

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

	12 Weeks Ended	
	3/24/07	3/25/06
	(unaudited)	
Net Revenue	\$7,350	\$6,719
Costs and Expenses		
Cost of sales	3,285	2,962
Selling, general and administrative expenses	2,635	2,469
Amortization of intangible assets	11	31
Operating Profit	1,419	1,257
Bottling Equity Income	74	75
Interest Expense	(42)	(62)
Interest Income	22	45
Income before Income Taxes	1,473	1,315
Provision for Income Taxes	377	368
Net Income	\$1,096	\$ 947
Diluted		
Net Income per Common Share	\$0.65	\$0.56
Average Shares Outstanding	1,673	1,695

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

	12 Weeks Ended	
	3/24/07	3/25/06
	(unaudited)	
<u>Net Revenue</u>		
Frito-Lay North America.....	\$2,553	\$2,393
PepsiCo Beverages North America.....	2,086	1,991
PepsiCo International.....	2,248	1,892
Quaker Foods North America.....	463	443
Total Net Revenue.....	<u>\$7,350</u>	<u>\$6,719</u>
<u>Operating Profit</u>		
Frito-Lay North America.....	\$ 610	\$ 569
PepsiCo Beverages North America.....	425	428
PepsiCo International.....	372	288
Quaker Foods North America.....	156	151
Division Operating Profit.....	1,563	1,436
Corporate.....	(144)	(179)
Total Operating Profit.....	<u>\$1,419</u>	<u>\$1,257</u>

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

	12 Weeks Ended	
	3/24/07	3/25/06
	(unaudited)	
Operating Activities		
Net income	\$ 1,096	\$ 947
Depreciation and amortization	276	286
Stock-based compensation expense	63	67
Excess tax benefits from share-based payment arrangements	(47)	(34)
Pension and retiree medical plan contributions	(34)	(28)
Pension and retiree medical plan expenses	118	120
Bottling equity income, net of dividends.....	(57)	(61)
Deferred income taxes and other tax charges and credits	11	20
Change in accounts and notes receivable.....	(377)	(347)
Change in inventories	(134)	(179)
Change in prepaid expenses and other current assets	(75)	(39)
Change in accounts payable and other current liabilities	(413)	(441)
Change in income taxes payable.....	269	(140)
Other, net	(70)	2
Net Cash Provided by Operating Activities	626	173
Investing Activities		
Capital spending	(267)	(289)
Sales of property, plant and equipment.....	4	6
Acquisitions and investments in noncontrolled affiliates	(431)	(275)
Cash proceeds from sale of The Pepsi Bottling Group (PBG) stock	94	85
Short-term investments, net	402	800
Net Cash (Used for)/Provided by Investing Activities	(198)	327
Financing Activities		
Payments of long-term debt	(26)	(22)
Short-term borrowings, net.....	14	(691)
Cash dividends paid	(498)	(432)
Share repurchases – common	(882)	(660)
Share repurchases – preferred.....	(2)	(2)
Proceeds from exercises of stock options.....	236	436
Excess tax benefits from share-based payment arrangements.....	47	34
Net Cash Used for Financing Activities	(1,111)	(1,337)
Effect of Exchange Rate Changes on Cash and Cash Equivalents.....	(1)	5
Net Decrease in Cash and Cash Equivalents.....	(684)	(832)
Cash and Cash Equivalents – Beginning of year.....	1,651	1,716
Cash and Cash Equivalents – End of period	\$ 967	\$ 884

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

	3/24/07	12/30/06
Assets	(unaudited)	
Current Assets		
Cash and cash equivalents.....	\$ 967	\$ 1,651
Short-term investments.....	770	1,171
Accounts and notes receivable, net.....	4,123	3,725
Inventories		
Raw materials.....	893	860
Work-in-process.....	168	140
Finished goods.....	1,013	926
	2,074	1,926
Prepaid expenses and other current assets.....	757	657
Total Current Assets	8,691	9,130
Property, plant and equipment, net.....	9,731	9,687
Amortizable intangible assets, net.....	627	637
Goodwill.....		
Other nonamortizable intangible assets.....	4,596	4,594
Nonamortizable Intangible Assets.....	1,213	1,212
	5,809	5,806
Investments in noncontrolled affiliates.....	3,676	3,690
Other assets.....	1,296	980
Total Assets	\$29,830	\$29,930
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term obligations.....	\$ 1,002	\$ 274
Accounts payable and other current liabilities.....	6,207	6,496
Income taxes payable.....	313	90
Total Current Liabilities	7,522	6,860
Long-term debt obligations.....	1,807	2,550
Other liabilities.....	4,805	4,624
Deferred income taxes.....	348	528
Total Liabilities	14,482	14,562
Commitments and Contingencies		
Preferred stock, no par value.....	41	41
Repurchased preferred stock.....	(122)	(120)
Common Shareholders' Equity		
Common stock.....	30	30
Capital in excess of par value.....	479	584
Retained earnings.....	25,446	24,837
Accumulated other comprehensive loss.....	(2,238)	(2,246)
	23,717	23,205
Less: Repurchased common stock.....	(8,288)	(7,758)
Total Common Shareholders' Equity	15,429	15,447
Total Liabilities and Shareholders' Equity	\$29,830	\$29,930

PepsiCo, Inc. and Subsidiaries
Supplemental Share and Option Data
(in millions of shares, except average share and exercise prices, and unaudited)

	12 Weeks Ended	
	3/24/07	3/25/06
Beginning Net Shares Outstanding	1,639	1,656
Options Exercised/Restricted Stock Units Converted ..	8	12
Shares Repurchased	(15)	(12)
Ending Net Shares Outstanding	<u>1,632</u>	<u>1,656</u>
Weighted Average Basic	1,637	1,656
Dilutive securities:		
Options	31	33
Restricted Stock Units	4	4
ESOP Convertible Preferred Stock/Other	1	2
Weighted Average Diluted	<u>1,673</u>	<u>1,695</u>
Average Share Price for the period	\$63.94	\$58.79
<i>Growth Versus Prior Year</i>	9%	
Options Outstanding	132	150
Options in the Money	121	150
Dilutive Shares from Options	31	33
<i>Dilutive Shares from Options as a % of Options in the Money</i>	26%	22%
Average Exercise Price of Options in the Money	\$44.41	\$43.55

**Reconciliation of GAAP and Non-GAAP Information
(unaudited)**

The financial measures listed below are not measures defined by generally accepted accounting principles (GAAP). However, we believe investors should consider these measures as they are more indicative of our ongoing performance and with how management evaluates our operational results and trends. Specifically, investors should consider the following with respect to our quarterly results:

- Our 2007 and 2006 division operating profit; and
- Our 2007 division operating profit growth.

Operating Profit Growth Reconciliation

	Quarter Ended <u>3/24/07</u>
Division operating profit growth.....	8.8%
Impact of Corporate unallocated.....	<u>4.1</u>
Total operating profit growth	<u><u>12.9%</u></u>