

PIONEER FOOD GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1996/017676/06)
Share code: PFG
ISIN: ZAE000118279
("Pioneer Foods" or "the Company")



PEPSICO INC

(Incorporated in the United States of America)
("PepsiCo")



SIMBA PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1995/003667/07)
("the PepsiCo Offeror")



JOINT ANNOUNCEMENT OF THE FIRM INTENTION OF A WHOLLY-OWNED SUBSIDIARY OF PEPSICO TO MAKE AN OFFER TO ACQUIRE THE ORDINARY SHARES IN PIONEER FOODS, BY WAY OF A SCHEME OF ARRANGEMENT OR STANDBY OFFER

1. INTRODUCTION

- 1.1. Shareholders of Pioneer Foods are hereby advised that Pioneer Foods and PepsiCo have entered into a transaction implementation agreement ("**Implementation Agreement**") pursuant to which the PepsiCo Offeror, a wholly-owned subsidiary of PepsiCo, has delivered notice to Pioneer Foods of its firm intention to make an offer ("**PepsiCo Offer**") to acquire the issued ordinary shares of Pioneer Foods ("**Pioneer Foods Ordinary Shares**") from the holders of Pioneer Foods Ordinary Shares ("**Pioneer Foods Ordinary Shareholders**"). The PepsiCo Offer will be made at a cash consideration of ZAR110 ("**Base Price**") per Pioneer Foods Ordinary Share with certain possible increases to the Base Price linked to dividend(s) (the detail of which is set out in paragraph 2.2.4 below).
- 1.2. The Base Price represents a premium of 56.5% to the 30-day volume weighted average traded price of Pioneer Foods Ordinary Shares of ZAR70.31, as at 12 July 2019, being the last trading date prior to the date on which the cautionary announcement was published on SENS.
- 1.3. The independent board, established by Pioneer Foods in relation to the PepsiCo Offer, which comprises Messrs NW Thomson, SS Ntsaluba and LE Mthimunye, ("**Independent Board**"), unanimously recommends the PepsiCo Offer to Pioneer Foods Ordinary Shareholders, the Pioneer Foods Class A Share Comparable Offer (as defined below) to the holder ("**Class A Shareholder**") of Pioneer Foods' class A shares ("**Class A Shares**"), the PSR Comparable Offer (as defined below) to the PSR Holders (as defined below), and the BEE Trust Repurchase (as defined below). In this announcement, Pioneer Foods Ordinary Shareholders and the Class A Shareholders are collectively referred to as the "**Pioneer Foods Shareholders**".

- 1.4. Pioneer Foods Ordinary Shareholders collectively holding 52.85% of the aggregate of the issued Pioneer Foods Ordinary Shares and Class A Shares (excluding those held by subsidiaries of Pioneer Foods) ("**Scheme Voting Shares**"), including Zeder Investments Limited, have furnished irrevocable undertakings to vote in favour of or accept the PepsiCo Offer.

2. THE PEPSICO OFFER AND CONSIDERATION

- 2.1. The PepsiCo Offer will be implemented by way of a single offer comprising:
- 2.1.1. a scheme of arrangement ("**Scheme**") in terms of section 114 of the Companies Act 71 of 2008 ("**Companies Act**"), to be proposed by the Pioneer Foods board of directors ("**Pioneer Foods Board**") between Pioneer Foods and Pioneer Foods Ordinary Shareholders, other than subsidiaries of Pioneer Foods holding Pioneer Foods Ordinary Shares ("**Excluded Shareholders**"), at the Per Share Scheme Consideration (as defined below) and upon the terms and subject to the conditions set out in the circular to be distributed to Pioneer Foods Shareholders in due course ("**Circular**"); and
- 2.1.2. if, *inter alia*, after the Scheme is proposed, the Pioneer Foods general meeting to consider the Scheme is cancelled by Pioneer Foods or is not held for any reason, or court approval is required but not obtained, or any condition precedent to the Scheme is not fulfilled and, where applicable, not waived, or the Scheme otherwise fails, a general offer to Pioneer Foods Ordinary Shareholders (including the Excluded Shareholders) ("**Standby Offer**") at the Per Share Scheme Consideration (as defined below) and upon the terms and subject to the conditions set out in the Circular.
- 2.2. In this announcement, the:
- 2.2.1. Pioneer Foods Ordinary Shares forming the subject matter of the PepsiCo Offer are collectively referred to as the "**Scheme Shares**";
- 2.2.2. holders of the Scheme Shares are referred to as the "**Scheme Participants**"; and
- 2.2.3. PepsiCo Offer, the BEE Payment (as defined below), the BEE Trust Repurchase (as defined below) and the discharge by the PepsiCo Offeror of its obligations to make the Pioneer Foods Class A Share Comparable Offer (as defined below) and the PSR Comparable Offer (as defined below) are collectively referred to as the "**Transaction**".
- 2.2.4. The cash consideration payable for each Scheme Share ("**Per Share Scheme Consideration**") will be calculated in accordance with the following formula:

A = ZAR110 (one hundred and ten Rand) plus B plus C minus D

where:

A = the Per Share Scheme Consideration (expressed in Rand);

B = if implementation of the Scheme ("**Scheme Implementation Date**") occurs after 30 September 2019, the amount per Pioneer Foods Ordinary Share (expressed in Rand) of the final cash distribution for the Pioneer Foods financial year ending 30 September 2019, but only if and to the extent that

both (i) the final cash distribution is declared by Pioneer Foods after 30 September 2019, but prior to the Scheme Implementation Date and (ii) the entitlement to such cash distribution vests in persons who are holders of Pioneer Foods Ordinary Shares as at a dividend participation record date which is on or after the Scheme Implementation Date, provided that the maximum amount of B will be a total amount of ZAR2.19 (two Rand and nineteen cents) per Pioneer Foods Ordinary Share;

C = if the Scheme Implementation Date is after 31 March 2020, either:

(i) if the interim cash distribution for the 6 (six) month period ending 31 March 2020 has been declared prior to the Scheme Implementation Date, the amount per Pioneer Foods Ordinary Share (expressed in Rand) of that interim cash distribution, but only if and to the extent that the entitlement to such cash distribution vests in persons who are holders of Pioneer Foods Ordinary Shares as at a dividend participation record date which is on or after the Scheme Implementation Date; or

(ii) if the interim Cash Distribution for the 6 (six) month period ending 31 March 2020 has not been declared prior to the Scheme Implementation Date, an amount of ZAR1.05 (one Rand and five cents);

provided that the maximum amount of C will be ZAR1.05 (one Rand and five cents);

D = the total amount (expressed in Rand) of any Extraordinary Distributions (as defined below) per Pioneer Foods Ordinary Share which are declared by Pioneer Foods prior to the Scheme Implementation Date, and which have been paid or are payable to persons who are holders of Pioneer Foods Ordinary Shares as at a date prior to the Scheme Implementation Date.

2.2.5. For purposes of D above, an “**Extraordinary Distribution**” is any of the following:

2.2.5.1. a cash distribution (irrespective of the amount thereof) declared, distributed and/or paid by Pioneer Foods on Pioneer Foods Ordinary Shares which does not coincide with, or approximate, in respect of date, either the annual final dividend or the interim dividend declared by Pioneer Foods on Pioneer Foods Ordinary Shares for the Pioneer Foods financial year ending 30 September 2018 or the 6 (six) month period ending 31 March 2019 (respectively);

2.2.5.2. the amount/s by which an annual final cash distribution declared, distributed and/or paid by Pioneer Foods for the Pioneer Foods financial year ending 30 September 2019 exceeds a total amount of ZAR2.19 (two Rand and nineteen cents) per Pioneer Foods Ordinary Share; or

2.2.5.3. the amount/s by which any interim cash distribution declared, distributed and/or paid by Pioneer Foods for the 6 (six) month period ending

31 March 2020 exceeds a total amount of ZAR1.05 (one Rand and five cents) per Pioneer Foods Ordinary Share.

3. OVERVIEW OF PEPSICO

PepsiCo is incorporated in the State of North Carolina with its executive offices located in Purchase, New York. It is one of the world's leading food and drink companies and has a global portfolio of diverse products and brands (see <http://www.pepsico.com/>). Through its own operations, authorized bottlers, contract manufacturers and other third parties, PepsiCo makes, markets, distributes and sells a wide variety of convenient beverages, foods and snacks, serving customers and consumers in more than 200 countries and territories. PepsiCo consists of six divisions which manufacture, distribute and sell a variety of food and beverages. PepsiCo's product portfolios consist of snacks, juices, grains and beverages and are represented in South Africa by brands such as Simba, Nik Naks, Lays, Doritos, Pepsi and 7UP.

4. RATIONALE AND BENEFITS OF THE TRANSACTION

4.1. Rationale for PepsiCo

- 4.1.1. PepsiCo believes Africa is a key market for future growth. A meaningful portion of PepsiCo's existing portfolio is in developing and emerging markets where further expansion is a high priority for PepsiCo. Africa is an important component in PepsiCo's expansion strategy due to its attractive macro-economic prospects and the relative affordability and value positioning of many of PepsiCo's products.
- 4.1.2. PepsiCo's existing portfolio, with its broad nutritional offerings, can provide many benefits to both the South African and broader African consumer. Acquiring Pioneer Foods will increase PepsiCo's presence in a country and region of high growth potential.
- 4.1.3. PepsiCo is confident that Pioneer Foods represents a uniquely attractive investment opportunity and is closely aligned with key pillars of PepsiCo's long-term strategic plan. Together, the two groups' respective product portfolios, geographic presence, and capabilities have the potential to create an exciting opportunity for future business in the region.
- 4.1.4. Pioneer Foods' portfolio of strong and locally relevant brands complements PepsiCo's existing presence in the country and enables PepsiCo to offer a broad set of consumption choices for consumers.
- 4.1.5. PepsiCo brings extensive category knowledge and global capabilities, such as marketing and research and development, which it intends to use to further drive growth in Pioneer Foods' portfolio and develop products tailored to local consumer preferences.
- 4.1.6. Pioneer Foods' manufacturing and go-to-market capabilities will expand penetration of PepsiCo's products to South African consumers. Pioneer Foods forms an important part of PepsiCo's strategy to expand not only in South Africa but in Sub-Saharan Africa as well.
- 4.1.7. Each of PepsiCo and Pioneer Foods has an experienced management team with a wide knowledge of African markets and a deep talent pool that can successfully implement the shared vision.

4.2. **Benefits for South Africa**

- 4.2.1. The Transaction is one of PepsiCo's largest acquisitions outside of the United States, which is a demonstration of PepsiCo's belief in South Africa's potential and its long-term commitment to the country.
- 4.2.2. In the face of a challenging global and domestic economic environment, the Transaction represents a vote of confidence in the South African economy. The foreign direct investment which will result from the implementation of the Transaction will contribute meaningfully to the growth of the South African economy under its newly elected leadership. The Transaction could also help attract further foreign direct investment and reinforces the case that South Africa is an attractive destination for multinationals.
- 4.2.3. PepsiCo intends to use South Africa as a hub for expansion throughout Africa. This will require investment to support the business and develop capabilities in the country, which will benefit local communities in a variety of ways and will support broad socio-economic imperatives around employment and benefiting local suppliers.
- 4.2.4. PepsiCo is committed to investing in the development of its employees (including those of Pioneer Foods). As PepsiCo employs more people to drive growth in Africa, it will provide training that will result in a significant transfer of skills and knowledge to the workforce in South Africa. PepsiCo also expects to bring to South Africa its global capabilities, such as procurement and research and development, which will further enhance the pool of skilled labour.
- 4.2.5. Through PepsiCo's global footprint, Pioneer Foods will have access to new markets. This will improve Pioneer Foods' ability to compete more effectively on the African continent and beyond.
- 4.2.6. Pioneer Foods' socially accountable behaviour will be further enhanced by PepsiCo's vision of "Winning with Purpose", a framework for accelerated, sustainable growth that emphasises integrating sustainability into its business strategy and leaving a positive imprint on society and the environment.
- 4.2.7. PepsiCo's commitment to next generation agriculture, especially its Sustainable Farming Program ("**SFP**"), will help create new opportunities for South Africans throughout the nation's agricultural supply chain. PepsiCo's business around the world is rooted in agriculture, with over 25 crops sourced from thousands of farmers in more than 60 countries. PepsiCo will use its scale and reach to advance local knowledge of agronomy, efficient fertilizer and water use, and plant protection techniques boosting yields, improving livelihoods, and preserving precious natural resources. PepsiCo has also begun working with partners to examine how to boost female engagement with its SFP, and how PepsiCo can do even more to help smallholder farmers improve farming practices and livelihoods.
- 4.2.8. PepsiCo's commitment to optimizing farming practices will help reduce water use in one of the most high-water-risk regions in the world, while also helping to proactively mitigate the impact of climate change. For example, PepsiCo is currently piloting the adoption of the Alliance for Water Stewardship Standard at its Parow facility. Through this pilot, it will harness ongoing efforts to improve water use efficiency across its value chain and replenish water back to its source watershed. At the same time, PepsiCo is working with farmers in other regions to

install efficient, solar powered, drip irrigation systems that increase yield whilst reducing water use. PepsiCo is also testing tools that allow farmers to quantify on-farm greenhouse gas emissions, enabling them to improve the climate impact of the farm, increase soil quality, and support local biodiversity.

4.3. Rationale for Pioneer Foods

- 4.3.1. As part of PepsiCo, Pioneer Foods will gain access to leading research and development and brand expertise, along with global scale and distribution.
- 4.3.2. Pioneer Foods will be able to drive growth by leveraging PepsiCo's global research and development and brand expertise, geographic footprint and distribution network. This will allow Pioneer Foods to enter new categories, develop new products within existing categories, improve local brand building and strengthen its go-to-market model.
- 4.3.3. Pioneer Foods will have access to PepsiCo's brand portfolio for Africa, including Simba, Doritos, Nik-Naks, as well as PepsiCo's bottling network, boosting local presence and go-to-market capability.
- 4.3.4. In addition, the Transaction will provide Pioneer Foods Ordinary Shareholders with an opportunity to dispose of their Scheme Shares for cash at a substantial premium and with manageable transaction risk. Accordingly, the Independent Board believes that it is in the interests of Pioneer Foods and the Pioneer Foods Shareholders that they be given an opportunity to consider the PepsiCo Offer.

5. OVERVIEW AND EFFECTS OF THE SCHEME

- 5.1. The Scheme will constitute an "affected transaction" as defined in section 117(1)(c) of the Companies Act. It will be implemented in accordance with the Companies Act and the Companies Regulations, 2011 ("**Companies Regulations**") and will be regulated by the Takeover Regulation Panel ("**TRP**").
- 5.2. In terms of the Scheme, the PepsiCo Offeror will acquire the Scheme Shares from the Scheme Participants for the Per Share Scheme Consideration, whereupon Pioneer Foods will become a subsidiary of the PepsiCo Offeror.
- 5.3. Subject to the Scheme becoming unconditional:
 - 5.3.1. the Scheme Participants (whether they voted in favour of the Scheme or not, or abstained or refrained from voting) will be deemed to have disposed of their Scheme Shares (including all rights, interests and benefits attaching thereto), free of encumbrances, to the PepsiCo Offeror on the Scheme Implementation Date in exchange for the Per Share Scheme Consideration and the PepsiCo Offeror will be deemed to have acquired registered and beneficial ownership, free of encumbrances, of all the Scheme Shares as of the Scheme Implementation Date;
 - 5.3.2. the disposal and transfer by each Scheme Participant of the Scheme Shares held by such Scheme Participant to the PepsiCo Offeror and the acquisition of ownership of these Scheme Shares by the PepsiCo Offeror pursuant to the provisions of the Scheme shall be effected on the Scheme Implementation Date;
 - 5.3.3. each Scheme Participant will be deemed to have transferred to the PepsiCo Offeror, on the Scheme Implementation Date, all of the Scheme Shares held by such Scheme Participant, without any further act or instrument being required; and

5.3.4. Scheme Participants will be entitled to receive the Per Share Scheme Consideration.

6. THE SCHEME CONDITIONS

6.1. The Scheme is subject to the fulfilment or waiver, as applicable, of the following conditions ("**Conditions**"):

6.1.1. by no later than 30 July 2019, all agreements in respect of the Transaction ("**Transaction Agreements**") are signed;

6.1.2. either:

6.1.2.1. no Pioneer Foods Shareholder both (i) gives notice objecting to all or any of the special resolutions to be proposed to Pioneer Foods Ordinary Shareholders and Class A Shareholders to approve the Scheme ("**Scheme Resolutions**"), the special resolution to be proposed to Pioneer Foods Shareholders to approve the repurchase of the Class A Shares (as described in paragraph 8 below) ("**Pioneer Foods Class A Repurchase Resolution**") and/or the special resolution to be proposed to Pioneer Foods Shareholders to approve the repurchase by Pioneer Foods of the BEE Trust Repurchase Shares (as defined in paragraph 10 below) and the BEE Trust Residual Repurchase Shares (as defined in paragraph 10 below) ("**BEE Trust Repurchase**"), as described in paragraph 10 below ("**BEE Trust Repurchase Resolution**"), as contemplated in section 164(3) of the Companies Act and (ii) votes against all or any of those resolutions at the general meeting of Pioneer Foods Shareholders convened to consider and approve those resolutions ("**General Meeting**"); or

6.1.2.2. if any Pioneer Foods Shareholder gives notice objecting to all or any of the Scheme Resolutions, the Pioneer Foods Class A Repurchase Resolution and/or the BEE Trust Repurchase Resolution as contemplated in section 164(3) of the Companies Act and then votes against all or any of the Scheme Resolutions, the Pioneer Foods Class A Repurchase Resolution and/or the BEE Trust Repurchase Resolution at the General Meeting, Pioneer Foods Shareholders holding no more than 5% (five per cent) of all of the issued Pioneer Foods Shares give such notice and vote against all or any of the Scheme Resolutions, the Pioneer Foods Class A Repurchase Resolution and/or the BEE Trust Repurchase Resolution at the General Meeting; or

6.1.2.3. if any Pioneer Foods Shareholder gives notice objecting to all or any of the Scheme Resolutions, the Pioneer Foods Class A Repurchase Resolution and/or the BEE Trust Repurchase Resolution as contemplated in section 164(3) of the Companies Act and then votes against all or any of the Scheme Resolutions, the Pioneer Foods Class A Repurchase Resolution and/or the BEE Trust Repurchase Resolution at the General Meeting in respect of more than 5% (five per cent) of all of the issued Pioneer Foods Shares, such shareholders exercise their rights afforded to them in terms of section 164 of the Companies Act ("**Appraisal Rights**"), by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of no more than 5%

(five per cent) of all of the issued Pioneer Foods Shares within the maximum period permitted by the Companies Act;

- 6.1.3. by no later than 30 July 2019, BDO Corporate Finance Proprietary Limited, in its capacity as independent expert ("**Independent Expert**") appointed by the Independent Board provides (i) a "fair and reasonable" opinion in relation to each of the Scheme, the Pioneer Foods Class A Share Comparable Offer (as described in paragraph 8 below) and the PSR Comparable Offer (as described in paragraph 9 below) as required by the Takeover Regulations, confirming that each of the Per Share Scheme Consideration, the Per Class A Share Comparable Offer Consideration (as defined below) and the Per PSR Holder Comparable Offer Consideration (as defined below) are fair and reasonable to the Pioneer Foods Ordinary Shareholders, the Class A Shareholders, and the PSR Holders (as defined below), as the case may be, and (ii) the reports required under section 114 (read with sections 48(8) and 113) of the Companies Act;
- 6.1.4. by no later than 30 November 2019, each of the Scheme Resolutions is approved by the requisite majority of votes as contemplated in section 115(2) of the Companies Act;
- 6.1.5. by no later than 30 November 2019, the following resolutions are approved by the requisite majority of votes of the Pioneer Foods Shareholders:
 - 6.1.5.1. the BEE Trust Repurchase Resolution, as required by section 5.69 of the Listing Requirements of the JSE ("**JSE Listings Requirements**") (and, if applicable, section 48(8) of the Companies Act);
 - 6.1.5.2. the Pioneer Foods Class A Repurchase Resolution, as required by section 5.69 of the JSE Listings Requirements and section 48(8) of the Companies Act;
 - 6.1.5.3. the ordinary resolution to be proposed to Pioneer Foods Shareholders at the General Meeting seeking their approval of the determination pursuant to the Phantom Share Plan (as defined below) referred to in paragraph 9.2.1 ("**PSR Amendment Resolution**"); and
 - 6.1.5.4. the ordinary resolution to be proposed to Pioneer Foods Shareholders at the General Meeting seeking their approval for the BEE Payment (as defined below);
- 6.1.6. by no later than 30 June 2020, to the extent required in terms of the Companies Act, the High Court of South Africa ("**Court**") approves the implementation of the Scheme Resolutions, the Pioneer Foods Class A Repurchase Resolution and/or the BEE Trust Repurchase Resolution, as the case may be;
- 6.1.7. if any person who voted against the Scheme Resolutions, the Pioneer Foods Class A Repurchase Resolution and/or the BEE Trust Repurchase Resolution applies to Court for a review of the Scheme, the Class A Repurchase and/or the BEE Trust Repurchase in terms of section 115(3)(b) and section 115(6) of the Companies Act, either:
 - 6.1.7.1. leave to apply to Court for any such review is refused; or

- 6.1.7.2. if leave is so granted, the Court refuses to set aside the Scheme Resolutions, the Class A Repurchase Resolution and/or the BEE Trust Repurchase Resolution, as the case may be;
- 6.1.8. by no later than 30 November 2019, the special resolution ("**Zeder Disposal Resolution**") of holders of Zeder Investments Limited ("**Zeder**") ordinary shares ("**Zeder Shareholders**") in terms of sections 112 and 115 of the Companies Act (and for purposes of section 9 of the JSE Listings Requirements) to approve the sale and transfer by Zeder of the Pioneer Foods Ordinary Shares beneficially owned by Zeder and/or Zeder Financial Services Limited ("**Zeder Disposal**"), is approved by the requisite majority of the votes of the Zeder Shareholders at the general meeting of Zeder Shareholders, as contemplated in section 115(2) of the Companies Act;
- 6.1.9. if Zeder Shareholders holding more than 15% (fifteen per cent) of all of the issued Zeder shares
- 6.1.9.1. give notice objecting to the Zeder Disposal Resolution as contemplated in section 164(3) of the Companies Act; and
- 6.1.9.2. then vote against the Zeder Disposal Resolution at the Zeder meeting; and
- 6.1.9.3. then exercise their appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within the maximum period permitted by the Companies Act; and
- Zeder has delivered by 31 January 2020 a written notice to PepsiCo advising that the condition relating to appraisal rights of Zeder Shareholders in the irrevocable undertaking referred to below has been waived in accordance with the provisions of such irrevocable undertaking;
- 6.1.10. by no later than 30 June 2020 to the extent Court approval is required by the Companies Act, the Court approves the implementation of the Zeder Disposal Resolution pursuant to section 115 of the Companies Act;
- 6.1.11. by no later than 30 June 2020 the counterparties to certain material agreements which contain change of control provisions (as will be detailed in the Circular) ("**Change of Control Agreements**") irrevocably and unconditionally (or conditionally on terms acceptable to PepsiCo) agree in writing in favour of Pioneer Foods and the relevant member of the Pioneer Foods group to irrevocably and unconditionally waive the rights (howsoever arising) which arise or might arise directly or indirectly under or pursuant to the Change of Control Agreement directly or indirectly by reason of the entry into and/or implementation of the Transaction, including without limitation rights (howsoever arising) to amend, cancel or terminate the Change of Control Agreements or to acquire or dispose of shares or other assets;
- 6.1.12. by no later than 30 June 2020, all regulatory approvals required to implement the Transaction and the Zeder Disposal are obtained, including:

- 6.1.12.1. the TRP issuing compliance certificates to each of Pioneer Foods and Zeder with respect to the Transaction and the Zeder Disposal, respectively, in terms of section 121(b) of the Companies Act;
 - 6.1.12.2. the relevant competition authorities (to be detailed in the Circular) granting such approvals as are required in terms of the Competition Act, No. 89 of 1998 and other applicable laws to implement the Transaction, either unconditionally, or subject to conditions acceptable to PepsiCo;
 - 6.1.12.3. the Financial Surveillance Department of the South African Reserve Bank granting such approvals with respect to the Transaction and any financing arrangements relating thereto, as are required in terms of the South African Exchange Control Regulations (promulgated in terms of the South African Currency and Exchanges Act No. 9 of 1933) to implement the Transaction and the Zeder Disposal, either unconditionally, or subject to conditions acceptable to PepsiCo;
 - 6.1.12.4. the JSE grants such approval as are required in terms of the JSE Listings Requirements with respect to the Transaction and the Zeder Disposal;
- 6.1.13. no Pioneer Foods Group Material Adverse Event (as detailed in the Circular) occurs during the period from the date of signature of the Implementation Agreement up to the date on which all the Conditions, other than those in this paragraph 6.1.13 and paragraphs 6.1.12.1 and 6.1.14 are fulfilled or, where applicable, waived (both dates inclusive); and
- 6.1.14. by no later than the date on which the Condition in paragraph 6.1.13 is regarded as having been fulfilled, the Implementation Agreement is not terminated in accordance with its terms.
- 6.2. PepsiCo and Pioneer Foods shall use their reasonable endeavours to procure the fulfilment of the Conditions as soon as reasonably practicable.
- 6.3. PepsiCo is entitled, in its sole and exclusive discretion, by notice in writing delivered to Pioneer Foods, to waive, in whole or in part, all or any of the Conditions in:
- 6.3.1. paragraph 6.1.2, 6.1.5 (each individually), 6.1.8, 6.1.9, 6.1.10, 6.1.11, 6.1.12.2 (in certain respects) and 6.1.13; and/or
 - 6.3.2. paragraph 6.1.6 and/or 6.1.7, if the waiver relates to the Pioneer Foods Class A Repurchase Resolution and/or the BEE Trust Repurchase Resolution.
- 6.4. PepsiCo and Pioneer Foods shall be entitled to waive paragraph 6.1.1 if agreed in writing by the parties. Save for the aforementioned, as provided in paragraph 6.3, neither PepsiCo nor Pioneer Foods may waive any Condition unless that waiver is agreed to in writing by both Pioneer Foods and PepsiCo and is permissible in law.
- 6.5. PepsiCo shall be entitled, on one or more occasions, by notice in writing delivered to Pioneer Foods to extend the outside date for fulfilment of Conditions; provided that extension(s) in respect of:

- 6.5.1. the Conditions in clauses 6.1.4, 6.1.5, and/or 6.1.8 beyond 30 November 2019 will require the written agreement of Pioneer Foods and PepsiCo; and
- 6.5.2. any Conditions beyond 30 June 2020 will require the written agreement of Pioneer Foods and PepsiCo;

7. Funding and Cash Confirmation

- 7.1. The Per Share Scheme Consideration will be funded by PepsiCo from a combination of debt and cash.
- 7.2. The PepsiCo Offeror has furnished the TRP with an irrevocable unconditional guarantee issued by JPMorgan Chase Bank, N.A., Johannesburg Branch ("**JPM**"), in accordance with regulation 111(4)(a) of the Companies Regulations, in which JPM has agreed to pay up to a maximum guaranteed amount equal to R25 400 000 000 (twenty five billion, four hundred million Rand), in relation to:
 - 7.2.1. the Per Share Scheme Consideration payable to all participants in the PepsiCo Offer;
 - 7.2.2. the Per Class A Share Comparable Offer Consideration payable in terms of the Pioneer Foods Class A Share Comparable Offer (as described in paragraph 8 below);
 - 7.2.3. the consideration payable by Pioneer Foods for the BEE Trust Residual Repurchase Shares (as defined in paragraph 10 below) under the BEE Trust Repurchase Resolution; and
 - 7.2.4. any amount payable as consideration for the cancellation of the phantom share rights issued under the Phantom Share Plan ("**Phantom Share Rights**") pursuant to paragraph 9 below,

if the PepsiCo Offeror fails to do so, pursuant to fulfilment or, where applicable, waiver of the Conditions.

8. THE PIONEER FOODS CLASS A SHARES COMPARABLE OFFER

- 8.1. The Pioneer Foods Class A Shares are held by the Pioneer Foods Employee Share Trust.
- 8.2. In terms of (i) the rights, privileges, limitations and terms of the Pioneer Foods Class A Shares and (ii) the trust deed of the Pioneer Foods Employee Share Trust (as amended), the trustees of the Pioneer Foods Employee Share Trust ("**EST Trustees**") will be entitled to sell the Pioneer Foods Class A Shares to Pioneer Foods or nominees of Pioneer Foods, on terms approved by Pioneer Foods in writing.
- 8.3. By reason of the PepsiCo Offeror making the PepsiCo Offer, the PepsiCo Offeror will be obliged in terms of section 125(2) of the Companies Act read with regulation 87(2) of the Companies Regulations, to make a comparable offer ("**Comparable Offer**") to the holder of the Pioneer Foods Class A Shares ("**Pioneer Foods Class A Share Comparable Offer**").
- 8.4. In discharge of the PepsiCo Offeror's obligation to make a Comparable Offer to the holder of the Pioneer Foods Class A Shares, the PepsiCo Offeror, Pioneer Foods and the holder of the Pioneer Foods Class A Shares will enter into an agreement ("**Pioneer**

Foods Class A Share Repurchase Agreement") in terms of which the EST Trustees will (subject to the Pioneer Foods Class A Repurchase Resolution being approved by the Pioneer Foods Shareholders and fulfilment or, where applicable, waiver of the Conditions):

8.4.1. agree to sell all the Pioneer Foods Class A Shares in issue on the Scheme Implementation Date:

8.4.1.1. to Pioneer Foods at a consideration per share equal to the Per Class A Share Comparable Offer Consideration (as defined below), whereupon those Pioneer Foods Class A Shares will be cancelled as issued shares; or

8.4.1.2. to the PepsiCo Offeror at a consideration equal to the Per Class A Share Comparable Offer Consideration, if:

8.4.1.2.1. (i) the Pioneer Foods Class A Repurchase Resolution is not approved by the requisite majority of votes of the Pioneer Foods Shareholders, (ii) PepsiCo waives the Condition in paragraph 6.1.5.2 and (iii) the other Conditions are fulfilled or, where applicable, waived; or

8.4.1.2.2. the other Conditions are fulfilled or, where applicable, waived but Pioneer Foods is, by law, prohibited from paying the amount payable as consideration for the Pioneer Foods Class A Share Repurchase by reason of the requirements of sections 46 and 48 of the Companies Act in relation to solvency and liquidity; and

8.4.1.3. irrevocably and unconditionally agree to not exercise their Appraisal Rights.

8.5. The cash consideration (expressed in Rand) (the "**Per Class A Share Comparable Offer Consideration**") payable for each Pioneer Foods Class A Share in discharge of the PepsiCo Offeror's obligation to make the Pioneer Foods Class A Share Comparable Offer, is an amount calculated in accordance with the following formula:

$$D = E \text{ minus } F$$

where:

D = the Per Class A Share Comparable Offer Consideration;

E = the Per Share Scheme Consideration; and

F = the amount as at the Scheme Implementation Date of the "Imaginary Threshold Debt" as defined in schedule 1 to the memorandum of incorporation of Pioneer Foods (which, for the avoidance of doubt is an amount per Pioneer Foods Class A Share).

9. THE PSR HOLDERS

9.1. By reason of the PepsiCo Offeror making the PepsiCo Offer, the PepsiCo Offeror is obliged in terms of the Companies Act to make a Comparable Offer to the holders of Phantom Share Rights ("**PSR Holders**").

- 9.2. In discharge of the PepsiCo Offeror's obligation to make a Comparable Offer and subject to fulfilment or, where applicable, waiver of each of the Conditions (the last date of such fulfilment or, where applicable, waiver being the "**Scheme Finalisation Date**"):
- 9.2.1. the directors of Pioneer Foods (as described in the Phantom Share Plan Rules) have made a determination in terms of the rights granted to them in the rules of the Phantom Share Plan, as amended ("**Phantom Share Plan Rules**") that:
- 9.2.1.1. all Phantom Share Rights will be deemed to be exercised, without the need for any action on the part of the PSR Holders, on the first business day following the Scheme Finalisation Date, at a deemed "Exercise Price" (as defined in the Phantom Share Plan Rules) equal to the Per Share Scheme Consideration; and
- 9.2.1.2. accordingly, all Pioneer Foods Ordinary Shares which are issued to PSR Holders as a result of and in settlement of the automatic exercise, will form part of the Scheme Shares; and
- 9.2.2. if (i) the PSR Amendment Resolution is not approved by the requisite majority of Pioneer Foods Shareholders at the General Meeting, (ii) PepsiCo elects to waive the Condition in paragraph 6.1.5.3, and (iii) the other Conditions are fulfilled or, where applicable waived, Pioneer Foods will procure that the relevant members of the Pioneer Foods group offer to each PSR Holder holding Phantom Share Rights on the business day succeeding the Scheme consideration record date, the right to cancel all of his or her Phantom Share Rights. If a PSR Holder accepts that offer within the period permitted for acceptance, members of the Pioneer Foods group, funded by the PepsiCo Offeror, will pay the Per PSR Holder Comparable Offer Consideration to that PSR Holder.
- 9.3. The cash consideration (expressed in Rand) ("**Per PSR Holder Comparable Offer Consideration**") payable to a PSR Holder in the circumstances set out in paragraph 9.2.2 above is an amount calculated in accordance with the following formula:

$$J = K \text{ multiplied by } L$$

where:

J = the Per PSR Holder Comparable Offer Consideration of that PSR Holder

K = the Per Share Scheme Consideration; and

L = the number of Pioneer Foods Ordinary Shares to which that PSR Holder would have been entitled, applying the formula contained in clause 8.2 of the Phantom Share Plan Rules, (i) had the relevant PSR Holder exercised all Phantom Share Rights held by him or her on the business day succeeding the Scheme consideration record date and (ii) had the "*Exercise Price*" (as defined in the Phantom Share Plan Rules) equalled the Per Share Scheme Consideration.

10. THE BEE TRUST REPURCHASE

10.1. In terms of the subscription agreement ("**2012 BEE Subscription Agreement**"), dated 13 January 2012 entered into between Pioneer Foods and The Pioneer Foods Broad-Based BEE Trust ("**BEE Trust**") as part of the BEE ownership transaction implemented by Pioneer Foods in 2012 ("**2012 BEE Transaction**"), as amended:

10.1.1. Pioneer Foods is entitled to exercise an option to repurchase such number of Pioneer Foods Ordinary Shares as is calculated by applying the Repurchase Formula (as such term is defined in the 2012 BEE Subscription Agreement) ("**BEE Trust Repurchase Shares**") from the BEE Trust at par value ("**BEE Trust Initial Shares**") ("**Pioneer Foods Repurchase Option**") if:

10.1.1.1. an actual or proposed scheme of arrangement occurs during the notional funding period; and

10.1.1.2. the BEE Trust Initial Shares will, or are, in the opinion of Pioneer Foods likely to be, compulsorily acquired from the BEE Trust.

10.2. By reason of the proposal of the Scheme, the Pioneer Foods Board has unanimously resolved to:

10.2.1. reduce the Lock-in Period (as defined in the 2012 BEE Subscription Agreement), and to exercise the Pioneer Foods Repurchase Option; and

10.2.2. exercise the Pioneer Foods Repurchase Option in the addendum to the 2012 BEE Subscription Agreement ("**2012 BEE Subscription Agreement Addendum**"),

subject to the approval of the BEE Trust Repurchase Resolution by the requisite majority of votes of the Pioneer Foods Shareholders and to the other Conditions being fulfilled or, where applicable, waived.

10.3. In addition, in order to facilitate the disposal of the BEE Trust's remaining shareholding in Pioneer Foods, Pioneer Foods shall agree, pursuant to the 2012 BEE Subscription Agreement Addendum, with effect from the business day succeeding the Scheme Finalisation Date and subject to the approval of the BEE Trust Repurchase Resolution by the requisite majority of votes of the Pioneer Foods Shareholders and to the other Conditions being fulfilled or, where applicable, waived, to exercise the option to repurchase those residual shares held by the BEE Trust ("**BEE Trust Residual Repurchase Shares**"), for an amount per share equal to the Per Share Scheme Consideration. The PepsiCo Offeror will fund this repurchase of the BEE Trust Residual Repurchase Shares (but not fund the repurchase of the BEE Trust Repurchase Shares).

11. BEE PAYMENT

11.1. In early 2019, certain direct and indirect participants in the 2012 BEE Transaction ("**2012 BEE Transaction Participants**") elected to sell the Pioneer Foods Ordinary Shares directly or indirectly held by them to Pioneer Foods. Pioneer Foods acquired in aggregate 11 563 013 Pioneer Foods Ordinary Shares from them on 15 March 2019 at R78.19 per Pioneer Foods Ordinary Share ("**March BEE Repurchase**").

11.2. A non-binding expression of interest to enter into the Transaction was subsequently received by Pioneer Foods from PepsiCo.

11.3. Considering that:

11.3.1. the 2012 BEE Transaction Participants were not entitled to freely dispose of their Pioneer Foods Ordinary Shares prior to the March BEE Repurchase;

11.3.2. Pioneer Foods benefitted from the shareholding of the 2012 BEE Transaction Participants in Pioneer Foods under applicable broad-based black economic empowerment legislation; and

11.3.3. the non-binding expression of interest was received shortly after the implementation of the March BEE Repurchase,

the Independent Board decided that Pioneer Foods will, on the Scheme Implementation Date, subject to Pioneer Foods Shareholder approval, and to the fulfilment or, where applicable, waiver of the other Conditions, pay directly or indirectly the 2012 BEE Transaction Participants (whether directly or indirectly, as Pioneer Foods determines acting reasonably) an amount of R7.50 per each of the 11 563 013 Pioneer Foods Ordinary Shares repurchased from the 2012 BEE Transaction Participants in terms of the March BEE Repurchase, totalling in aggregate R86 722 597.50 ("**BEE Payment**").

12. MATERIAL PROVISIONS OF THE IMPLEMENTATION AGREEMENT

12.1. Non-solicitation by Pioneer Foods

In terms of the Implementation Agreement, Pioneer Foods has provided certain non-solicitation undertakings to PepsiCo that are appropriate for a transaction of the nature of the Transaction.

12.2. Other interim period undertakings

In terms of the Implementation Agreement, Pioneer Foods has provided certain interim period undertakings to PepsiCo that are appropriate for a transaction of the nature of the Transaction.

12.3. Representation and warranties

In terms of the Implementation Agreement, each of Pioneer Foods and PepsiCo has provided to the other representations and warranties appropriate for a transaction of the nature of the Transaction, including but not limited to warranties in relation to power, capacity and authority to enter into and perform its obligations under the Implementation Agreement.

12.4. Termination

12.4.1. The Implementation Agreement is subject to termination in any of the following instances:

12.4.1.1. on written notice of termination by PepsiCo to Pioneer Foods if:

12.4.1.1.1. the Independent Board withdraws, modifies or qualifies its recommendation

of the PepsiCo Offer to Pioneer Foods Shareholders, its recommendation of the Pioneer Foods Class A Share Comparable Offer to the Class A Shareholders, its recommendation of the PSR Comparable Offer to the PSR Holders and its recommendation that Pioneer Foods Shareholders vote in favour of the Scheme Resolutions and/or withdraws, modifies or qualifies its view that the Per Share Scheme Consideration, the Per PSR Holder Comparable Offer Consideration and/or the Per Class A Share Comparable Offer Consideration are fair and reasonable to Pioneer Foods Shareholders and PSR Holders;

- 12.4.1.1.2. the Independent Board approves or recommends a competing Pioneer Foods proposal, whether or not conditionally and whether or not that approval or recommendation is legally binding on Pioneer Foods;
 - 12.4.1.1.3. all conditions precedent to a competing Pioneer Foods proposal are fulfilled or, where applicable, waived and a competing Pioneer Foods proposal is completed;
 - 12.4.1.1.4. Pioneer Foods breaches the provisions of the non-solicitation undertakings and, if such breach is capable of remedy fails to remedy such breach within 10 business days of a written notice from PepsiCo to Pioneer Foods requiring same; or
 - 12.4.1.1.5. Pioneer Foods commits a material breach of the provisions of the Implementation Agreement and, if such breach is capable of remedy, Pioneer Foods fails to remedy such breach within the remedy period provided in the Implementation Agreement (or if no such remedy period is provided, then within 10 business days of a written notice from PepsiCo to Pioneer Foods requiring same);
 - 12.4.1.1.6. if the circular to approve the Zeder Disposal is not sent to the Zeder Shareholders by 30 November 2019 (or such later date(s) as is/are agreed in writing between PepsiCo and Pioneer Foods from time to time);
 - 12.4.1.1.7. if the Zeder independent board (i) withdraws, modifies or qualifies its recommendation to any of Zeder's shareholders to vote in favour of the resolutions to approve the Zeder Disposal and/or (ii) its view that the Per Share Scheme Consideration is fair and reasonable to Zeder Shareholders and/or, more generally, of its, support for the Transaction and/or Zeder Disposal;
 - 12.4.1.1.8. Pioneer Foods or any material Pioneer Foods group member is the subject of an Insolvency Event (as detailed in the Circular);
- 12.4.1.2. on written notice of termination by Pioneer Foods to PepsiCo if:
- 12.4.1.2.1. PepsiCo commits a material breach of the provisions of the Implementation Agreement and, if such breach is capable of remedy, PepsiCo fails to remedy such breach within the remedy period provided in the Implementation Agreement (or if no such remedy period is provided, then within 10 business days of a written notice from Pioneer Foods to PepsiCo

requiring same);

12.4.1.2.2. PepsiCo engages in a sustained course of action which exhibits a clear-cut, deliberate and unequivocal intention on its part to no longer be bound by the Transaction and/or the Transaction Agreements.

12.4.1.3. on written notice of termination by either PepsiCo or Pioneer Foods to the other if it becomes illegal to implement all or a material part of the Transaction; or

12.4.1.4. by mutual written agreement between Pioneer Foods and PepsiCo.

12.4.2. Notwithstanding the above, the Implementation Agreement cannot be terminated after the date on which the finalisation date announcement is released on SENS.

13. BREAK FEE

13.1. Pioneer Foods undertakes to pay to PepsiCo or PepsiCo's nominee a break fee equal to R115 000 000 excluding value-added tax ("**Break Fee**"), if PepsiCo terminates the Implementation Agreement pursuant paragraphs 12.4.1.1.1 to 12.4.1.1.5 (inclusive of both). For the avoidance of doubt, the Break Fee shall only be payable once by Pioneer Foods, even if more than one of the events occur as listed in in this paragraph 13.1.

13.2. PepsiCo undertakes to pay Pioneer Foods or Pioneer Foods' nominee a break fee equal to R115 000 000 excluding value-added tax ("**Reverse Break Fee**"), if Pioneer Foods terminates the Implementation Agreement pursuant to clause 12.4.1.2. For the avoidance of doubt, the Reverse Break Fee shall only be payable once by PepsiCo, even if more than one of the events occur as listed in paragraph 12.4.1.2.

13.3. Pioneer Foods and PepsiCo (as applicable) shall pay the Break Fee to PepsiCo or another member of PepsiCo's group nominated by PepsiCo, or the Reverse Break Fee to Pioneer Foods or another member of Pioneer Foods's group nominated by Pioneer Foods within 10 business days of written demand from PepsiCo or Pioneer Foods (as applicable).

13.4. The amount of both the Break Fee and the Reverse Break Fee are each less than 1% of the value of the PepsiCo Offer.

14. DELISTING OF PIONEER FOODS ORDINARY SHARES

Should the Scheme be implemented, Pioneer Foods will be a subsidiary of PepsiCo and the Pioneer Foods Ordinary Shares will be delisted from the JSE.

15. INTERESTS OF PEPSICO, PEPSICO OFFEROR, PEPSICO DIRECTORS AND PEPSICO OFFEROR DIRECTORS IN PIONEER FOODS ORDINARY SHARES

15.1. Neither PepsiCo nor the PepsiCo Offeror holds any Pioneer Foods Ordinary Shares.

15.2. Neither PepsiCo nor the PepsiCo Offeror has had dealings in Pioneer Foods Ordinary Shares during the six-month period prior to the date of signature of the Implementation Agreement.

15.3. None of PepsiCo's or the PepsiCo Offeror's directors have a beneficial interest in Pioneer Foods Ordinary Shares.

15.4. None of PepsiCo's or the PepsiCo Offeror's directors have had any dealings in Pioneer Foods Ordinary Shares during the six-month period prior to the date of signature of the Implementation Agreement.

16. IRREVOCABLE UNDERTAKINGS

Irrevocable undertakings have been given to vote in favour of the Transaction by the following Pioneer Foods Ordinary Shareholders, who collectively holds 52.85% of the Scheme Voting Shares:

Shareholder	Number of Ordinary Shares held	Ordinary Shares held as a % of the Scheme Voting Shares
Zeder Investments Limited	58 250 788	28.23%
Coronation Asset Management (Pty) Ltd	16 463 165	7.98%
BEE Trust	10 745 350	5.21%
Dipeo Capital (RF) Pty Ltd	6 477 948	3.14%
AAF Invest (Pty) Ltd	4 000 000	1.94%
Perpetua Investment Managers (Pty) Ltd	4 490 886	2.18%
Sanlam Investment Management	3 249 000	1.57%
Allan Gray (Pty) Ltd	2 274 464	1.10%
Bremer Investments (Pty) Ltd	1 327 133	0.64%
PSG Asset Management (Pty) Ltd	1 319 533	0.64%
Tertius Carstens	363 688	0.18%
Felix Lombard	83 947	0.04%
Total	109 045 902	52.85%

17. REPORT OF THE INDEPENDENT EXPERT

17.1. The Independent Board has appointed BDO Corporate Finance Proprietary Limited as the Independent Expert, as required in terms of section 114(2) of the Companies Act and the Companies Regulations, to issue an opinion dealing with the matters set out in sections 114(2) and 114(3) of the Companies Act and regulations 90, 110(1) and 113(1)(a) of the Companies Regulations, to express an opinion on whether the Per Share Scheme Consideration, the Per Class A Share Comparable Offer Consideration the Per PSR Holder Comparable Offer Consideration and the BEE Trust Repurchase are fair and reasonable to Pioneer Foods Ordinary Shareholders, Class A Shareholders or PSR Holders (as applicable).

17.2. The report of the Independent Expert prepared in accordance with section 114(3) of the Companies Act and regulations 90 and 110 of the Companies Regulations will be provided in the Circular and will not be withdrawn prior to publication of the Circular.

17.3. Having considered the terms and conditions of each of the PepsiCo Offer, the Pioneer Foods Class A Share Comparable Offer, the PSR Comparable Offer and the BEE Trust Repurchase and based on the conditions set out in its report, the Independent Expert has concluded that the terms and conditions of each are fair and reasonable to Pioneer Foods Ordinary Shareholders, Class A Shareholders and PSR Holders, as each of these terms is contemplated in the Companies Regulations.

18. VIEWS OF THE INDEPENDENT BOARD ON THE SCHEME (INCLUDING THE STANDBY OFFER), THE CLASS A COMPARABLE OFFER AND THE PSR COMPARABLE OFFER

- 18.1. The Independent Board has appointed the Independent Expert to compile a report on the Scheme (including the Standby Offer), the Class A Comparable Offer, the PSR Comparable Offer and the BEE Trust Repurchase.
- 18.2. The Independent Board, after due consideration of the report of the Independent Expert, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the PepsiCo Offer and the Per Share Scheme Consideration, the Pioneer Foods Class A Share Comparable Offer and the Per Class A Share Comparable Offer Consideration, and the PSR Comparable Offer and the Per PSR Holder Comparable Offer Consideration and the BEE Trust Repurchase as contemplated in Companies Regulation 110(3)(b). The Independent Board has formed a view of value of Pioneer Foods Ordinary Shares, which accords with the value of Pioneer Foods Ordinary Shares contained in the Independent Expert's report, in considering its opinion and recommendation. The Independent Board is aware of those factors which are difficult to quantify or are unquantifiable (as contemplated in Companies Regulation 110(6)) which were considered by the Independent Expert and referred to in its report, and has taken such factors into account in forming its opinion.
- 18.3. The Independent Board, taking into account the report of the Independent Expert, has considered the terms and conditions of each of the Scheme (including the Standby Offer), the Pioneer Foods Class A Share Comparable Offer, the PSR Comparable Offer and the BEE Trust Repurchase and the members of the Independent Board are unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Pioneer Foods Shareholders, to Class A Shareholders and to PSR Holders and, accordingly, recommend that Pioneer Foods Ordinary Shareholders and Class A Shareholders vote in favour of the Scheme at the General Meeting.
- 18.4. As at the date of this announcement, the Pioneer Foods Board has not received any firm intention offers, other than the PepsiCo Offer set out above.

19. PEPSICO OFFEROR ACTING AS PRINCIPAL

PepsiCo confirms that the PepsiCo Offeror is the ultimate prospective purchaser of the Scheme Shares and is acting alone and not in concert with any other person.

20. INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this announcement which relates to Pioneer Foods and confirms that, to the best of its knowledge and belief, such information which relates to Pioneer Foods is true and this announcement does not omit anything likely to affect the importance of such information.

21. PEPSICO BOARD RESPONSIBILITY STATEMENT

The board of directors of each of PepsiCo and the PepsiCo Offeror accepts responsibility for the information contained in this announcement which relates to PepsiCo and the PepsiCo Offeror and confirms that, to the best of its knowledge and

belief, such information which relates to PepsiCo or the PepsiCo Offeror is true and this announcement does not omit anything likely to affect the importance of such information.

22. IMPORTANT DATES AND TIMES RELATING TO THE SCHEME

2019

Record date to determine which Pioneer Foods Shareholders are entitled to receive the Circular	Friday, 23 August
Circular posted to Pioneer Foods Shareholders and notice convening the General Meeting released on SENS on	Thursday, 29 August
Notice of General Meeting published in the South African press on	Friday, 30 August
Last day to trade in order to be recorded in Pioneer Foods' securities register on the Scheme Voting Record Date in order to be eligible to vote at the General Meeting	Tuesday, 1 October
Scheme Voting Record Date being 17:00 on	Friday, 4 October
For administrative reasons, Forms of Proxy to be lodged at with Computershare by 10:00 on	Friday, 11 October
Last date and time for Pioneer Foods Shareholders to give notice to Pioneer Foods objecting, in terms of section 164(3) of the Companies Act, to the Scheme resolutions to be able to invoke Appraisal Rights by 10:00 on	Tuesday, 15 October
Forms of Proxy to be handed to the chairperson of the General Meeting or Computershare at the General Meeting, at any time before the proxy exercises any rights of the Pioneer Foods Shareholder at the General Meeting on	Tuesday, 15 October
General Meeting of Pioneer Foods Shareholders to be held at 10:00 on	Tuesday, 15 October
Results of General Meeting released on SENS on	Tuesday, 15 October
Results of General Meeting published in the South African press on	Wednesday, 16 October
If the Scheme is approved by Pioneer Foods Shareholders at the General Meeting:	
Last date for Pioneer Foods Shareholders who voted against the Scheme to require Pioneer Foods to seek court approval for the Scheme in terms of section 115(3)(a) of the Companies Act (where applicable) on	Tuesday, 22 October

Last date for Pioneer Foods Shareholders who voted against the Scheme to apply to court for leave to apply for a review of the Scheme in terms of section 115(3)(b) of the Companies Act on Tuesday, 29 October

Last date for Pioneer Foods to send objecting Pioneer Foods Shareholders notices of the adoption of the Scheme Resolution, in accordance with section 164(4) of the Companies Act, on Tuesday, 29 October

Action

The following dates assume that the Scheme becomes unconditional and that neither court approvals nor the review of the Scheme is required and will be confirmed in the finalisation announcement if the Scheme becomes unconditional:

2020

Scheme Finalisation Date expected to be on or about	Tuesday, 11 February
Scheme Finalisation Date announcement expected to be released on SENS on or about	Tuesday, 11 February
Scheme Finalisation Date announcement expected to be published in the South African press on or about	Wednesday, 12 February
Scheme LDT expected to be on or about	Tuesday, 18 February
Trading in Pioneer Foods Ordinary Shares on the JSE suspended from commencement of trade on or about	Wednesday, 19 February
Scheme Consideration Record Date to be recorded in Pioneer Foods's securities register in order to receive the Per Share Scheme Consideration expected to be on or about	Friday, 21 February
Scheme Implementation Date expected to be on or about	Monday, 24 February
Per Share Scheme Consideration payment expected to take place on or about	Monday, 24 February
Termination of listing of Pioneer Foods Ordinary Shares on the JSE at commencement of trade on or about	Tuesday, 25 February

Notes:

1. The above dates and times are subject to such changes as may be agreed to by Pioneer Foods and PepsiCo and approved by the TRP and/or the JSE, if required. If the Conditions are not fulfilled or waived by Tuesday, 11 February 2020 (or if the Conditions are fulfilled or waived before that date), an updated timetable will be released on SENS.
2. Pioneer Foods Shareholders should note that, as trade in Pioneer Foods Ordinary Shares on the JSE is settled in the electronic settlement system used by Strate, settlement of trades takes place 3 business days after the date of such trades. Therefore, Pioneer Foods Shareholders who acquire Pioneer Foods Ordinary Shares on the JSE after Tuesday, 1 October 2019, being the last day to trade in Pioneer Foods Ordinary Shares so as to be recorded in Pioneer Foods's securities register on the Scheme Voting Record Date, will not be entitled to vote at the General Meeting.
3. Pioneer Foods Shareholders who wish to exercise their Appraisal Rights are referred to the Circular to be distributed to Pioneer Foods Shareholders for purposes of determining the relevant timing for the exercise of their Appraisal Rights.

4. The exercise of Appraisal Rights may result in changes to the above salient dates and times and Pioneer Foods Shareholders will be notified separately of the applicable dates and times resulting from any such changes.
5. Pioneer Foods Shareholders who wish to exercise their right in terms of section 115(3) of the Companies Act, to require the approval of a court for the Scheme, should refer to the Circular to be distributed to Pioneer Foods Shareholders which includes an extract of section 115 of the Companies Act. Should Pioneer Foods Shareholders exercise their rights in terms of section 115(3) of the Companies Act, the dates and times set out above may change, in which case an updated timetable will be released on SENS.
6. Dematerialised Pioneer Foods Shareholders, other than those with own-name registration, must provide their central securities depository participant (“CSDP”) or broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or broker in terms of their respective custody agreements between them and their CSDP or broker.
7. No dematerialisation or rematerialisation of Pioneer Foods Ordinary Shares may take place from the commencement of business on the business day following the Scheme LDT. The Scheme LDT is expected to be on Tuesday, 18 February 2020.
8. If the General Meeting is adjourned or postponed, the above dates and times will change, but the forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
9. Although the salient dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act, the Companies Regulations and the JSE Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
10. All times referred to are references to South African Standard Time.

23. STANDBY OFFER

23.1. If after the Scheme is proposed:

- 23.1.1. the General Meeting is cancelled by Pioneer Foods or not held for any reason;
- 23.1.2. a Competing Pioneer Foods Proposal (as defined in the Circular to be distributed to Pioneer Foods Shareholders) is made;
- 23.1.3. Court approval is required but not obtained;
- 23.1.4. any of the Conditions is not fulfilled and where applicable not waived, or
- 23.1.5. the Scheme otherwise fails,

(each, a **Standby Offer Trigger Event**), then the Scheme will not become effective and an offer to holders of Pioneer Foods Ordinary Shares to acquire their Pioneer Foods Ordinary Shares by way of a general offer in terms of the Companies Act will commence on the terms and conditions precedent consistent, *mutatis mutandis*, with those of the Scheme, to the extent applicable, and the Implementation Agreement and may be subject to an additional condition precedent that Pioneer Foods Ordinary Shareholders tender that number of Pioneer Foods Ordinary Shares which, when accepted by the PepsiCo Offeror, would result in the PepsiCo Offeror holding the 90% (ninety per cent) shareholding level contemplated in section 124(1) of the Companies Act, or such lower percentage as the PepsiCo Offeror may specify from time to time, of the issued Pioneer Foods Ordinary Shares, which additional condition precedent, if any, the PepsiCo Offeror shall be entitled to waive,

23.2. The Standby Offer will be a continuation of the affected transaction as defined in section 117 of the Companies Act. The Standby Offer will be implemented in accordance with the Companies Act and the Companies Regulations and will be regulated by the TRP.

23.3. If a Standby Offer Trigger Event occurs, the dates and times pertinent to the Standby Offer will be published on SENS and in the press.

24. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Pioneer Foods Shareholders are referred to Pioneer Foods's cautionary announcement dated 15 July 2019 and are advised that, as the terms of the PepsiCo Offer have now been announced, caution is no longer required to be exercised by Pioneer Foods Shareholders when dealing in their Pioneer Foods securities.

Tygervalley

19 July 2019

Transaction advisor and Sponsor to Pioneer Foods



Legal advisor to Pioneer Foods

WEBBER WENTZEL
in alliance with > **Linklaters**

Independent Expert to Pioneer Foods



Financial advisor to PepsiCo



Legal advisor to PepsiCo

