business With Standalone Brands that Outscale its Competitors

North American Savory Snacking RSV by Key Player ($bn)(1)



One of its Key Competitive Advantages is its DSD System

"Frito-Lay North America's distinctive route to market also supports its innovation program and creates material barriers to entry for would-be disruptors. **The company's DSD system allows new products to rapidly achieve market penetration,** particularly as these unproven items don't require retailers to take material inventory risk as they are delivered directly from the manufacturer.

With their high velocity and low inventory costs, FLNA brands generate significant cash flow for retailers… Importantly, while **FLNA's DSD system and dominant relative market share positions create these barriers to entry they also provide a better route to market for supporting its own innovation platforms and perspective from which to see emerging consumer trends**"

(Barclays, 2017)

Source: Public Filings, Euromonitor International Limited 2025 © All rights reserved. Note: Represents Euromonitor estimates through 2024 assuming fixed 2024 FX rates. (1) Per Euromonitor. Chart depicts public company peer savory snack retail sales estimates for 2024 and the chart does not show private companies (e.g. Link Snacks, who has ~$2.6bn in savory snack RSV per Euromonitor) or private label (which is ~$8.5bn savory snack RSV per Euromonitor).

Substantially Increased Growth Investment Was Understandable

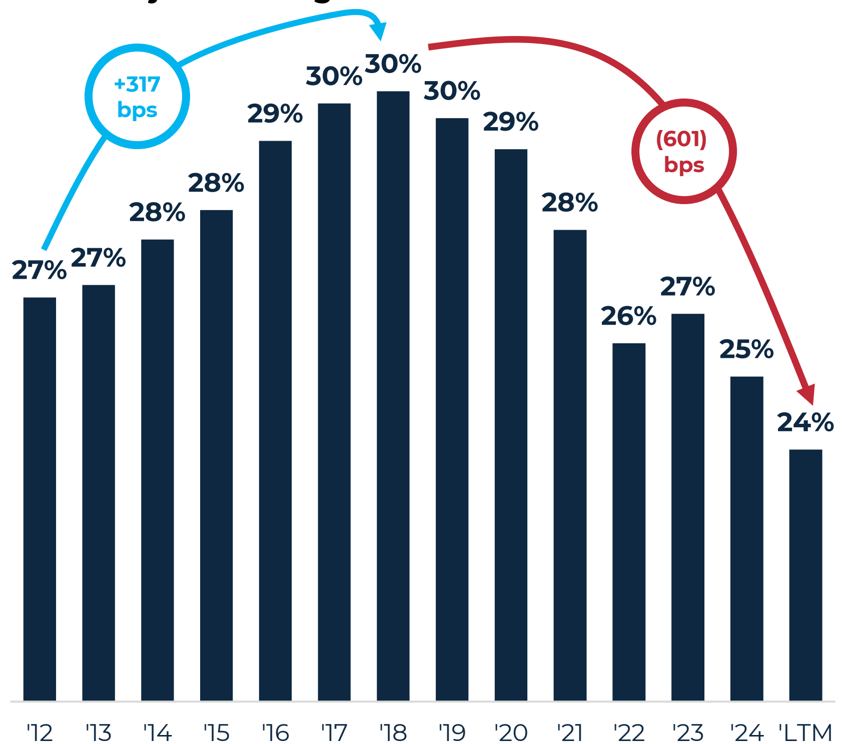
Given the segment's strong history, PepsiCo's decision to rapidly scale up investment initially made sense

"Let me start with Frito. Listen, **Frito is probably one of the, I would say, best consumer companies in the world**, I would say, and we continue to find ways to transform ourselves, both on the portfolio and on the capabilities and infrastructure of the business…

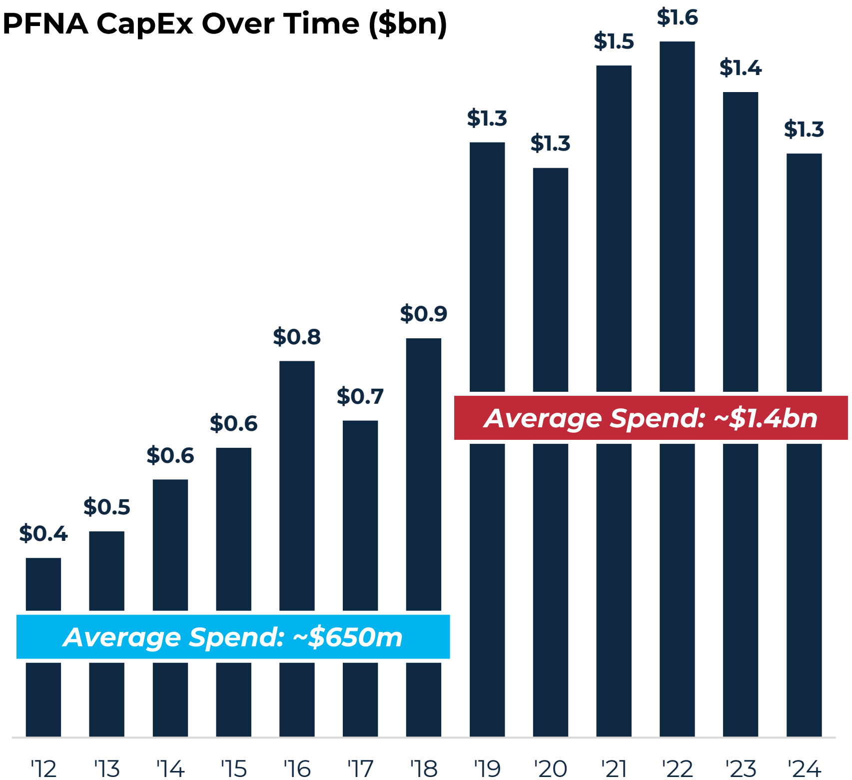
So the growth opportunities for Frito are multiple. I think the team has done a great job in keeping a very healthy core, our Doritos, Cheetos, Lay's, Ruffles, Tostitos brands are growing very healthily…and build additional brands that cover new spaces, either cohorts or day parts. So we see a very strong growth model from the brand perspective, from the channel perspective. **And what we're trying to do is make sure Frito gets - is well-funded to go after all these opportunities, grow from the P&L and from the CapEx point of view, because the ROIC on those investments is unbeatable.**"

(PepsiCo CEO, Q4 2018 Earnings Call)

PFNA Adj. EBIT Margins Over Time



PFNA CapEx Over Time ($bn)

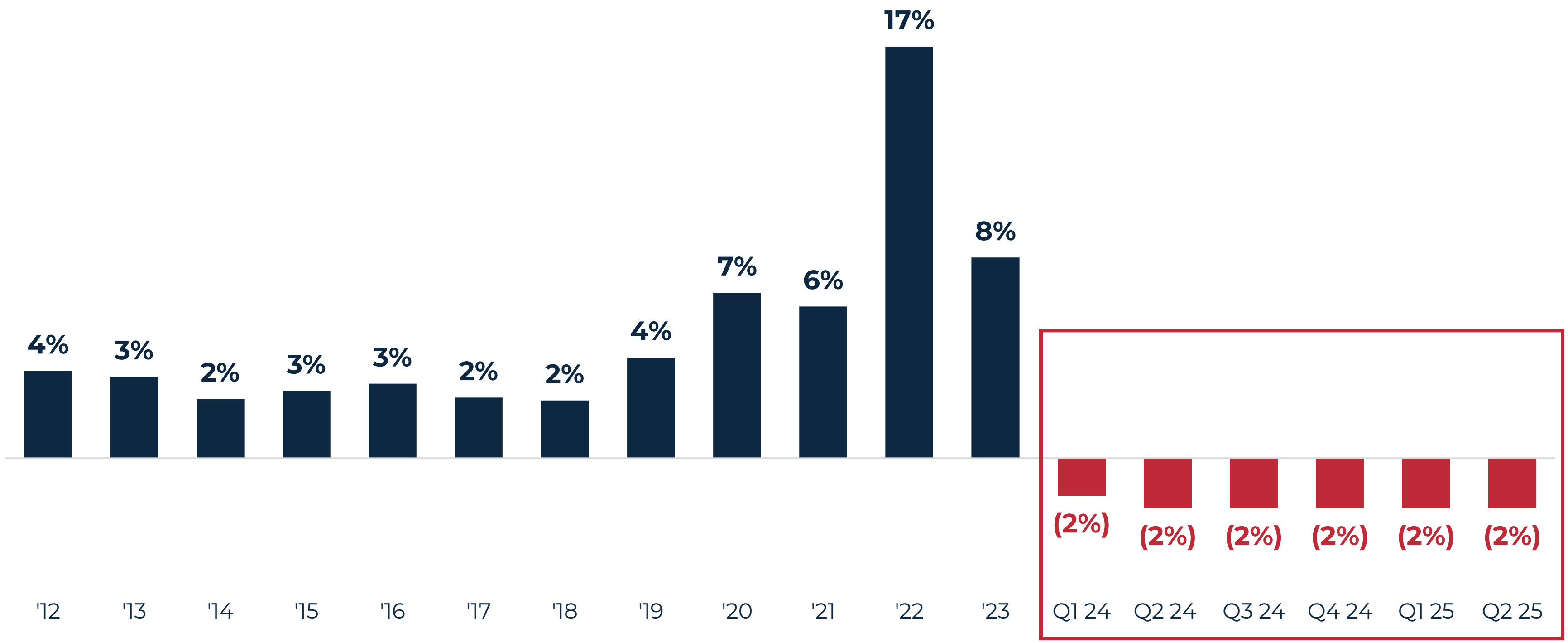


Source: Public Filings, Equity Research.

But the Environment Has Meaningfully Changed

Growth in the salty snacks category and across the PFNA portfolio has slowed significantly, leading to a vastly different growth picture today than what was anticipated when the initial spend was planned

Total PFNA Organic Growth



"We've regarded Mr. Laguarta's tenure as being **defined by a growth-oriented mindset given he took the helm with a belief that FLNA could grow more in the +4-5% range (vs. +3% pre-pandemic)**.

That view was manifest in significant reinvestment into the division to reduce bottlenecks and create a footprint sufficient for accelerated growth ahead, which we think served the business well over the pandemic-induced surge**. But we can't help but wonder if there are now growing pains – or rather, 'stagnating pains'**…"

(Barclays, 2025)

Source: Public Filings, Equity Research.

Opportunity to Optimize and Reaccelerate PFNA

Given PFNA's significant deceleration in top-line growth, it is the right time to realign the cost base and optimize the portfolio and then use the incremental proceeds from these actions to reinvest to drive long-term growth

Proposed Plan to Drive Accelerated Top-Line and Bottom-Line Growth in PFNA

Realign the Cost Base

Right-size the organization after years of significant investment to align with the current demand environment

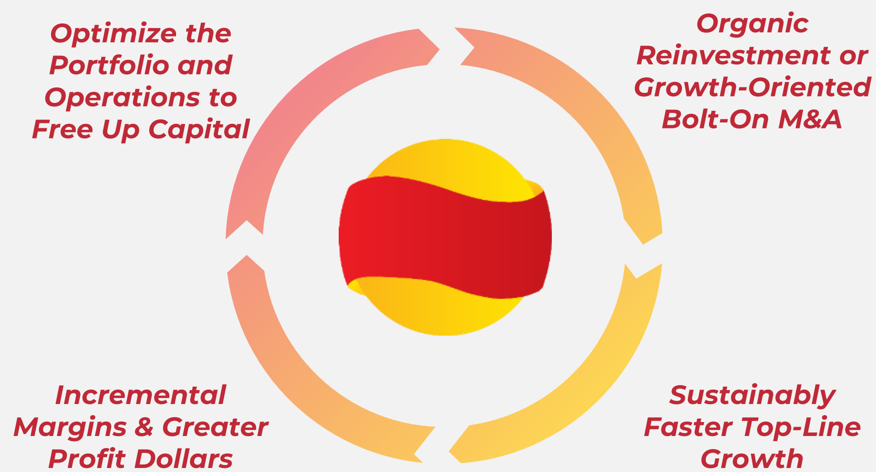
Optimize the Portfolio

Streamline the portfolio by selling non-core assets that have either weighed on growth and/or margins, or serve as a distraction

Reinvest to Drive Long-Term Growth

Utilize the proceeds from right-sizing the cost base and streamlining the portfolio to reinvest into PFNA to reaccelerate growth. This capital can be deployed into growth areas – both organic and inorganic – to position PFNA to reclaim its historic growth and margin profile

We believe that these actions will help to reinvigorate PFNA's growth flywheel



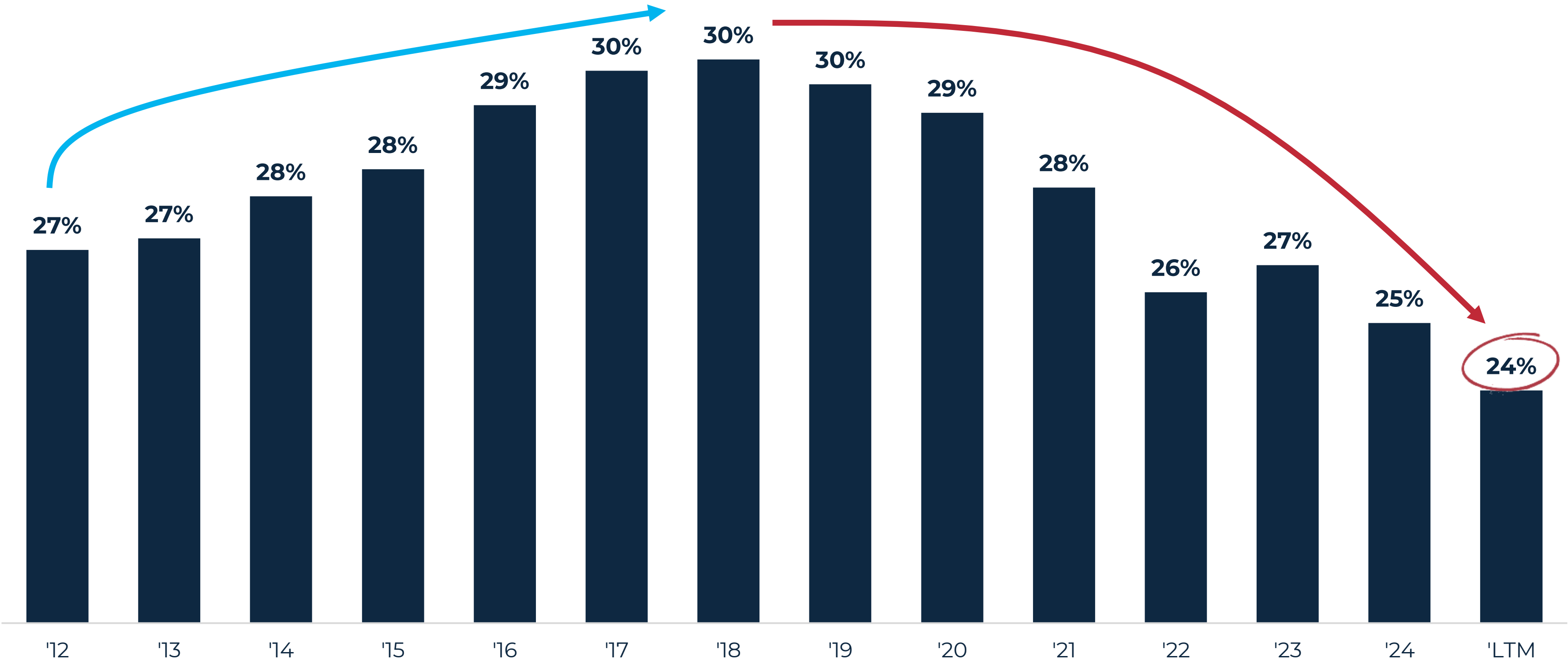
"**The virtuous circle of driving top line growth, focusing on productivity, taking the benefit from that, investing some back into the company to keep the virtuous circle going**, putting the rest to the bottom line, is what's kept this Frito-Lay business going"

(Former PepsiCo CEO, Indra Nooyi, 2013)

Margins Have Significantly Deteriorated

In recent years excessive spending combined with slowing growth has led to notable margin compression in PFNA

PFNA Adj. Operating Margins Over Time



"**Operating de-leverage has consumed Frito.** Frito-Lay (since combined with Quaker to form PepsiCo Foods NA) had achieved mythical status in Staples: organic sales +MSD (volume +LSD), with op margin 30%+...a rarity in CPG. Times have changed. Volume has certainly been soft...

But, it is margins which have become esp. unhinged: PFNA pro forma OM%-430bps since 2019, with underlying profit down DD on LSD vol declines past 2 qtrs...What became clear to us was PEP invested far ahead of its underlying profit business (future growth)"

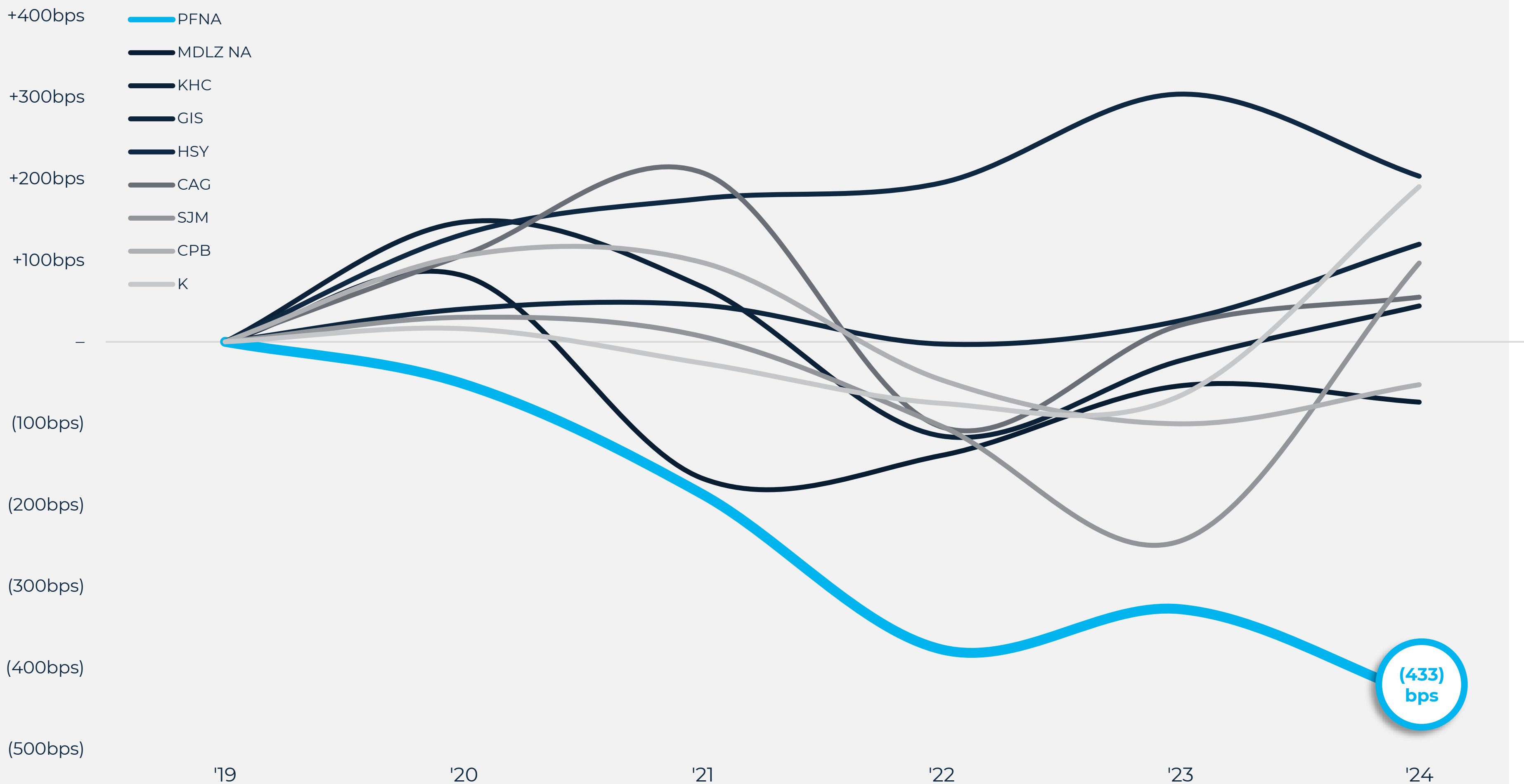
(Wells Fargo, 2025)

Source: Public Filings, Equity Research.

Compared to Peers, PFNA's Margin Performance is a Negative Outlier…

While the past few years have certainly been challenging for all packaged food companies, the level of margin erosion in PFNA has been of a truly unique magnitude

Cumulative Change in Adj. Operating Margins Over the Past Five Years
(in bps)

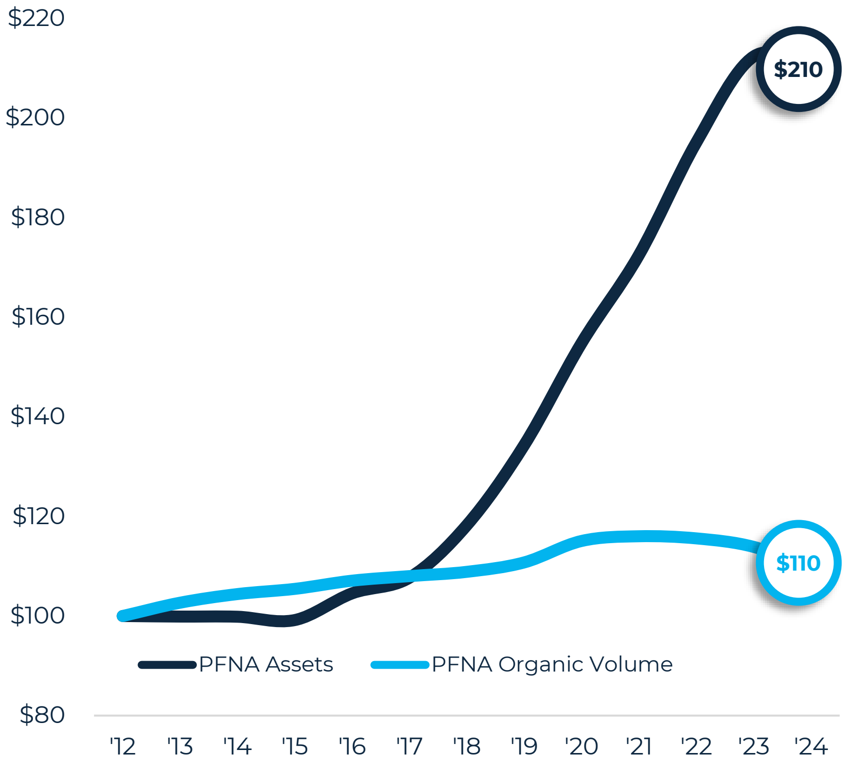


Source: Public Filings. Includes U.S. publicly traded packaged food players with roughly $10bn market capitalizations or greater. Each name is WholeCo besides Mondelez, which is just the North American segment. Represents cumulative change in adj. operating margin from Fiscal Year 2019 to Fiscal Year 2024.

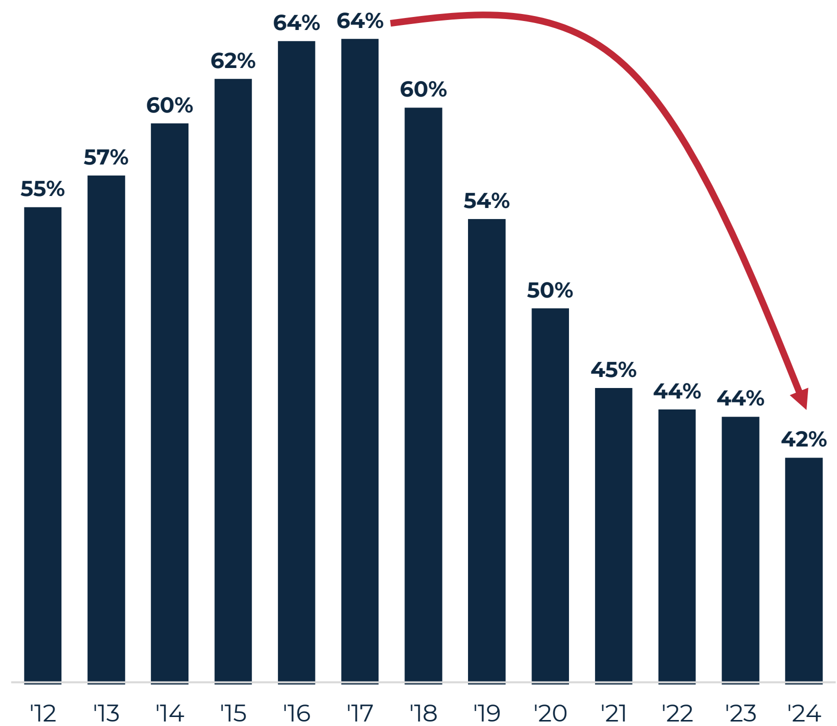
…And There Has Been a Stark Erosion in Returns

PepsiCo expected these investments to yield high return on invested capital, but volume growth has failed to materialize, leading to poor efficiency and returns

PFNA | Indexed Asset and Organic Volume Growth[1]



PFNA Estimated Return on Assets[1,2]



"Put simply, Pepsi has grown FLNA's employee and asset base far faster than the underlying financials…"

(Wells Fargo, 2025)

"**We believe PEP has ample room to accelerate productivity (likely through some degree of North America restructuring)**… [and] reduce extraneous/experimental initiative spending of the past several years."

(Deutsche Bank, 2025)

Source: Public Filings, Equity Research. (1) PFNA assets reported (QFNA and FLNA) through 2023; 2024 estimated PFNA asset base assumes ~13% of PepsiCo's total assets, consistent with 2022-2023 levels. (2) Estimated Return on Spend is calculated as Segment Adj. EBIT × (1 – 21% tax rate) ÷ Segment Assets. Assumes 21% US federal statutory tax rate is applied for all periods.

Now is the Time to Act Quickly and Decisively

Margin pressure and declining returns underscore the need to realign costs with the demand environment; We agree with the Company's recent initiatives, but expect more clarity, new targets and follow-through

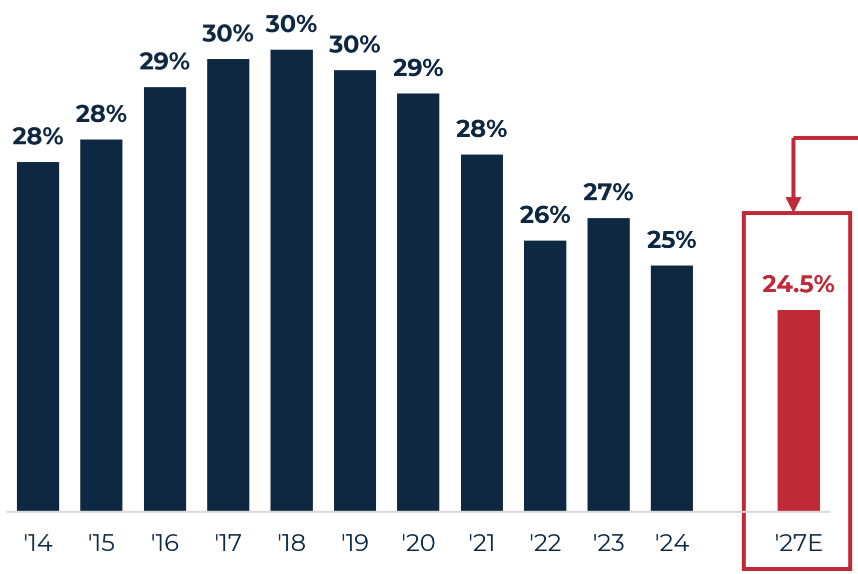
The Company's Recent Initiatives on Cost Are a Welcome First Step...

"In the second half we're expecting to deliver about 70% more productivity than we delivered in the first half. Now that's across the entire enterprise. **But given the size of Frito in the portfolio and the particular need to rightsize the assets and some of the other fixed costs, it skews more to Frito delivering that stepped up productivity**. What we're going after, I think we've mentioned in the past, we've closed two plants...

...So we're being very intentional about this. Within our other manufacturing plants, **we've shuttered some lines**, but we can bring those back into service when volume returns. And then we're rightsizing the workforce. And over time, you can flex the workforce up and down depending on the volume growth"

(PepsiCo CFO, Q2 2025 Earnings Call)

PFNA Margins vs. 2027E Consensus Outlook[1]



...But More Must Be Done, With Greater Clarity

*PFNA is taking actions to improve its cost structure, yet Consensus bakes in zero improvement as 2027 margins are expected to be **slightly below 2024 levels***

Therefore, We Believe That PFNA Must Lay out a Detailed Multi-Year Roadmap

1. **Outline specific cost measures that will be taken**
2. **Clearly articulate reinvestment commitments**
3. **Provide medium-term segment margin target**

Source: Public Filings, Equity Research. (1) Per Visible Alpha Consensus and does not include unallocated corporate costs.

PFNA Should Also Evaluate Potential Brands for Divestiture

PepsiCo entered the breakfast and meal accompaniment categories with the 2001 acquisition of Quaker. While this transaction was a success as it brought Gatorade to PepsiCo, there are few, if any, synergies between the Quaker foods portfolio and Frito-Lay; it's time to focus on PFNA's core strengths in salty snacking

PepsiCo Can Sell Non-Core Assets That Have Either Weighed on Growth and/or Margins, or Serve as a Distraction

"**We believe that food companies with focused portfolios and category leadership have a better chance of long-term success** than diversified companies trying to leverage operating and marketing capabilities across a wide range of categories"

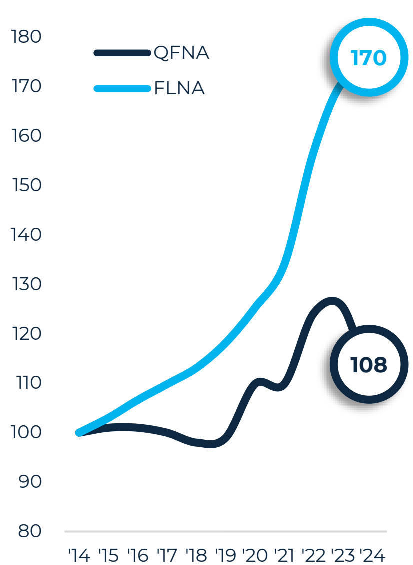
(Cowen, 2025)

PFNA Should Consider Selling Some or All Brands That Don't Fit

Brands Acquired from Quaker ("QFNA") Have Lagged

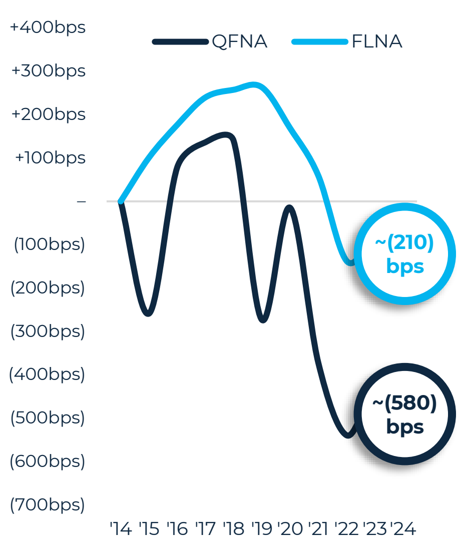
Quaker vs. Frito-Lay

(Indexed Organic Growth '14-'24)



Quaker vs. Frito-Lay

(Cumulative Change in Adj. EBIT Margin)



It's Time to Evaluate Whether These Brands Still Belong

Potential Brands to Review (All Acquired via Quaker)

Rice & Pasta | Mixes & Syrups | Cereals | Quaker Brands

- ✓ These categories have **different operating characteristics** relative to salty snacks (e.g., lower velocity, less impulse, different competitive set)
- ✓ Exiting these brands allows PFNA to **concentrate on areas where it has true competitive advantage**, and position the portfolio for faster growth

"Finally, we pose the question **about the role that Quaker plays in the PepsiCo Portfolio**...While Quaker was critical to building the breakfast occasion, **without Tropicana, we believe Quaker is likely of less strategic interest with fewer commercial synergies."**

(Guggenheim, 2021)

Source: Public Filings, Equity Research.

These Actions Will Free Up Capital For Reinvestment

By right-sizing costs and shedding non-core assets, PFNA can unlock capital to reinvest both organically and inorganically to fuel long-term growth

We Believe That There is an Exciting Case For Reinvestment in PFNA

Right-Sizing the Cost Base and Streamlining the Portfolio Will Free Up Significant Capital for PFNA To Deploy for Reinvestment

Organic Reinvestment

Fuel the Core

Double down on PFNA's biggest, most important brands and ensure that they are positioned to reaccelerate growth and reinforce portfolio leadership

Win in Value

Strengthen consumer affordability efforts by sharpening revenue-growth-management levers and scaling value brands, delivering affordability without sacrificing growth

Targeted Expansion

Drive thoughtful innovation and invest behind high-growth adjacencies, capturing momentum in the fastest-growing segments of snacking

Inorganic Reinvestment

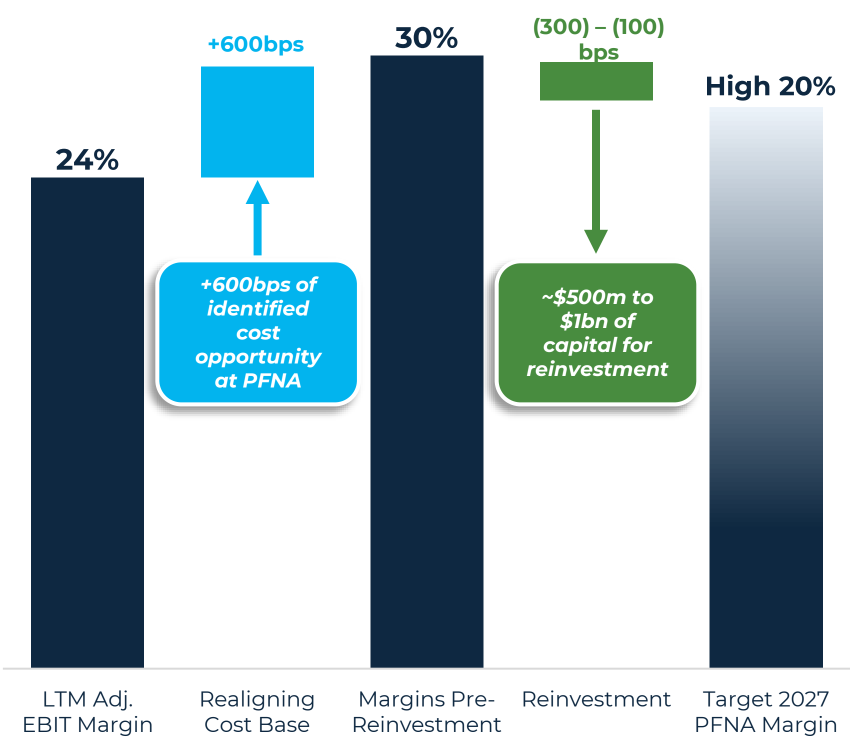
Accretive Bolt-On M&A

Pursue strategic bolt-on M&A in high-growth subcategories, securing PFNA's position in the most attractive corners of snacking

Investment Discipline Creates Room to Reinvest in Growth

By realigning its cost base and resetting capital expenditures, PFNA can unlock significant cash flow to fuel organic and inorganic growth

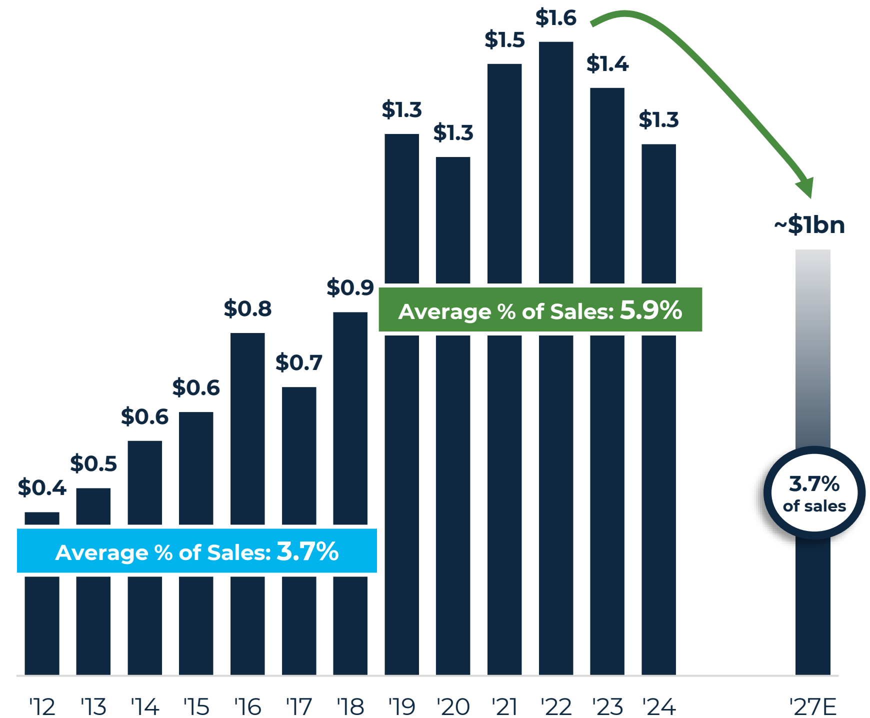
Illustrative PFNA Margin Bridge



Opportunity to return to EBIT margins in the high-20's, while also greatly increasing investment spending

PFNA CapEx Over Time

$ in bn



Opportunity to save hundreds of millions of dollars by returning capex intensity to historical levels

We believe that PFNA can self-fund reinvestment through realignment of its operating and capital spending with the current volume reality, freeing up an incremental $1.0bn to $1.5bn *per year*

Source: Public Filings, Equity Research. Note: Assumes 2027E margin and reinvestment savings are based on 2027E PFNA revenue estimates from Visible Alpha Consensus ($28.6bn).

Now Is the Time To Reinvest as the Category Backdrop Improves

The salty snacks category remains one of the most attractive in CPG and has recently returned to growth outside of FLNA. This provides an ideal opportunity for FLNA to take back share through decisive execution and focused reinvestment

"Energy Drinks Made a Comeback. Can Salty Snacks Do the Same? There's a path forward and it's clearer now. Energy drinks turned things around by addressing their weaknesses directly. Salty snacks are doing the same.

PepsiCo is moving in the right direction: value packs, cleaner labels, and BFY options are all in play…"

(Jefferies, 2025)

Salty Snacks Remains a Highly Attractive Category and is Seeing Improving Trends

Highly Relevant Category for Retail Customers

"Salty snacks are one of the fastest rotating products with shoppers visiting stores ~40x per year to restock their pantries. **This drives consumer traffic which benefits sales of the store owner's other categories**"

(Redburn, 2022)

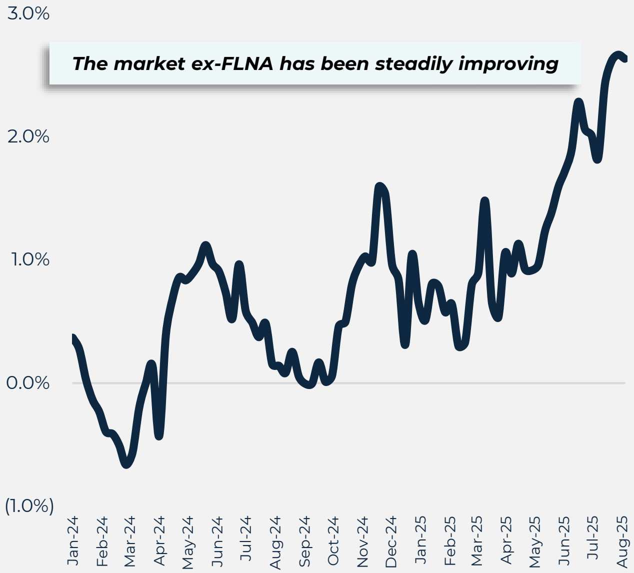
"Salty snacks will continue to have strong shelf space. **High frequency, increased basket size, strong margins (30 or 40% vs. other grocery at 10%)** and consumer demand will make it a priority"

(Grocery Executive, 2025)

The Category Ex-FLNA is Growing LSD and Showing Signs Of Improvement Throughout the Year

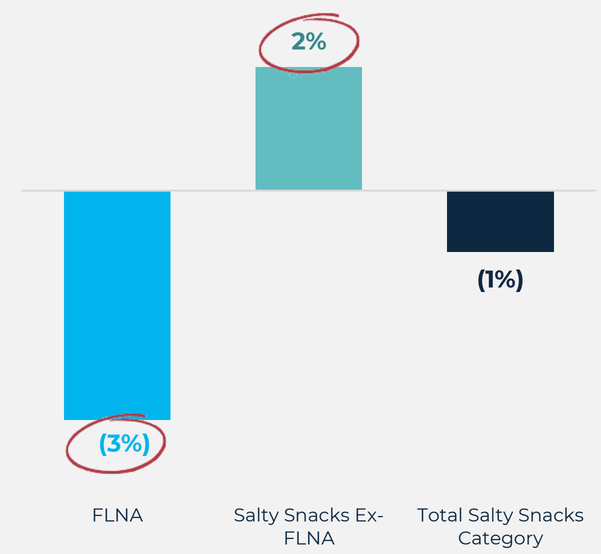
Retail Sales | Salty Snacks Ex-FLNA Growth(1)

All Channels, Rolling 12-Week Y/Y % Growth



Retail Sales | Ex-FLNA vs. FLNA(2)

All Channels, YTD % Change Y/Y



Source: Public Filings, Equity Research, NIQ. (1) Per NIQ, Retail Measurement Services; Total US xAOC+C; Salty Snacks; $ % y/y Change, Rolling 12-Week Through August 2025. FLNA is represented by NIQ Salty Snacks Owned by PepsiCo. Salty Snacks Ex-FLNA represents Salty Snacks Super Category Less Salty Snacks Owned by PepsiCo. (2) Per NIQ, Retail Measurement Services; Total US xAOC+C; Salty Snacks; $ % y/y Change, YTD Performance Through August 2025 Relative to YTD Performance Through August 2024. FLNA is represented by NIQ Salty Snacks Owned by PepsiCo. Salty Snacks Ex-FLNA represents Salty Snacks Super Category Less Salty Snacks Owned by PepsiCo

There is A Compelling Case for Organic Reinvestment…

As the category backdrop improves, PFNA will be well-positioned to unlock growth through organic reinvestment; Management is already signaling promising opportunities ahead

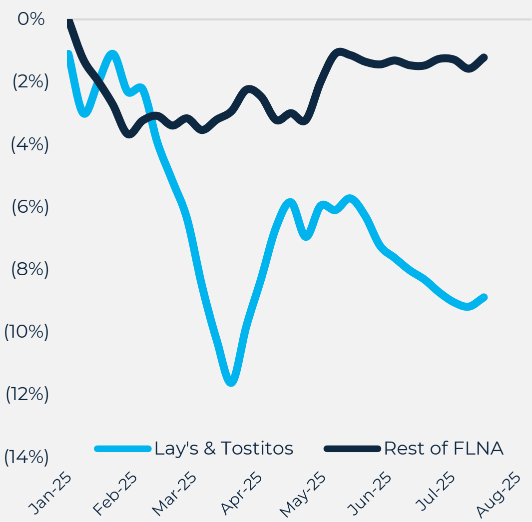
PFNA is Already Signaling Promising Avenues for Organic Reinvestment

Fuel the Core

FLNA's decision to re-launch Lay's and Tostitos is timely and strategic; These two brands have dragged on overall FLNA performance (which has been stable and improving), and the re-launch is a way to reinvigorate these iconic brands

Lay's & Tostitos RSV vs. Rest of FLNA[1]

All Channels, Rolling 4-Week Y/Y Growth

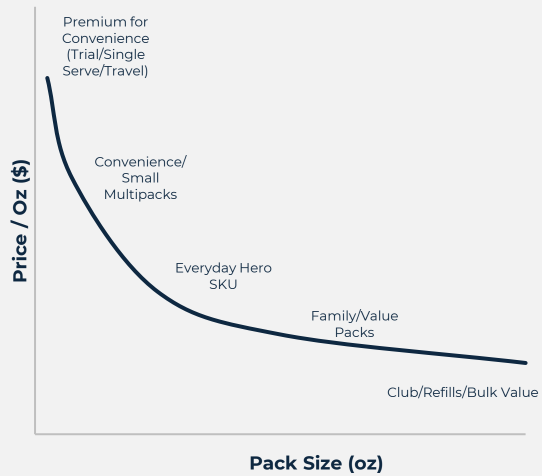


Win in Value

In a tougher consumer environment, FLNA must win in value; Success will come from sharpening price pack architecture, leveraging revenue growth management and scaling value brands to keep affordability front and center

Illustrative Price Slope

Price Pack Architecture

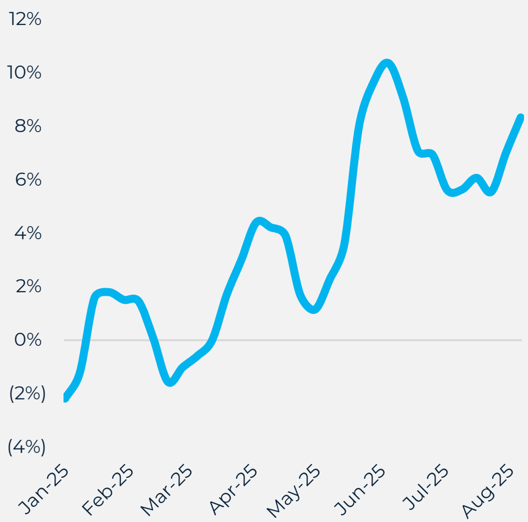


Thoughtful Expansion

Permissible is already a $2bn growth engine outpacing the rest of the portfolio and FLNA should keep leaning in; Other promising areas include protein or line extensions for brands like Doritos or Cheetos

FLNA Permissible RSV Growth[2]

All Channels, Rolling 4-Week Y/Y Growth



Source: Public Filings, Equity Research, NIQ. (1) Per NIQ, Retail Measurement Services; Total US xAOC+C; Salty Snacks; $ % y/y Change, Rolling 4-Week Through August 2025. FLNA is represented by NIQ Salty Snacks Owned by PepsiCo. Chart Shows Lay's & Tostitos performance relative to the remainder of PepsiCo Salty Snacks portfolio. (2) Per NIQ, Retail Measurement Services; Total US xAOC+C; Salty Snacks; $ % y/y Change, Rolling 4-Week Through August 2025. Chart shows illustrative Permissible portfolio which includes Sunchips, Smartfood, PopCorners, Siete, Stacy's and Simply.

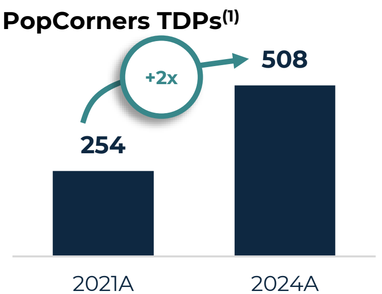
…As Well As For Accretive, Bolt-On M&A

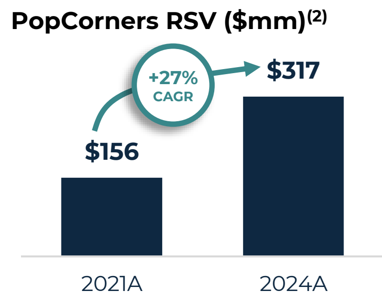
Capital unlocked from non-core asset divestitures and brand rationalization can be redeployed into attractive bolt-on M&A, positioning FLNA for sustained growth

We Believe That There is a Compelling Opportunity To Augment Organic Reinvestment with Bolt-On M&A

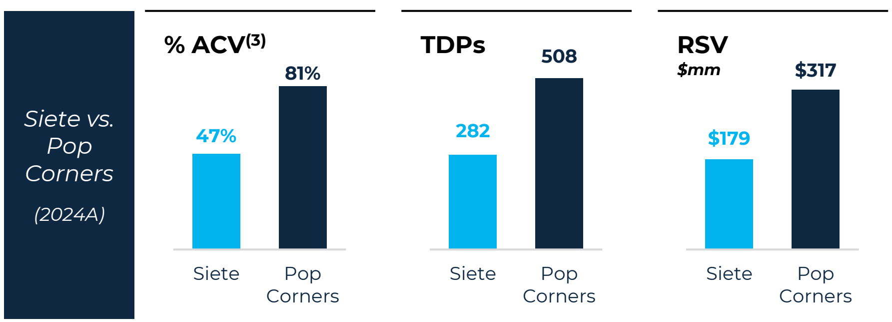
FLNA Has a Unique Playbook for Tuck-In M&A

PepsiCo acquired PopCorners in 2019 and has been able to grow distribution and revenue at a highly attractive pace



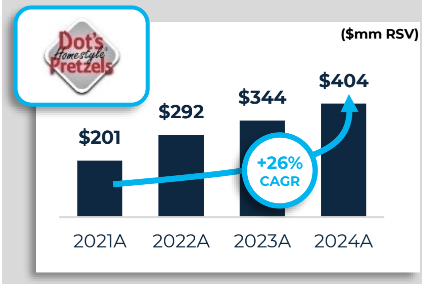


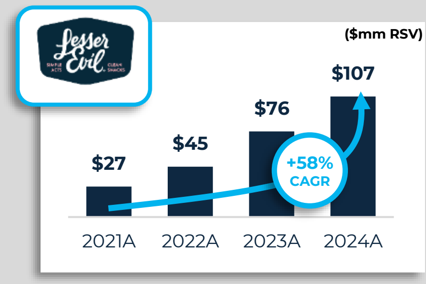
With Siete at a similar stage as PopCorners only a few years ago, FLNA has a clear opportunity to run the same growth playbook and scale the brand rapidly given the notable distribution potential



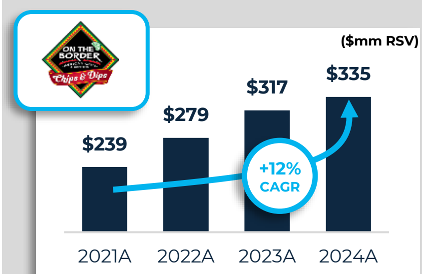
Peers Are Also Finding Success in this Strategy

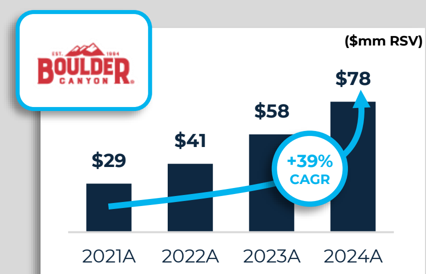
HERSHEY
THE HERSHEY COMPANY





Utz BRANDS





With unrivaled scale and the power of its DSD network, FLNA is uniquely positioned to turn tuck-in M&A into outsized growth

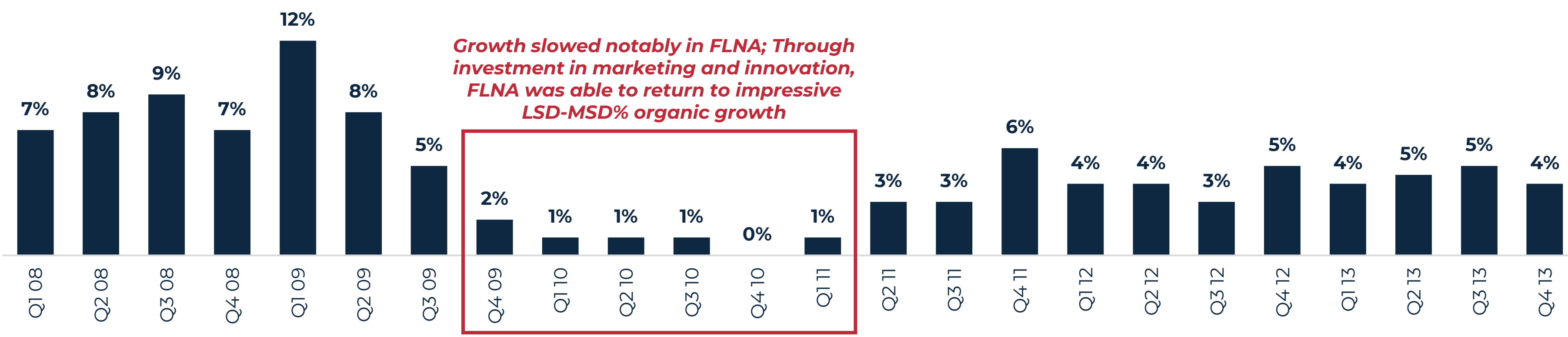
Source: Public Filings, Equity Research, NIQ. (1) TDP per NIQ. Per NIQ, Retail Measurement Services; Total US xAOC+C; Salty Snacks, TDPs Total, Annual Data. TDPs stands for total distribution points. This combines a product's weighted distribution (how widely it is available) with its SKU count (how many variants it has). Higher TDP generally implies greater shelf presence and higher potential sales, since the brand would have more facings and variants in more stores. (2) RSV Per NIQ: Retail Measurement Services; Total US xAOC+C; Salty Snacks, $, Annual Data. (3) % ACV Per NIQ: Retail Measurement Services; Total US xAOC+C; Salty Snacks, % ACV, Annual Data. ACV measures weighted distribution, i.e. the percentage of total retail sales volume that comes from the stores carrying the product. It aims to depict quality of distribution (e.g. not just how many stores, but how important those stores are).

FLNA Has Reignited Growth Before

A decade ago, FLNA executed a successful turnaround with a similar playbook; Funded with reinvestment from the substantial cost savings opportunity that exists, FLNA has the chance to reignite growth once more

FLNA Experienced a Growth Slowdown in the Past and Was Able to Turn Things Around

FLNA Organic Growth (2008-2013)



FLNA's Learnings from the Prior Turnaround Can Be Applied to The Current Situation

- **Focused on productivity savings (set target of $800m by 2014) in FLNA to drive reinvestment**
- **Accelerated R&D to develop products for the fastest-growing consumer segments**
- **Increased A&M spend on core brands and expanded distribution routes to drive volume growth**
- **Introduced healthier snack options across Lay's, Tostitos, and Sun Chips, converting 50% of the Frito portfolio to "All Natural"**

"Management confirmed that FLNA has begun to take both volume & value share in salty snacks **through a combination of new innovations and the foray into the premium end of the snack market**...

This is particularly encouraging considering that **FLNA's market share has persistently suffered in recent years**, given its already leading slice of the pie and increasingly promiscuous and segmented consumer tastes"

(Barclays, 2013)

"**We've been making a very significant investment in our mainstream portfolio to make sure that we accelerate these**... brands like Lays, Tostitos, Cheetos and Doritos, that are so important to our consumers. And as you've seen, we've elevated our advertising commitment, with spending up over 30% in the first half of the year"

(Former CEO of PepsiCo Americas Foods, Brian Cornell, 2012)

Source: Public Filings, Equity Research.

Table of Contents

PepsiCo has a clear opportunity to transform its North American business through decisive execution and targeted strategic actions - unlocking margin expansion and reigniting top-line growth.

With strong international momentum and a proven turnaround playbook, PepsiCo's near-decade-low valuation presents a compelling setup for meaningful shareholder value creation

This Could Be the Start of Another Great U.S. CPG Turnaround

Others have used this playbook before – bold action and disciplined reinvestment have driven outsized returns at top-tier consumer companies

Coca-Cola

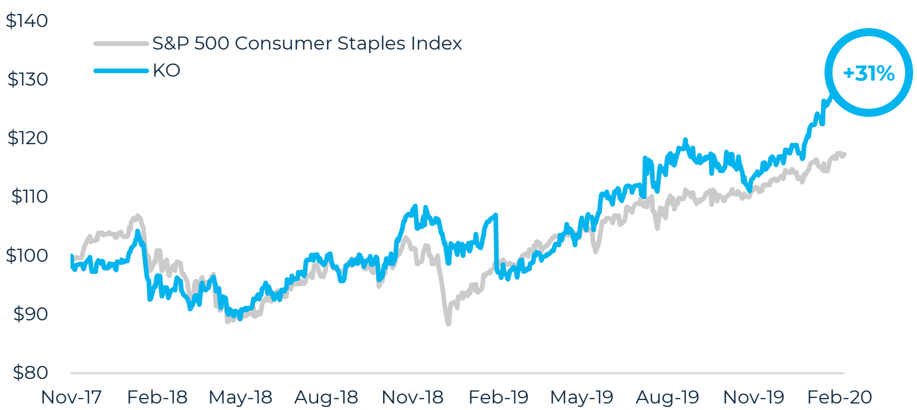
Key Actions Taken

- ✓ Completed North American bottler refranchising in 2017
- ✓ SKU/Brand rationalization which culled over half of its master brands
- ✓ Organizational structure changes and cost actions
- ✓ Specific areas for reinvestment to drive growth such as (i) enhanced revenue growth management (ii) expansion into higher growth categories and (iii) improved marketing capabilities

"**Coca-Cola is undergoing an underappreciated cultural overhaul which will lead to top-line, margin and bottom-line expansion for years to come**… The business has instituted wide sweeping organizational changes, including brand optimizations, streamlined operating units, and significant headcount reduction through 2019 and especially 2020"

(Bernstein, 2021)

KO Indexed Share Price Performance(1)



Procter & Gamble

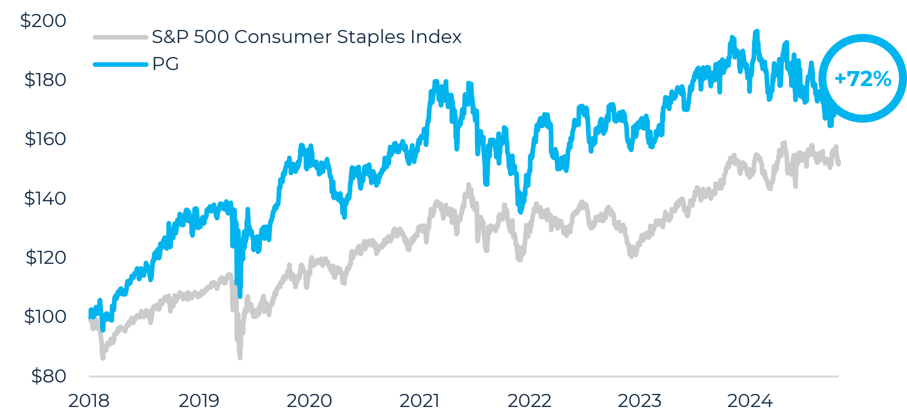
Key Actions Taken

- ✓ Simplification of the organizational structure which removed bureaucracy and helped speed up decision making
- ✓ Portfolio optimization to ensure products were "irresistibly superior"
- ✓ Ramped up productivity initiatives
- ✓ Reinvestment to drive growth through (i) marketing (ii) upgrading the supply chain (iii) investing in data and technology

"**Below we detail PG as a case study for what we view as the most significant successful turnaround in large cap staples modern-day CPG history**… The key point is **PG recognized the need to make a few clear and straightforward strategy changes** that required an enormous amount of execution and organizational changes, but paid off significantly when executed well."

(Morgan Stanley, 2024)

PG Indexed Share Price Performance(2)



Source: Public Filings, CapIQ and Bloomberg as of 8/29/2025, Equity Research. (1) Represents KO's indexed share price performance from its Analyst Day on November 16, 2017 through February 2020 (pre-COVID announcements) given disruption to KO's business given its foodservice exposure. (2) Represents PG's indexed share price performance from its Analyst Day on November 8, 2018 to today.

PepsiCo: Winning Everywhere

PepsiCo today has a clear opportunity to accelerate growth and earnings, driving meaningful shareholder returns

Winning in North America

~60% of PepsiCo's revenue and profit sits in North America, and the turnaround opportunity is enormous

WINNING IN PBNA

PBNA Has a Right to Win: Streamline the portfolio, evaluate refranchising the bottlers and reinvest in the core to restore PBNA as a nimble, formidable challenger

+

WINNING IN PFNA

Reset and Refocus: Realign the cost base and optimize the portfolio to sharpen focus on iconic brands while fueling new growth through disciplined reinvestment

=

RESULT

A high-performing North America - reigniting growth, expanding margins and reclaiming leadership in food & beverages

+

International

~40% of PepsiCo lies outside of North America and is a powerful driver for top- and bottom-line growth

- ✓ High-quality share gainer with consistent MSD%+ organic growth and notable margin expansion over the past decade

+

Valuation

- ✓ PepsiCo today trades at a substantial discount to its history as well as comparable peer valuations and the broader market
- ✓ With a clear pathway for improved performance to propel PepsiCo back to a market-leading financial algorithm, the opportunity for valuation re-rating is profound

A Clear Roadmap to Reinvigorate North America, a High-Performing International Business and a Multi-Decade-Low Valuation Combine to Make PepsiCo Today a Uniquely Compelling Investment Opportunity

Returning PepsiCo to Winning in North America

We believe that there is a sizeable opportunity to drive improved performance in both PBNA and PFNA

	Current Situation	Next Steps	Winning in North America
PepsiCo Beverages North America	✖ **Chronic Share Loss**: Ongoing underperformance in core categories weighing on growth ✖ **Margins Lag**: Far below peers and its own potential; closer to bottlers than brand owners ✖ **Bloated Portfolio**: Too many brands/SKUs, diluting focus and performance	1. **Streamline the Portfolio**: Conduct a comprehensive review of brands and SKUs 2. **Evaluate Refranchising**: Assess the current bottling and distribution structure 3. **Reinvest**: Reignite growth through innovation, increased marketing and disciplined capital allocation	**WINNING IN PBNA** **A leaner, sharper and more competitive PBNA** that is fully equipped to take back share, accelerate top-line growth and drive margin expansion
PepsiCo Food North America	✖ **Losing Share**: Forever a category leader, PFNA is now losing share and under-growing the market ✖ **Margin Compression**: Heavy investment spending in advance of growth that failed to materialize has led to a collapse in profitability	1. **Reset the Cost Base**: Right-size the organization to match today's demand environment 2. **Optimize Portfolio**: Exit non-core assets which have weighed on growth and margins 3. **Reinvest**: Fuel iconic brands and expand into high-potential adjacencies	**WINNING IN PFNA** **A more agile and focused PFNA** that combines a re-acceleration in growth with a right-sized cost base, driving meaningful earnings growth

Investors Require a Clear and Specific Plan…

Investors require a transparent, credible roadmap – with specific milestones and timing – to underwrite the realization of the PepsiCo opportunity

Without a Detailed Plan, PepsiCo's Prior Targets and Productivity Claims Have Lacked Investor Credibility

"**Provide a credible cost-savings and reinvestment plan**. We're not convinced the '$1 billion per year' is sustainable/real and have little visibility into how much of that has dropped to the bottom line vs. been reinvested (and where)… **We urge you to provide investors with enhanced granularity regarding the company's cost base and opportunities to lower expenses and/or increase productivity, as well as quantification of how much of the savings will be reinvested in the business and what that means for profit margins going forward long term.**"

(Bernstein, 2019)

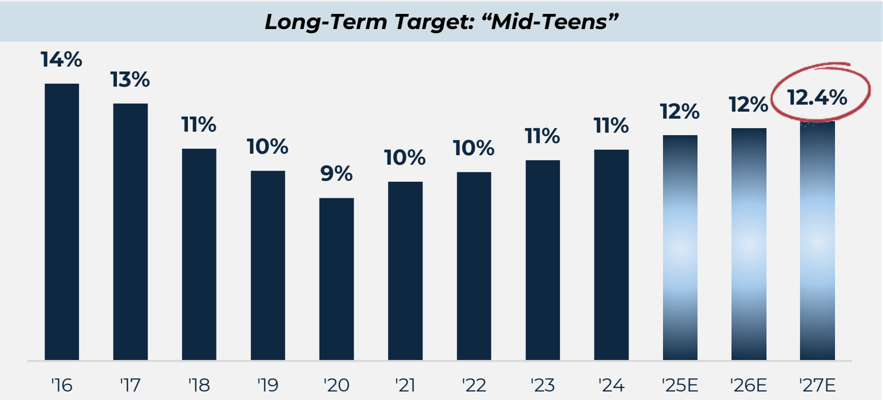
"For our part, **given the long history of pursuing annual productivity it is hard to understand where and why there are still such material gaps** to best-in-class…"

(Barclays, 2021)

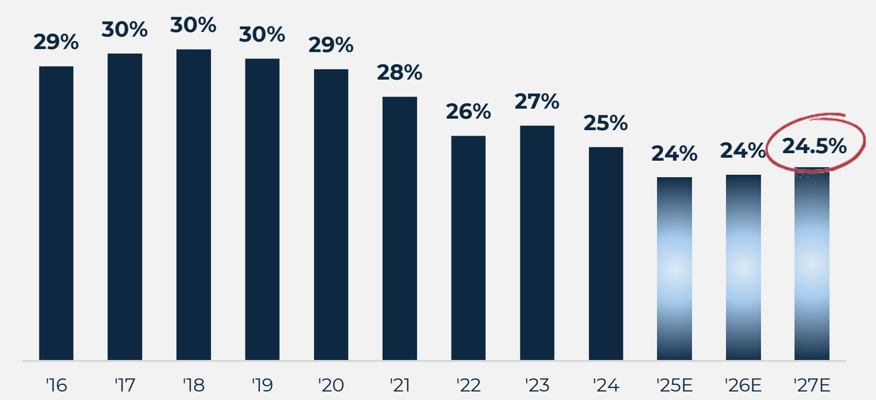
Skepticism Remains in Both PBNA and PFNA

Current Consensus estimates in North America assume minimal margin expansion from current levels, despite a long-term margin target in PBNA and recently announced cost actions in PFNA

PBNA Adj. Operating Margins
Actuals & Consensus



PFNA Adj. Operating Margins
Actuals & Consensus



Source: Public Filings, Visible Alpha, Bloomberg, Equity Research.

…With the Right Oversight and Accountability

PepsiCo today has a special opportunity to meaningfully revitalize performance, driving significant value creation for employees, customers and investors. Success is critical, and it is imperative that the Company has the necessary capabilities and processes in place to ensure successful realization of the opportunity at hand

A Transparent Review Process is Needed…

- **Transparency into operating reviews within PBNA and PFNA, including updates around the refranchising opportunity, cost rationalization plan and portfolio reviews**
- **Roadmap for reinvestment strategy, including detailed opportunities for organic and inorganic capital deployment**
- **Establishment of medium-term financial targets, including key measures at a segment level**
- **A set timeline, with relevant milestones that investors can track**

…As is Credible Oversight

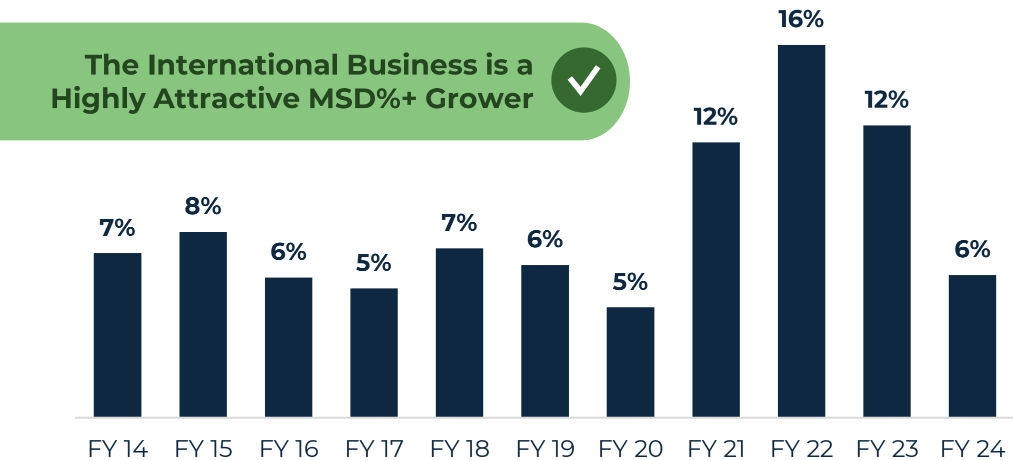
- **Oversight of the reviews and processes**
- **Assurance that the right capabilities are in place for successful execution of the plan**
- **Accountability for delivering on strategic actions and updated financial targets**

Combine This With a Thriving International Business

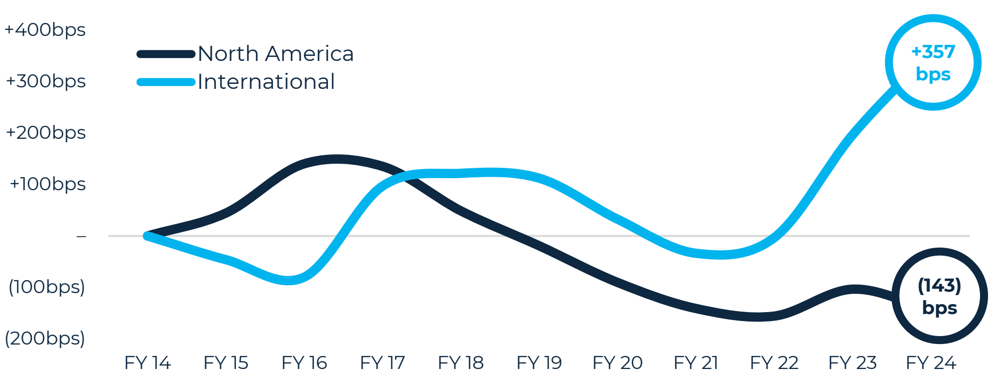
Nearly 40% of PepsiCo's business sits outside of North America and is growing quickly with expanding margins and a long runway ahead. This high-quality international engine is often overlooked, but it represents one of the most compelling drivers of sustained value creation

The International Business is Highly Attractive and Profitable, But Often Overlooked

International Business Organic Growth (FY14-24)



Cumulative Margin Expansion | International vs. N.A.



"We have for some time been intrigued by PEP's non-U.S. businesses which account for **over 40% of total company sales and profit and at least half of revenue growth over the past 5 years, but arguably less than 10% of the investment dialogue**"

(Barclays, 2021)

"Pepsi's International business is ~$36b in revenues (40% of total). **We think this is overlooked. The business is a growth engine with a sizable moat**… it could be a key driver for delivering (and likely beating) their high-single-digit EPS algorithm… International margins have inflected and are now above the corporate average… The business is continuing to scale nicely and **should grow faster than the US in the coming years. Importantly, it is not margin dilutive**."

(Jefferies, 2024)

"Based on our estimates, there are at least 13 countries where PEP generates **~$1bn in revenues (this has doubled over the past 10 years)** driven by a combination of acquisitions and organic growth"

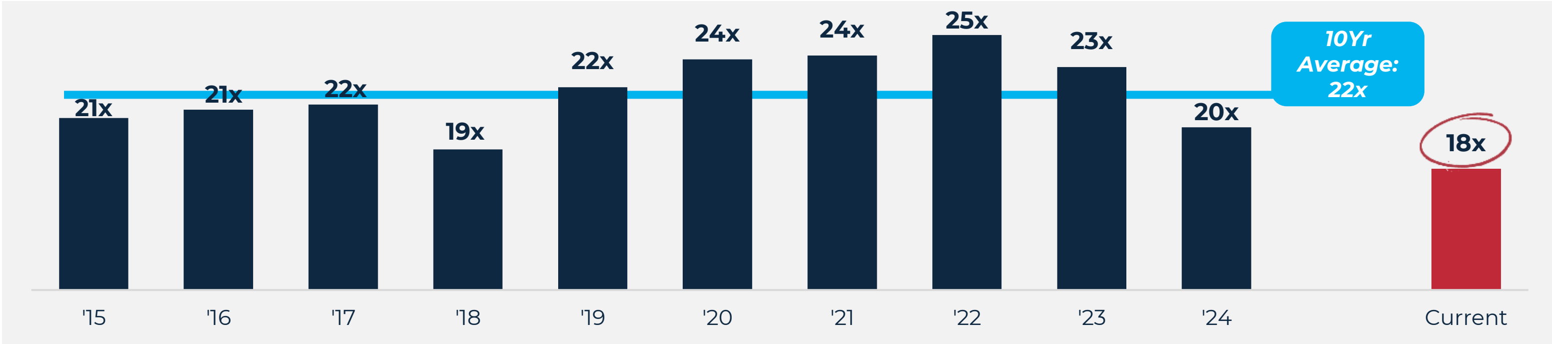
(Bank of America, 2024)

Source: Public Filings, Equity Research. Note: North American Business margins include PFNA and PBNA. PBNA metrics represent North American Beverages ("NAB") segment results from 2014-2018 and PBNA segment results beginning in 2019. For the years 2014 and 2015 – the metrics above for revenue and adj. operating profit are per the 2015 10k given re-segmentation in 2015 which shifted from prior disclosure (PepsiCo Americas Beverages) to new segmentation (North American Beverages).

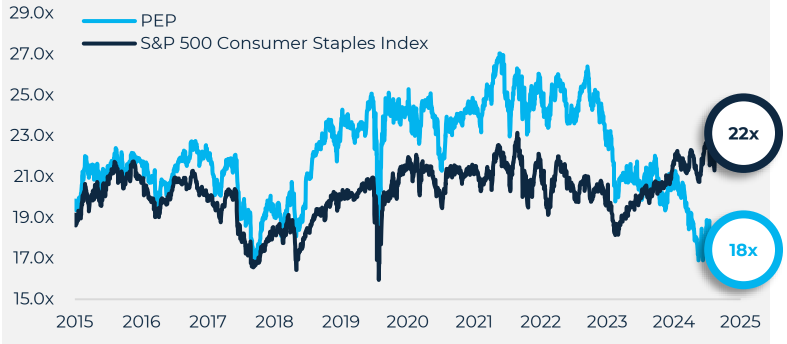
A Unique Moment of Valuation Disconnect

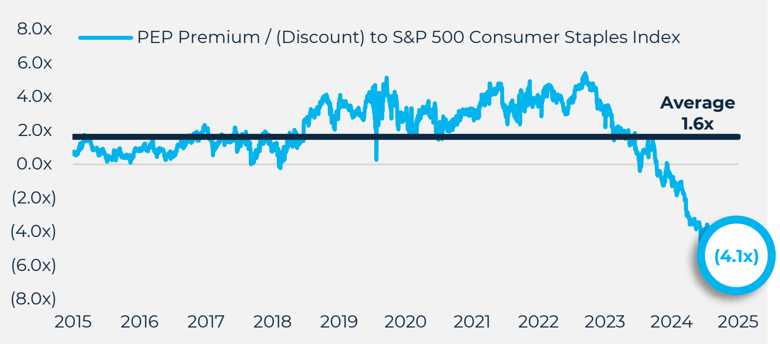
Valuation is highly dislocated versus historical performance, relevant indices and key peers, setting the stage for outsized upside as turnaround efforts take root

NTM P/E: PepsiCo Historical Annual Average Multiples

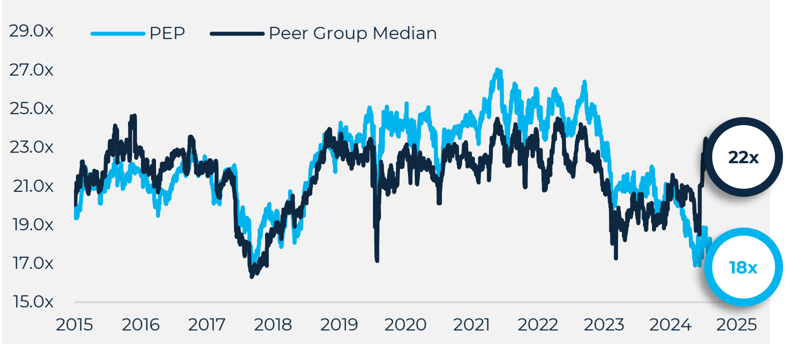


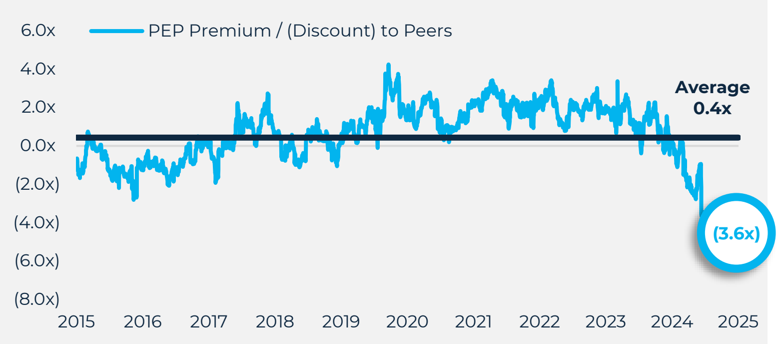
NTM P/E: PepsiCo vs. Consumer Staples Index





NTM P/E: PepsiCo Vs. Peer Group Median





Source: CapIQ as of 8/29/2025. Averages above represent 10-year average. Note: Peer Group on bottom charts refers to the identified peer set for PepsiCo which will be referenced throughout the rest of the materials. This group includes large-cap US-based CPG companies - food, beverage and HPC - with over $20bn in market capitalization: CHD, CL, GIS, HSY, K, KDP, KHC, KMB, KO, KVUE, MDLZ, MNST, PG.

The PepsiCo Opportunity

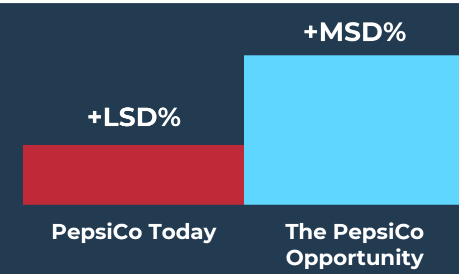
PepsiCo is one of the world's great Consumer success stories. But today it finds itself at a crossroads after a period of profound underperformance and extreme undervaluation.

Through a series of strategic and operational improvements, PepsiCo has a tangible opportunity to become a more focused, faster-growing, higher margin and far more valuable business.

These actions will materially improve the long-term trajectory of PepsiCo, both financially and strategically. In doing so, we believe that PepsiCo can return to its position as a market leader and unlock a substantial level of shareholder value creation.

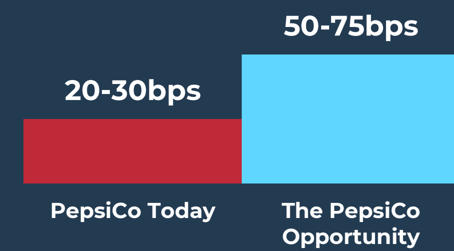
ORGANIC REVENUE GROWTH

- ✓ Optimized portfolio and distribution model in PBNA
- ✓ Reinvestment to fuel volume acceleration in PFNA
- ✓ Continued strength in International



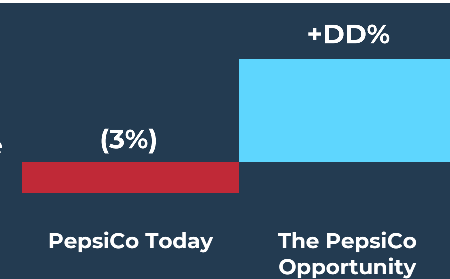
ADJ. OPERATING MARGIN ANNUAL BPS CHANGE

- ✓ Better execution in PBNA driving improved profitability
- ✓ Right-sizing the cost structure in PFNA after years of elevated spend
- ✓ 20bps+ annual margin expansion in International via operating leverage



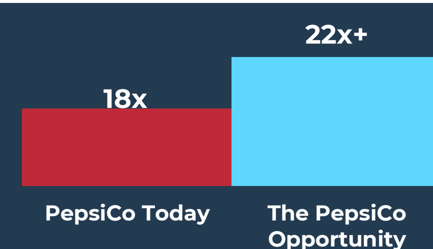
ADJ. EPS GROWTH

- ✓ Operational excellence across Pepsi boosts growth and profitability
- ✓ Financial improvement and accretive capital allocation drive dramatically improved earnings algorithm



VALUATION (NTM P/E)

- ✓ A revitalized PepsiCo will once again garner the valuation multiple it deserves relative to peers, the market and its own history



A reinvigorated PepsiCo can deliver more than 50% upside to investors

Note: Analysis shown is based on Elliott internal analysis and estimates.

Resetting the PepsiCo Story

There are actionable steps that PepsiCo can take to increase strategic focus, re-accelerate growth and enhance margins, returning to a best-in-class financial profile

REVIEW OF PBNA STRUCTURE AND PORTFOLIO

Evaluate refranchising of PepsiCo's North American bottling network as well as opportunities for brand and SKU rationalization

RE-ALIGNMENT OF PFNA ASSET BASE AND PORTFOLIO

Review the opportunity to right-size the PFNA organization to align with the current demand environment, as well as streamline the portfolio by divesting non-core assets

REINVESTMENT PLAN

Establish clear and targeted re-investment priorities, including organic and inorganic opportunities to re-accelerate the core and expand into new growth vectors

UPDATED FINANCIAL TARGETS

Provide details around operational improvement plan, including updated medium-term financial targets

OVERSIGHT AND ACCOUNTABILITY

Ensure proper capabilities to successfully execute on the reviews and go-forward plan

Elliott looks forward to working with Management and the Board to ensure that PepsiCo successfully captures this unique opportunity

ELLIOTT'S PERSPECTIVES ON

PEPSICO

CONTACT US

Website | ElliottLetters.com/PepsiCo
General Inquiries | Feedback@ElliottMgmt.com

Media | Casey Friedman
Direct: +1.212.478.1780
Email: cFriedman@ElliottMgmt.com