

**PepsiCo, Inc. and Subsidiaries**  
**Condensed Consolidated Statement of Income**  
(in millions except per share amounts)

	16 Weeks Ended		52 Weeks Ended	
	12/27/03	12/28/02	12/27/03	12/28/02
	(unaudited)			
Net Revenue .....	\$8,073	\$7,382	\$26,971	\$25,112
Cost and Expenses				
Cost of sales .....	3,737	3,418	12,379	11,497
Selling, general and administrative expenses .....	2,897	2,628	9,053	8,523
Stock compensation expense .....	140	149	510	501
Amortization of intangible assets .....	46	41	145	138
Impairment and restructuring charges .....	147	-	147	-
Merger-related costs .....	28	90	59	224
Operating Profit .....	1,078	1,056	4,678	4,229
Bottling Equity Income .....	77	29	323	280
Interest Expense .....	(51)	(62)	(163)	(178)
Interest Income .....	21	13	51	36
Income before Income Taxes .....	1,125	1,036	4,889	4,367
Provision for Income Taxes .....	228	347	1,395	1,414
Net Income .....	<u>\$ 897</u>	<u>\$ 689</u>	<u>\$3,494</u>	<u>\$ 2,953</u>
Diluted				
Net Income Per Common Share .....	\$0.51	\$0.39	\$2.01	\$1.66
Average Shares Outstanding .....	1,742	1,747	1,738	1,779

**PepsiCo, Inc. and Subsidiaries**  
**Supplemental Financial Information**  
(in millions)

	16 Weeks Ended		52 Weeks Ended	
	12/27/03	12/28/02	12/27/03	12/28/02
<u>Net Revenue</u>	(unaudited)			
Frito-Lay North America .....	\$2,696	\$2,540	\$ 9,091	\$ 8,565
PepsiCo Beverages North America .....	2,148	1,931	7,733	7,200
PepsiCo International .....	2,780	2,421	8,678	7,749
Quaker Foods North America.....	449	460	1,467	1,464
Division Net Revenue .....	8,073	7,352	26,969	24,978
Divested Businesses .....	-	30	2	134
Total Net Revenue.....	\$8,073	\$7,382	\$26,971	\$25,112
<u>Operating Profit</u>				
Frito-Lay North America .....	\$ 699	\$ 653	\$2,366	\$2,216
PepsiCo Beverages North America .....	416	338	1,775	1,577
PepsiCo International .....	319	272	1,186	1,042
Quaker Foods North America.....	157	143	486	473
Division Operating Profit.....	1,591	1,406	5,813	5,308
Corporate unallocated .....	(198)	(119)	(445)	(377)
Stock compensation expense .....	(140)	(149)	(510)	(501)
Impairment and restructuring costs.....	(147)	-	(147)	-
Merger-related costs .....	(28)	(90)	(59)	(224)
Divested businesses .....	-	8	26	23
Total Operating Profit .....	\$1,078	\$1,056	\$4,678	\$4,229

**PepsiCo, Inc. and Subsidiaries**  
**Condensed Consolidated Statement of Cash Flows**  
(in millions)

	52 Weeks Ended	
	12/27/03	12/28/02
<b>Cash Flows - Operating Activities</b>		
Net income.....	\$ 3,494	\$ 2,953
Adjustments		
Depreciation and amortization .....	1,221	1,112
Merger-related costs .....	59	224
Impairment and restructuring charges .....	147	-
Stock compensation expense .....	510	501
Cash payments for merger-related costs and impairment and restructuring charges.....	(109)	(123)
Pension plan contributions .....	(535)	(820)
Bottling equity income, net of dividends .....	(276)	(222)
Deferred income taxes .....	(352)	155
Other noncash charges and credits, net .....	415	263
Net change in operating working capital .....	(75)	305
Other .....	(171)	279
<b>Net Cash Provided by Operating Activities .....</b>	<b>4,328</b>	<b>4,627</b>
<b>Cash Flows - Investing Activities</b>		
Capital spending.....	(1,345)	(1,437)
Sales of property, plant and equipment.....	49	89
Acquisitions and investments in noncontrolled affiliates .....	(71)	(351)
Divestitures .....	46	376
Short-term investments .....	(950)	757
Snack Ventures Europe consolidation .....	-	39
<b>Net Cash Used for Investing Activities .....</b>	<b>(2,271)</b>	<b>(527)</b>
<b>Cash Flows - Financing Activities</b>		
Proceeds from issuances of long-term debt.....	52	11
Payments of long-term debt .....	(641)	(353)
Short-term borrowings .....	13	(62)
Cash dividends paid .....	(1,070)	(1,041)
Share repurchases - common .....	(1,929)	(2,158)
Share repurchases - preferred .....	(16)	(32)
Proceeds from exercises of stock options.....	689	456
<b>Net Cash Used for Financing Activities .....</b>	<b>(2,902)</b>	<b>(3,179)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents .....	27	34
<b>Net Increase/(Decrease) in Cash and Cash Equivalents .....</b>	<b>(818)</b>	<b>955</b>
Cash and Cash Equivalents - Beginning of year .....	1,638	683
<b>Cash and Cash Equivalents - End of year .....</b>	<b>\$ 820</b>	<b>\$ 1,638</b>

**PepsiCo, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheet**  
(in millions)

	12/27/03	12/28/02
<b>Assets</b>		
Current Assets		
Cash and cash equivalents .....	\$ 820	\$ 1,638
Short-term investments, at cost .....	1,181	207
	2,001	1,845
Accounts and notes receivable, net .....	2,830	2,531
Inventories		
Raw material .....	618	525
Work-in-process .....	160	214
Finished goods .....	634	603
	1,412	1,342
Prepaid expenses and other current assets .....	687	695
Total Current Assets .....	6,930	6,413
Property, plant and equipment, net .....	7,828	7,390
Amortizable intangible assets, net .....	718	801
Goodwill .....	3,796	3,631
Other nonamortizable intangibles .....	869	787
	4,665	4,418
Investments in unconsolidated affiliates .....	2,920	2,611
Other assets .....	2,266	1,841
<b>Total Assets</b> .....	<b>\$25,327</b>	<b>\$23,474</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Short-term borrowings .....	\$ 591	\$ 562
Accounts payable and other current liabilities .....	5,213	4,998
Income taxes payable .....	611	492
Total Current Liabilities .....	6,415	6,052
Long-term debt .....	1,702	2,187
Other liabilities .....	4,075	4,226
Deferred income taxes .....	1,192	1,446
Preferred stock, no par value .....	41	41
Repurchased preferred stock .....	(63)	(48)
Common Shareholders' Equity		
Common stock .....	30	30
Capital in excess of par value .....	783	339
Retained earnings .....	15,795	13,397
Accumulated other comprehensive loss .....	(1,267)	(1,672)
	15,341	12,094
Less: Repurchased shares .....	(3,376)	(2,524)
Total Common Shareholders' Equity .....	11,965	9,570
<b>Total Liabilities and Shareholders' Equity</b> .....	<b>\$25,327</b>	<b>\$23,474</b>

## Reconciliation of GAAP and Non-GAAP Information

Management operating cash flow is the primary measure management uses to monitor cash flow performance. It is not a measure calculated under generally accepted accounting principles (GAAP) in the United States. Since net capital spending is essential to our product innovation initiatives and maintaining our operational capabilities, we believe that it is a recurring and necessary use of cash. As such, we believe investors should also consider net capital spending when evaluating our cash from operating activities. The table below reconciles net cash provided by operating activities as reflected in our Condensed Consolidated Statement of Cash Flows to our management operating cash flow.

	Year Ended	
	2003	2002
Net Cash Provided by Operating Activities .....	\$4,328	\$4,627
Capital spending.....	(1,345)	(1,437)
Sales of property, plant and equipment .....	49	89
Management Operating Cash Flow .....	\$3,032	\$3,279

# # # #