Media Contact:
Casey Friedman
Elliott Investment Management L.P.
(212) 478-1780
cFriedman@elliottmgmt.com

Elliott Sends Presentation to Board of Directors of PepsiCo Inc.

Highlights Rare Opportunity to Revitalize a Beloved American Company and Unlock Substantial Shareholder Value

Seeks to Collaborate with Board and Management on Actionable Opportunities to Improve Performance

Full Presentation and Letter Available at ElliottLetters.com/PepsiCo

WEST PALM BEACH, FLA. (September 2, 2025) – Elliott Investment Management L.P. ("Elliott"), which manages funds that together hold an investment of $4 billion in PepsiCo (NASDAQ: PEP) (the "Company" or "PepsiCo"), today sent a presentation and letter to the Company's Board of Directors. The materials set out PepsiCo's unique opportunity to re-accelerate growth and boost financial performance through greater focus, improved operations, strategic reinvestment and enhanced accountability.

Elliott discussed PepsiCo's recent performance, which has been marked by a series of strategic and operational challenges. These have led to poor financial results, sharp stock-price underperformance and a highly dislocated valuation.

"While unfortunate, this disappointing trajectory has created a historic opportunity: With the right mindset and an appropriately ambitious turnaround plan, PepsiCo today represents a rare chance to revitalize a leading global enterprise and unlock significant shareholder value," Elliott wrote in its letter.

In its materials, Elliott detailed a clear agenda focused on restoring business momentum. Elliott encouraged PepsiCo's management and Board to embrace change and work toward becoming a faster growing, higher margin and far more valuable company. Elliott expressed its desire to work together to help PepsiCo build on its legacy of success and achieve its full potential.

The presentation and letter can be accessed at ElliottLetters.com/PepsiCo

The full text of the letter follows:

September 2, 2025

The Board of Directors
PepsiCo Inc.
700 Anderson Hill Road
Purchase, NY 10577

Dear Members of the Board:

We are writing on behalf of Elliott Investment Management, L.P. ("Elliott" or "we"), which manages funds that together hold an investment of $4 billion in PepsiCo Inc. ("PepsiCo" or "the Company"), making us one of the Company's largest investors. PepsiCo is undoubtedly one of the world's great consumer franchises, whose leading scale and iconic brands have propelled it to over 100 years of exceptional performance. Yet, the Company's strategic and financial challenges have recently led to poor operational results, sharp stock-price underperformance and a meaningfully discounted valuation.

The presentation we have published today, "Elliott's Perspectives on PepsiCo," lays out how PepsiCo can re-accelerate growth and boost financial results through greater focus, improved operations, strategic reinvestment and enhanced accountability. By embracing the proposed actions, PepsiCo possesses a unique opportunity to accelerate revenue and earnings growth and drive a meaningful valuation re-rating, which could deliver more than 50% upside to shareholders.

We hope this presentation is received in the spirit in which it is shared: a desire to work together to help PepsiCo build on its legacy of success and achieve its full potential. We have deep respect for the Company and its leaders, and while we support the steps PepsiCo has recently announced, we and our fellow shareholders believe that there is an opportunity for much more. Our goal is to collaborate with the Board and management to return PepsiCo to its rightful place as a market-leading consumer packaged goods (CPG) powerhouse with superior results and impact.

PepsiCo Today

PepsiCo is a storied CPG bellwether with more than $90 billion in revenue, operations in 200+ countries and dual leadership positions in snacks and beverages, two of the largest and fastest-growing CPG categories. Its unmatched scale, beloved brands and deep retail partnerships make it a foundational player across channels and geographies.

PepsiCo's business comprises three segments: PepsiCo Beverages North America (PBNA), the formidable challenger to Coca-Cola; PepsiCo Foods North America (PFNA), a market-leading and highly profitable snacking franchise anchored by Frito-Lay; and a rapidly expanding International segment with a significant long-term growth runway.

As our presentation makes clear, despite its strengths, PBNA has underperformed its peers for more than a decade on both growth and margins. This long-term underperformance stems from several related strategic missteps, including self-inflicted share losses in soda, an underperforming vertically integrated bottling structure and a proliferation of new brands and SKUs that has strained focus and execution.

For years, the disappointing performance of PepsiCo's beverage business was more than offset by its resilient and high-performing foods business, PFNA. More recently, however, PFNA has begun to falter. Growth has slowed due to a challenging consumer backdrop and series of PepsiCo-specific issues, while substantial increases in investment spending well beyond the needs of the current demand environment have meaningfully compressed profit margins. We support management's recently announced initiatives to streamline the cost base, but given the degree to which PFNA's performance has eroded relative to its history and peer performance, we believe more action is warranted in order to perform to its potential – both in terms of realigning the cost base as well as evaluating other opportunities to improve efficiency and focus.

This lack of strategic clarity, decelerating growth and eroding profitability in the North American food and beverage businesses has obscured PepsiCo's enormous potential, including the significant attractiveness of its fast-growing International business. The result is that PepsiCo – long admired as one of the world's most respected and well-run CPG businesses – has become a dramatic underperformer. While unfortunate, this disappointing trajectory has created a historic opportunity: With the right mindset and an appropriately ambitious turnaround plan, PepsiCo today represents a rare chance to revitalize a leading global enterprise and unlock significant shareholder value.

Reinvigorating PepsiCo

Fortunately for PepsiCo, its problems are within its power to address. Its core brand portfolio remains among the most attractive in the CPG industry and its structural moats are as powerful as ever. As our presentation lays out, a clear agenda focused on restoring momentum in North America can change PepsiCo's trajectory and narrative, unlocking the Company's full potential.

A sharper, focused and more competitive PBNA would be fully equipped to take back market share, accelerate revenue growth and deliver meaningful margin expansion. And a leaner, stronger PFNA would have greater flexibility to reinvest in proven brands with enduring consumer loyalty, while also delivering an attractive financial profile. We believe an appropriately ambitious plan – to be clearly communicated, with updated financial targets – comprises the following elements:

1. <u>Review PBNA's Structure and Portfolio</u>: PepsiCo should evaluate the potential refranchising of PBNA's operationally intensive bottling network – as its closest peer has and as PepsiCo itself has done in years past – to allow each business to focus on its core

competencies. PepsiCo should also conduct a review of its brand and SKU portfolio with the goal of reducing operational complexity and creating a more focused PBNA.

2. Realign PFNA's Asset Base and Portfolio: PepsiCo should conduct an operational review focused on aligning PFNA's costs to the present volume reality. Additionally, PFNA should streamline its portfolio by divesting non-core and underperforming assets. These steps would help restore PFNA's profit margins to appropriate levels while also freeing up significant capital for reinvestment.

3. Invest in Profitable Growth: Across beverages and foods, the optimization steps outlined above would empower PepsiCo to reignite growth through targeted investment, stronger marketing support, bolder earlier-stage bets and disciplined capital allocation.
    a. PBNA must defend its core franchises in carbonated soft drinks with incremental marketing and innovation, while selectively expanding in growing categories.
    b. PFNA can enhance investment in proven brands, improve customer value perception, expand into attractive adjacencies and pursue accretive bolt-on M&A.

4. Communicate a Clear Plan and Provide New Targets: PepsiCo leadership must embrace change and then commit to delivering it. Following the reviews outlined above, PepsiCo should clearly communicate to the market how management will implement these initiatives to accelerate growth and improve profitability. This commitment should be accompanied by a specific timeframe and milestones against which to evaluate its execution, including a new set of medium-term financial targets.

5. Enhance Oversight and Accountability: After a period of dramatic underperformance, investors will be looking to ensure that PepsiCo is clearly positioned to seize this opportunity. It is critical that the Company put into place the appropriate oversight and structure around these reviews, be accountable for achieving its new targets and ensure that it has the right capabilities to drive successful execution.

The PepsiCo Opportunity

PepsiCo finds itself at a critical inflection point. The Company has an opportunity – and an obligation – to improve financial performance and regain its position as an industry leader. As shown in our presentation, the upside from a more focused, streamlined PepsiCo is substantial – greater strategic focus, faster organic growth and meaningful profit-margin expansion would warrant a valuation in line with peers, the market and PepsiCo's own history, representing a path to more than 50% stock-price increase from today's depressed levels.

Elliott's goals at PepsiCo are straightforward: help the Company sharpen focus, drive innovation, become more efficient and unlock the value that its leading brands, unmatched scale and world-class employees deserve. The path back to winning is clear and achievable.

We thank the Board and management for considering our thoughts, and look forward to working together to advance our shared commitment to PepsiCo's success.

Sincerely,

Marc Steinberg
Partner

Jesse Cohn
Managing Partner

About Elliott

Elliott manages approximately $76.1 billion of assets[1] and is one of the oldest funds of its kind under continuous management. We have a decades-long record of productive engagement with public companies. Our approach is straightforward: We perform deep, fundamental research; we engage constructively and respectfully; and we partner with boards and management teams to identify practical steps that strengthen businesses and create value.

We bring to each engagement a multidisciplinary team with expertise in strategy and operations, capital markets, corporate governance and communications. Elliott deploys significant resources and engages in extensive due diligence to understand the companies in which it invests. Consistent with this approach, we devoted substantial time and effort to evaluating PepsiCo and developing a perspective on its potential. Our work included rigorous analyses of public filings and market data; conversations with more than 100 former employees and industry executives; third-party surveys of consumers and retailers; and support from a top-tier team of strategy, operational, beverage, legal and financial advisers. This diligence gave us confidence that the priorities outlined in our presentation are actionable, can be achieved in partnership with the Board and management, and will strengthen PepsiCo's competitive position and long-term performance.

[1] As of June 30, 2025.

About Elliott

Elliott Investment Management L.P. (together with its affiliates, “Elliott”) manages approximately $76.1 billion of assets as of June 30, 2025. Founded in 1977, it is one of the oldest funds under continuous management. The Elliott funds' investors include pension plans, sovereign wealth funds, endowments, foundations, funds-of-funds, high net worth individuals and families, and employees of the firm.

###