

PEPSICO INC  
Form S-4/A  
January 12, 2010  
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As filed with the Securities and Exchange Commission on January 12, 2010

Registration No. 333-162260

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Amendment No. 3**

to

**FORM S-4**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**PepsiCo, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

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

2080  
(Primary Standard Industrial  
Classification Code Number)

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

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700 Anderson Hill Road

Purchase, New York 10577

(914) 253-2000

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

Thomas H. Tamoney, Jr.

Senior Vice President, Deputy General Counsel and Assistant Secretary

700 Anderson Hill Road

Purchase, New York 10577

(914) 253-2000

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

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

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

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

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

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

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

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

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

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

**PRELIMINARY PROXY STATEMENT/PROSPECTUS****DATED JANUARY 12, 2010, SUBJECT TO COMPLETION**

4000 RBC Plaza

60 South Sixth Street

Minneapolis, Minnesota 55402

Dear Fellow Stockholders:

On behalf of your board of directors, we are pleased to invite you to attend a special meeting of stockholders of PepsiAmericas, Inc., which will be held at Briggs and Morgan, P.A., 80 South Eighth Street, Suite 2200, Minneapolis, Minnesota, 55402, on February 17, 2010, at 10:00 a.m., local time. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated as of August 3, 2009 among PepsiAmericas, Inc., PepsiCo, Inc. and Pepsi-Cola Metropolitan Bottling Company, Inc., a wholly owned subsidiary of PepsiCo, Inc.

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

The following table sets forth the closing sale price per share of PepsiCo common stock and PepsiAmericas common stock as reported on the New York Stock Exchange as of August 3, 2009, the last full trading day before the public announcement of the merger agreement, and as of January 11, 2010, the most recent practicable trading day prior to the date of this proxy statement/prospectus. The table also shows the equivalent price of the merger consideration per share of PepsiAmericas common stock as of the same two respective dates. The equivalent price per share based on a 50% cash/50% stock split as of the relevant date is calculated as the sum of (a) \$28.50 (the cash portion of the merger consideration) multiplied by 50% and (b) the closing sale price of one share of PepsiCo common stock on the relevant date multiplied by (x) the exchange ratio of 0.5022 and (y) 50%.

	PepsiCo Common Stock	PepsiAmericas Common Stock	Equivalent Price Per Share based on 50%-50% Cash- Stock Split of Merger Consideration
August 3, 2009	\$ 56.20	\$ 26.15	\$ 28.36
January 11, 2010	\$ 60.70	\$ 29.32	\$ 29.49

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

This proxy statement/prospectus gives you detailed information about the special meeting, the merger agreement and the merger, and a copy of the merger agreement is included as Appendix A to this proxy statement/prospectus. **You are encouraged to read this proxy statement/prospectus in its entirety, including the section entitled Risk Factors beginning on page 95 of this proxy statement/prospectus, and the merger agreement carefully.**

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

Each of PepsiAmericas' board of directors and transactions committee believes that the merger is both procedurally and substantively fair to the unaffiliated stockholders of PepsiAmericas.

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

Approval of the proposal to adopt the merger agreement requires the affirmative vote of at least a majority of the shares of PepsiAmericas common stock entitled to vote, except in limited circumstances as described elsewhere in this proxy statement/prospectus. PepsiCo has agreed to vote all shares of the common stock of PepsiAmericas beneficially owned by it and its subsidiaries for approval of the proposal to adopt the merger agreement. Except when the board of directors of PepsiAmericas makes a change of recommendation in certain limited circumstances described elsewhere in this proxy statement/prospectus, if Robert C. Pohlad, PepsiAmericas' Chairman of the board of directors and Chief Executive Officer, votes or causes to be voted the shares of PepsiAmericas common stock beneficially owned by him and certain persons and entities affiliated with him in favor of the proposal to adopt the merger agreement, then those votes, when combined with the agreement of PepsiCo to vote all shares of the common stock of PepsiAmericas beneficially owned by it and its subsidiaries for approval of the proposal to adopt the merger agreement, would be sufficient to approve the proposal to adopt the merger agreement without the affirmative vote of any unaffiliated stockholders of PepsiAmericas.

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

Sincerely yours,

Robert C. Pohlad

*Chairman of the Board and*

*Chief Executive Officer*

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

This proxy statement/prospectus is dated January 12, 2010, and is first being mailed to stockholders of PepsiAmericas on or about January 13, 2010.

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**ADDITIONAL INFORMATION**

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

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

Email: [shareholderrelations@pepsiamericas.com](mailto:shareholderrelations@pepsiamericas.com)

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

**If you would like to request documents, please do so by February 10, 2010 in order to receive them before the special meeting.**

See **Where You Can Find More Information** beginning on page 188 of this proxy statement/prospectus for further information.

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**Notice of Special Meeting of Stockholders**

Time and Date 10:00 a.m., local time on February 17, 2010.

Place  
80 South Eighth Street, Suite 2200  
Minneapolis, MN 55402  
Briggs and Morgan, P.A.

- Items of Business
- (1) To consider and vote upon the proposal to adopt the Agreement and Plan of Merger, dated as of August 3, 2009, as it may be amended from time to time, among PepsiAmericas, Inc., a Delaware corporation, PepsiCo, Inc., a North Carolina corporation, and Pepsi-Cola Metropolitan Bottling Company, Inc., a New Jersey corporation and a wholly owned subsidiary of PepsiCo, Inc., as more fully described in the enclosed proxy statement/prospectus.
  - (2) To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Record Date You are entitled to vote only if you were a holder of common stock of PepsiAmericas as of the close of business on January 4, 2010.

Meeting Admission You are entitled to attend the special meeting only if you were a holder of common stock of PepsiAmericas as of the close of business on January 4, 2010. Stockholders who plan to attend the special meeting must present valid photo identification. If you hold shares in street name through an account with a bank, broker or other nominee and you plan to attend the meeting, you should bring your account statement or other evidence of your share ownership with you to the meeting. If you hold shares in street name and you plan to attend the meeting and vote in person, you should contact your broker or nominee to obtain a legal proxy and bring it to the special meeting.

Proxy Voting **Your vote is very important. Whether or not you plan to attend the special meeting, please promptly vote by Internet or telephone, or by marking, signing, dating and returning the enclosed proxy card if you are a registered holder of shares of PepsiAmericas common stock, or the voting instruction card provided by your bank or broker if you hold your shares of PepsiAmericas common stock through an account with a bank or broker, so that your shares of PepsiAmericas common stock will be represented at the special meeting.**

**The board of directors of PepsiAmericas, Inc. recommends that you vote FOR approval of the proposal to adopt the merger agreement. Failure to submit a proxy or to vote in person or a vote to abstain will have the same effect as a vote AGAINST the proposal to adopt the merger agreement.**

By Order of the Board of Directors,

Brian D. Wenger

*Corporate Secretary*

January 12, 2010



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**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that is important to you. You are urged to read the entire proxy statement/prospectus carefully and the other documents which are referred to in order to fully understand the merger and the merger agreement. See *Where You Can Find More Information* beginning on page 188 of this proxy statement/prospectus.*

**Information about PepsiCo, Metro and PAS (See Page 107).**

*PepsiCo, Inc.*

*700 Anderson Hill Road*

*Purchase, New York 10577*

*(914) 253-2000*

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

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

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

*Pepsi-Cola Metropolitan Bottling Company, Inc.*

*700 Anderson Hill Road*

*Purchase, New York 10577*

*(914) 253-2000*

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

*PepsiAmericas, Inc.*

*4000 RBC Plaza*

*60 South Sixth Street*

*Minneapolis, Minnesota 55402*

*(612)-661-4000*

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

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

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

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

**The Merger (See Page 108).**

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

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

**Special Meeting of PAS Stockholders (See Page 102).**

The special meeting of PAS stockholders will be held at 10:00 a.m., local time, on February 17, 2010, at Briggs and Morgan, P.A., located at 80 South Eighth Street, Suite 2200, Minneapolis, Minnesota. At the special meeting, PAS stockholders will be asked to vote upon the proposal to adopt the merger agreement. You can vote at the special meeting if you were a record holder of PAS common stock at the close of business on January 4, 2010, the record date for the special meeting.

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

As of the record date, there were 124,783,132 shares of PAS common stock outstanding and entitled to be voted at the special meeting. As of the record date, 14,602,568 shares of PAS common stock were beneficially owned by directors and executive officers of PAS and their affiliates, representing approximately 11.7% of the outstanding shares of PAS common stock entitled to vote at the special meeting, of which 12,986,919 shares of PAS common stock were beneficially owned by Robert C. Pohlads or certain persons or entities affiliated with him, representing approximately 10.4% of the outstanding shares of PAS common stock entitled to vote at the special meeting. As of the record date, no shares of PAS common stock were beneficially owned by directors and executive officers of PepsiCo and its affiliates. As of the record date, 54,004,000 shares were beneficially owned by PepsiCo or its subsidiaries, representing approximately 43.3% of the outstanding PAS common stock entitled to vote at the special meeting. PepsiCo has agreed under the terms of the merger agreement to vote or cause to be voted all of the shares of PAS common stock beneficially owned by it or any of its subsidiaries (including Metro) in favor of the proposal to adopt the merger agreement at the PAS special meeting.

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Unless PAS board of directors makes an intervening event change of recommendation, if Robert C. Pohlman votes or causes to be voted the shares of PAS common stock beneficially owned by him and certain persons and entities affiliated with him in favor of the proposal to adopt the merger agreement, then those votes, when combined with the agreement of PepsiCo to vote all shares of the common stock of PAS beneficially owned by it and its subsidiaries for approval of the proposal to adopt the merger agreement, would be sufficient to approve the proposal to adopt the merger agreement without the affirmative vote of any unaffiliated stockholders of PAS.

### **What PAS Stockholders Will Receive in the Merger (See Page 108).**

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

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

On January 11, 2010, the most recent practicable trading date prior to the filing of this proxy statement/prospectus, the closing price of PepsiCo common stock and PAS common stock was \$60.70 per share and \$29.32 per share, respectively.

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

### **You May Elect to Receive Cash Consideration (See Page 104).**

If you are a record holder of PAS common stock, you may elect to receive cash in exchange for any or all of your shares of PAS common stock by completing the election form and letter of transmittal when you receive it. If you own your shares in street name through a broker or other financial institution and you wish to make an election to receive cash, you will receive or should seek instructions from the institution holding your shares



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concerning how to make your election. If you (or your record holder) do not make a valid election to receive cash, you will be deemed to have elected to receive, and will receive, PepsiCo common stock in exchange for your shares of PAS common stock, subject to the proration procedures described below.

PepsiCo will pay cash for 50% of the PAS common stock outstanding immediately prior to the effective time of the merger not held by PepsiCo or any of its subsidiaries and issue shares of PepsiCo common stock for the remaining 50% of the outstanding shares of PAS common stock outstanding immediately prior to the effective time of the merger not held by PepsiCo or any of its subsidiaries. If the number of shares of PAS common stock for which a valid election to receive cash is made is higher than 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, a pro rata portion of the shares for which a valid election to receive cash is made will be converted into the right to receive PepsiCo common stock in order to provide for an aggregate 50% cash/50% stock allocation among all outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries. If the number of shares of PAS common stock for which a valid election to receive cash is made is lower than 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, a pro rata portion of the shares for which no valid election to receive cash is made will be converted into the right to receive cash in order to provide for an aggregate 50%/50% stock allocation among all outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries. Additionally, the actual number of shares as to which a valid election to receive cash has been made will reflect a reduction for the number of shares with respect to which appraisal rights have been properly exercised and perfected under Delaware law immediately prior to the effective time of the merger. Because of the proration procedures, you cannot be certain of receiving the form of consideration that you choose with respect to all of your shares of PAS common stock. Illustrative examples of the application of the proration procedures appear on pages 112 to 114 of this proxy statement/prospectus.

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

### **PAS Board of Directors Recommends Stockholder Approval of the Merger (See Page 105).**

PAS board of directors, after giving consideration to the unanimous recommendation of PAS transactions committee, has determined that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of PAS and its stockholders (other than PepsiCo, Metro and other affiliates of PepsiCo) and has approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement. PAS board of directors recommends that PAS stockholders vote FOR approval of the proposal to adopt the merger agreement. Each of PAS board of directors and transactions committee believes the merger is both procedurally and substantially fair to the unaffiliated stockholders of PAS. A description of the factors on which PAS transactions committee and board of directors based this belief and of PAS reasons for the merger appears beginning on page 45 of this proxy statement/prospectus.

### **No PepsiCo Stockholder Approval (See Page 102).**

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

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**Position of PepsiCo and Metro Regarding Fairness of the Merger (See Page 53).**

PepsiCo and Metro believe that the merger is both procedurally and substantively fair to the unaffiliated stockholders of PAS. A description of the factors on which PepsiCo and Metro based this belief and of PepsiCo's reasons for, and purpose of, the merger begins on page 53 of this proxy statement/prospectus.

**Opinion of PAS Financial Advisor (See Page 61).**

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

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

**PAS Officers and Directors Have Some Interests in the Merger that Are Different than or in Addition to Their Interests as Stockholders (See Page 157).**

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

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

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

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

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

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

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



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In addition, in October 2009, an officer of PAS entered into a retention agreement with PepsiCo that is effective upon completion of the merger. A description of this agreement appears beginning on page 163 of this proxy statement/prospectus. In exchange for this agreement, this officer has agreed to waive any rights to severance payments or benefits under the PAS Senior Executive CIC Severance Plan (as defined below) or any other severance plans or agreements.

### **Material United States Federal Income Tax Consequences (See Page 84).**

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

**The United States federal income tax consequences described above may not apply to all holders of PAS common stock, including certain holders specifically referred to on page 84. Your tax consequences will depend on your own situation. You should consult your tax advisor to determine the particular tax consequences to you of the merger and the receipt of the merger consideration in exchange for your shares of PAS common stock.**

### **Appraisal Rights (See Page 87).**

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

### **Completion of the Merger Is Subject to Certain Conditions (See Page 117).**

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

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