

## APPENDIX

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
**FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 26, 2015  
Commission file number 1-1183



**PepsiCo, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**North Carolina** **13-1584302**  
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)  
**700 Anderson Hill Road, Purchase, New York** **10577**  
(Address of Principal Executive Offices) (Zip Code)

**Registrant's telephone number, including area code: 914-253-2000**  
**Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:**

Title of each class	Name of each exchange on which registered
Common Stock, par value 1-2/3 cents per share	New York and Chicago Stock Exchanges
2.500% Senior Notes Due 2022	New York Stock Exchange
1.750% Senior Notes Due 2021	New York Stock Exchange
2.625% Senior Notes Due 2026	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of PepsiCo, Inc. Common Stock held by nonaffiliates of PepsiCo, Inc. (assuming for these purposes, but without conceding, that all executive officers and directors of PepsiCo, Inc. are affiliates of PepsiCo, Inc.) as of June 12, 2015, the last day of business of our most recently completed second fiscal quarter, was \$137.9 billion (based on the closing sale price of PepsiCo, Inc.'s Common Stock on that date as reported on the New York Stock Exchange).

The number of shares of PepsiCo, Inc. Common Stock outstanding as of February 4, 2016 was 1,445,412,743.

**Documents Incorporated by Reference**

Portions of the Proxy Statement relating to PepsiCo, Inc.'s 2016 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

**Item 6. Selected Financial Data.**

**Five-Year Summary**

(unaudited, in millions except per share amounts)

The following selected financial data should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our consolidated financial statements and accompanying notes thereto. Our fiscal year 2011 comprised fifty-three reporting weeks and all other fiscal years presented in the tables below comprised fifty-two reporting weeks.

	2015	2014	2013	2012	2011
Net revenue	\$ 63,056	\$ 66,683	\$ 66,415	\$ 65,492	\$ 66,504
Net income attributable to PepsiCo <sup>(a)</sup>	\$ 5,452	\$ 6,513	\$ 6,740	\$ 6,178	\$ 6,443
Net income attributable to PepsiCo per common share – basic <sup>(a)</sup>	\$ 3.71	\$ 4.31	\$ 4.37	\$ 3.96	\$ 4.08
Net income attributable to PepsiCo per common share – diluted <sup>(a)</sup>	\$ 3.67	\$ 4.27	\$ 4.32	\$ 3.92	\$ 4.03
Cash dividends declared per common share	\$ 2.7625	\$ 2.5325	\$ 2.24	\$ 2.1275	\$ 2.025
Total assets <sup>(a)</sup>	\$ 69,667	\$ 70,509	\$ 77,478	\$ 74,638	\$ 72,882
Long-term debt	\$ 29,213	\$ 23,821	\$ 24,333	\$ 23,544	\$ 20,568

**Consolidated Statement of Income**

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 26, 2015, December 27, 2014 and December 28, 2013

(in millions except per share amounts)

	2015	2014	2013
<b>Net Revenue</b>	<b>\$ 63,056</b>	\$ 66,683	\$ 66,415
Cost of sales	<b>28,384</b>	30,884	31,243
Gross profit	<b>34,672</b>	35,799	35,172
Selling, general and administrative expenses	<b>24,885</b>	26,126	25,357
Venezuela impairment charges	<b>1,359</b>	—	—
Amortization of intangible assets	<b>75</b>	92	110
<b>Operating Profit</b>	<b>8,353</b>	9,581	9,705
Interest expense	<b>(970)</b>	(909)	(911)
Interest income and other	<b>59</b>	85	97
Income before income taxes	<b>7,442</b>	8,757	8,891
Provision for income taxes	<b>1,941</b>	2,199	2,104
Net income	<b>5,501</b>	6,558	6,787
Less: Net income attributable to noncontrolling interests	<b>49</b>	45	47
<b>Net Income Attributable to PepsiCo</b>	<b>\$ 5,452</b>	\$ 6,513	\$ 6,740
<b>Net Income Attributable to PepsiCo per Common Share</b>			
<b>Basic</b>	<b>\$ 3.71</b>	\$ 4.31	\$ 4.37
<b>Diluted</b>	<b>\$ 3.67</b>	\$ 4.27	\$ 4.32
Weighted-average common shares outstanding			
Basic	<b>1,469</b>	1,509	1,541
Diluted	<b>1,485</b>	1,527	1,560
Cash dividends declared per common share	<b>\$ 2.7625</b>	\$ 2.5325	\$ 2.24

**Consolidated Statement of Cash Flows**

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 26, 2015, December 27, 2014 and December 28, 2013

(in millions)

	2015	2014	2013
<b>Operating Activities</b>			
Net income	\$ 5,501	\$ 6,558	\$ 6,787
Depreciation and amortization	2,416	2,625	2,663
Share-based compensation expense	295	297	303
Merger and integration charges	—	—	10
Cash payments for merger and integration charges	—	—	(25)
Restructuring and impairment charges	230	418	163
Cash payments for restructuring charges	(208)	(266)	(133)
Charge related to the transaction with Tingyi	73	—	—
Cash payments for restructuring and other charges related to the transaction with Tingyi	—	—	(26)
Venezuela impairment charges	1,359	—	—
Venezuela remeasurement charges	—	105	111
Excess tax benefits from share-based payment arrangements	(133)	(114)	(117)
Pension and retiree medical plan expenses	467	667	663
Pension and retiree medical plan contributions	(205)	(655)	(262)
Deferred income taxes and other tax charges and credits	78	(19)	(1,058)
Change in assets and liabilities:			
Accounts and notes receivable	(461)	(343)	(88)
Inventories	(244)	(111)	4
Prepaid expenses and other current assets	(50)	80	(51)
Accounts payable and other current liabilities	1,692	1,162	1,007
Income taxes payable	55	371	86
Other, net	(285)	(269)	(349)
<b>Net Cash Provided by Operating Activities</b>	<b>10,580</b>	<b>10,506</b>	<b>9,688</b>
<b>Investing Activities</b>			
Capital spending	(2,758)	(2,859)	(2,795)
Sales of property, plant and equipment	86	115	109
Acquisitions and investments in noncontrolled affiliates	(86)	(88)	(109)
Reduction of cash due to Venezuela deconsolidation	(568)	—	—
Divestitures	76	203	130
Short-term investments, by original maturity			
More than three months - purchases	(4,428)	(6,305)	—
More than three months - maturities	4,111	3,891	—
Three months or less, net	3	116	61
Other investing, net	(5)	(10)	(21)
<b>Net Cash Used for Investing Activities</b>	<b>(3,569)</b>	<b>(4,937)</b>	<b>(2,625)</b>

	2015	2014	2013
<b>Financing Activities</b>			
Proceeds from issuances of long-term debt	\$ 8,702	\$ 3,855	\$ 4,195
Payments of long-term debt	(4,095)	(2,189)	(3,894)
Short-term borrowings, by original maturity			
More than three months - proceeds	15	50	23
More than three months - payments	(43)	(10)	(492)
Three months or less, net	53	(2,037)	1,634
Cash dividends paid	(4,040)	(3,730)	(3,434)
Share repurchases - common	(5,000)	(5,012)	(3,001)
Share repurchases - preferred	(5)	(10)	(7)
Proceeds from exercises of stock options	504	755	1,123
Excess tax benefits from share-based payment arrangements	133	114	117
Acquisition of noncontrolling interests	—	—	(20)
Other financing	(52)	(50)	(33)
<b>Net Cash Used for Financing Activities</b>	<b>(3,828)</b>	<b>(8,264)</b>	<b>(3,789)</b>
Effect of exchange rate changes on cash and cash equivalents	(221)	(546)	(196)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>2,962</b>	<b>(3,241)</b>	<b>3,078</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>6,134</b>	<b>9,375</b>	<b>6,297</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 9,096</b>	<b>\$ 6,134</b>	<b>\$ 9,375</b>

**Consolidated Balance Sheet**

PepsiCo, Inc. and Subsidiaries

December 26, 2015 and December 27, 2014

(in millions except per share amounts)

	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 9,096	\$ 6,134
Short-term investments	2,913	2,592
Accounts and notes receivable, net	6,437	6,651
Inventories	2,720	3,143
Prepaid expenses and other current assets	1,865	2,143
<b>Total Current Assets</b>	<b>23,031</b>	<b>20,663</b>
<b>Property, Plant and Equipment, net</b>	<b>16,317</b>	<b>17,244</b>
<b>Amortizable Intangible Assets, net</b>	<b>1,270</b>	<b>1,449</b>
Goodwill	14,177	14,965
Other nonamortizable intangible assets	11,811	12,639
<b>Nonamortizable Intangible Assets</b>	<b>25,988</b>	<b>27,604</b>
<b>Investments in Noncontrolled Affiliates</b>	<b>2,311</b>	<b>2,689</b>
<b>Other Assets</b>	<b>750</b>	<b>860</b>
<b>Total Assets</b>	<b>\$ 69,667</b>	<b>\$ 70,509</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Short-term obligations	\$ 4,071	\$ 5,076
Accounts payable and other current liabilities	13,507	13,016
<b>Total Current Liabilities</b>	<b>17,578</b>	<b>18,092</b>
<b>Long-Term Debt Obligations</b>	<b>29,213</b>	<b>23,821</b>
<b>Other Liabilities</b>	<b>5,887</b>	<b>5,744</b>
<b>Deferred Income Taxes</b>	<b>4,959</b>	<b>5,304</b>
<b>Total Liabilities</b>	<b>57,637</b>	<b>52,961</b>
Commitments and contingencies		
<b>Preferred Stock, no par value</b>	<b>41</b>	<b>41</b>
<b>Repurchased Preferred Stock</b>	<b>(186)</b>	<b>(181)</b>
<b>PepsiCo Common Shareholders' Equity</b>		

Common stock, par value 1 <sup>2</sup> / <sub>3</sub> ¢ per share (authorized 3,600 shares, issued, net of repurchased common stock at par value: 1,448 and 1,488 shares, respectively)	24	25
Capital in excess of par value	4,076	4,115
Retained earnings	50,472	49,092
Accumulated other comprehensive loss	(13,319)	(10,669)
Repurchased common stock, in excess of par value (418 and 378 shares, respectively)	(29,185)	(24,985)
<b>Total PepsiCo Common Shareholders' Equity</b>	<b>12,068</b>	17,578
Noncontrolling interests	107	110
<b>Total Equity</b>	<b>12,030</b>	17,548
<b>Total Liabilities and Equity</b>	<b>\$ 69,667</b>	<b>\$ 70,509</b>



**Consolidated Statement of Equity**

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 26, 2015, December 27, 2014 and December 28, 2013

(in millions)

	2015		2014		2013	
	Shares	Amount	Shares	Amount	Shares	Amount
<b>Preferred Stock</b>	<u>0.8</u>	<u>\$ 41</u>	<u>0.8</u>	<u>\$ 41</u>	<u>0.8</u>	<u>\$ 41</u>
<b>Repurchased Preferred Stock</b>						
Balance, beginning of year	(0.7)	(181)	(0.6)	(171)	(0.6)	(164)
Redemptions	—	(5)	(0.1)	(10)	—	(7)
Balance, end of year	<u>(0.7)</u>	<u>(186)</u>	<u>(0.7)</u>	<u>(181)</u>	<u>(0.6)</u>	<u>(171)</u>
<b>Common Stock</b>						
Balance, beginning of year	1,488	25	1,529	25	1,544	26
Repurchased common stock	(40)	(1)	(41)	—	(15)	(1)
Balance, end of year	<u>1,448</u>	<u>24</u>	<u>1,488</u>	<u>25</u>	<u>1,529</u>	<u>25</u>
<b>Capital in Excess of Par Value</b>						
Balance, beginning of year		4,115		4,095		4,178
Share-based compensation expense		299		294		303
Stock option exercises, RSUs, PSUs and PEPunits converted <sup>(a)</sup>		(182)		(200)		(287)
Withholding tax on RSUs, PSUs and PEPunits converted		(151)		(91)		(87)
Other		(5)		17		(12)
Balance, end of year		<u>4,076</u>		<u>4,115</u>		<u>4,095</u>
<b>Retained Earnings</b>						
Balance, beginning of year		49,092		46,420		43,158
Net income attributable to PepsiCo		5,452		6,513		6,740
Cash dividends declared - common		(4,071)		(3,840)		(3,477)
Cash dividends declared - preferred		(1)		(1)		(1)
Balance, end of year		<u>50,472</u>		<u>49,092</u>		<u>46,420</u>
<b>Accumulated Other Comprehensive Loss</b>						
Balance, beginning of year		(10,669)		(5,127)		(5,487)
Other comprehensive (loss)/income attributable to PepsiCo		(2,650)		(5,542)		360
Balance, end of year		<u>(13,319)</u>		<u>(10,669)</u>		<u>(5,127)</u>
<b>Repurchased Common Stock</b>						
Balance, beginning of year	(378)	(24,985)	(337)	(21,004)	(322)	(19,458)
Share repurchases	(52)	(4,999)	(57)	(5,012)	(37)	(3,000)
Stock option exercises, RSUs, PSUs and PEPunits converted	12	794	15	1,030	22	1,451
Other	—	5	1	1	—	3
Balance, end of year	<u>(418)</u>	<u>(29,185)</u>	<u>(378)</u>	<u>(24,985)</u>	<u>(337)</u>	<u>(21,004)</u>
<b>Total PepsiCo Common Shareholders' Equity</b>		<u>12,068</u>		<u>17,578</u>		<u>24,409</u>

<b>Noncontrolling Interests</b>			
Balance, beginning of year	110	110	105
Net income attributable to noncontrolling interests	49	45	47
Distributions to noncontrolling interests	(48)	(41)	(34)
Currency translation adjustment	(2)	(2)	(2)
Acquisitions and divestitures	—	—	(6)
Other, net	(2)	(2)	—
Balance, end of year	<u>107</u>	<u>110</u>	<u>110</u>
<b>Total Equity</b>	<u>\$ 12,030</u>	<u>\$ 17,548</u>	<u>\$ 24,389</u>

**Note 5 — Income Taxes**

The components of income before income taxes are as follows:

	2015	2014	2013
U.S.	\$ 2,879	\$ 2,557	\$ 3,078
Foreign	4,563	6,200	5,813
	<u>\$ 7,442</u>	<u>\$ 8,757</u>	<u>\$ 8,891</u>

The provision for income taxes consisted of the following:

	2015	2014	2013
Current: U.S. Federal	\$ 1,143	\$ 1,364	\$ 1,092
Foreign	773	851	807
State	65	210	124
	<u>1,981</u>	<u>2,425</u>	<u>2,023</u>
Deferred: U.S. Federal	(14)	(33)	87
Foreign	(32)	(60)	11
State	6	(133)	(17)
	<u>(40)</u>	<u>(226)</u>	<u>81</u>
	<u>\$ 1,941</u>	<u>\$ 2,199</u>	<u>\$ 2,104</u>

A reconciliation of the U.S. Federal statutory tax rate to our annual tax rate is as follows:

	2015	2014	2013
U.S. Federal statutory tax rate	35.0%	35.0%	35.0 %
State income tax, net of U.S. Federal tax benefit	0.6	0.6	1.2
Lower taxes on foreign results	(10.5)	(8.6)	(8.8)
Impact of Venezuela impairment charges	6.4	—	—
Tax settlements	(3.1)	—	(2.4)
Other, net	(2.3)	(1.9)	(1.3)
Annual tax rate	<u>26.1%</u>	<u>25.1%</u>	<u>23.7 %</u>

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**Charge Related to the Transaction with Tingyi**

In 2015, we recorded a pre-tax charge of \$73 million (\$0.05 per share) related to impairment of acquired assets from the Tingyi acquisition.