

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

	12 Weeks Ended		24 Weeks Ended	
	6/16/07	6/17/06	6/16/07	6/17/06
Net Revenue .....	\$9,607	\$8,714	\$16,957	\$15,433
Costs and Expenses				
Cost of sales .....	4,342	3,862	7,627	6,824
Selling, general and administrative expenses .....	3,295	3,016	5,930	5,485
Amortization of intangible assets .....	11	36	22	67
Operating Profit .....	1,959	1,800	3,378	3,057
Bottling Equity Income .....	173	161	247	236
Interest Expense .....	(54)	(59)	(96)	(121)
Interest Income .....	39	26	61	71
Income before Income Taxes .....	2,117	1,928	3,590	3,243
Provision for Income Taxes .....	560	553	937	921
Net Income .....	<u>\$1,557</u>	<u>\$1,375</u>	<u>\$ 2,653</u>	<u>\$ 2,322</u>
Diluted				
Net Income Per Common Share .....	\$0.94	\$0.81	\$1.59	\$1.37
Average Shares Outstanding .....	1,665	1,689	1,669	1,692

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

	12 Weeks Ended		24 Weeks Ended	
	6/16/07	6/17/06	6/16/07	6/17/06
<u>Net Revenue</u>				
Frito-Lay North America .....	\$2,723	\$2,567	\$ 5,276	\$ 4,960
PepsiCo Beverages North America .....	2,627	2,505	4,713	4,496
PepsiCo International .....	3,867	3,269	6,115	5,161
Quaker Foods North America.....	390	373	853	816
Total Net Revenue.....	<u>\$9,607</u>	<u>\$8,714</u>	<u>\$16,957</u>	<u>\$15,433</u>
<u>Operating Profit</u>				
Frito-Lay North America .....	\$ 682	\$ 634	\$1,292	\$1,203
PepsiCo Beverages North America .....	650	626	1,075	1,054
PepsiCo International .....	683	577	1,055	865
Quaker Foods North America.....	117	115	273	266
Division Operating Profit.....	2,132	1,952	3,695	3,388
Corporate.....	(173)	(152)	(317)	(331)
Total Operating Profit .....	<u>\$1,959</u>	<u>\$1,800</u>	<u>\$3,378</u>	<u>\$3,057</u>

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

	24 Weeks Ended	
	6/16/07	6/17/06
Operating Activities		
Net income .....	\$ 2,653	\$ 2,322
Depreciation and amortization .....	608	610
Stock-based compensation expense .....	123	128
Excess tax benefits from share-based payment arrangements .....	(86)	(64)
Pension and retiree medical plan contributions .....	(116)	(60)
Pension and retiree medical plan expenses .....	240	246
Bottling equity income, net of dividends .....	(207)	(195)
Deferred income taxes and other tax charges and credits .....	64	14
Change in accounts and notes receivable .....	(852)	(753)
Change in inventories .....	(526)	(396)
Change in prepaid expenses and other current assets .....	(69)	(29)
Change in accounts payable and other current liabilities .....	(28)	—
Change in income taxes payable .....	369	(6)
Other, net .....	(155)	(37)
Net Cash Provided by Operating Activities .....	<u>2,018</u>	<u>1,780</u>
Investing Activities		
Capital spending .....	(743)	(708)
Sales of property, plant and equipment .....	15	15
Acquisitions and investments in noncontrolled affiliates .....	(853)	(434)
Cash proceeds from sale of The Pepsi Bottling Group (PBG) stock .....	192	180
Short-term investments, net .....	326	908
Net Cash Used for Investing Activities .....	<u>(1,063)</u>	<u>(39)</u>
Financing Activities		
Proceeds from issuances of long-term debt .....	1,005	109
Payments of long-term debt .....	(534)	(135)
Short-term borrowings, net .....	266	(1,500)
Cash dividends paid .....	(989)	(863)
Share repurchases – common .....	(1,964)	(1,469)
Share repurchases – preferred .....	(4)	(5)
Proceeds from exercises of stock options .....	485	697
Excess tax benefits from share-based payment arrangements .....	86	64
Net Cash Used for Financing Activities .....	<u>(1,649)</u>	<u>(3,102)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents .....	<u>41</u>	<u>7</u>
Net Decrease in Cash and Cash Equivalents .....	<u>(653)</u>	<u>(1,354)</u>
Cash and Cash Equivalents – Beginning of year .....	<u>1,651</u>	<u>1,716</u>
Cash and Cash Equivalents – End of period .....	<u>\$ 998</u>	<u>\$ 362</u>

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

	6/16/07 (unaudited)	12/30/06
<b>Assets</b>		
Current Assets		
Cash and cash equivalents .....	\$ 998	\$ 1,651
Short-term investments .....	864	1,171
Accounts and notes receivable, net .....	4,669	3,725
Inventories		
Raw materials .....	1,101	860
Work-in-process .....	302	140
Finished goods .....	1,107	926
	2,510	1,926
Prepaid expenses and other current assets .....	747	657
Total Current Assets .....	9,788	9,130
Property, plant and equipment, net .....	10,077	9,687
Amortizable intangible assets, net .....	671	637
Goodwill .....	4,789	4,594
Other nonamortizable intangible assets .....	1,234	1,212
Nonamortizable Intangible Assets .....	6,023	5,806
Investments in noncontrolled affiliates .....	3,653	3,690
Other assets .....	1,713	980
<b>Total Assets</b> .....	<b>\$31,925</b>	<b>\$29,930</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Short-term obligations .....	\$ 364	\$ 274
Accounts payable and other current liabilities .....	6,870	6,496
Income taxes payable .....	355	90
Total Current Liabilities .....	7,589	6,860
Long-term debt obligations .....	3,261	2,550
Other liabilities .....	4,876	4,624
Deferred income taxes .....	326	528
Total Liabilities .....	16,052	14,562
Commitments and Contingencies		
Preferred stock, no par value .....	41	41
Repurchased preferred stock .....	(124)	(120)
Common Shareholders' Equity		
Common stock .....	30	30
Capital in excess of par value .....	470	584
Retained earnings .....	26,391	24,837
Accumulated other comprehensive loss .....	(1,888)	(2,246)
	25,003	23,205
Less: Repurchased common stock .....	(9,047)	(7,758)
Total Common Shareholders' Equity .....	15,956	15,447
<b>Total Liabilities and Shareholders' Equity</b> .....	<b>\$31,925</b>	<b>\$29,930</b>

**PepsiCo, Inc. and Subsidiaries**  
**Supplemental Share and Stock-Based Compensation Data**  
(in millions, except dollar amounts, and unaudited)

	12 Weeks Ended		24 Weeks Ended	
	6/16/07	6/17/06	6/16/07	6/17/06
Beginning Net Shares Outstanding .....	1,632	1,656	1,639	1,656
Options Exercised/Restricted Stock Units Converted	6	7	14	19
Shares Repurchased .....	(17)	(13)	(32)	(25)
Ending Net Shares Outstanding .....	<u>1,621</u>	<u>1,650</u>	<u>1,621</u>	<u>1,650</u>
Weighted Average Basic.....	1,628	1,652	1,632	1,654
Dilutive Securities:				
Options.....	31	31	31	32
Restricted Stock Units.....	4	4	4	4
ESOP Convertible Preferred Stock/Other.....	2	2	2	2
Weighted Average Diluted .....	<u>1,665</u>	<u>1,689</u>	<u>1,669</u>	<u>1,692</u>
Average Share Price for the Period .....	\$66.32	\$58.83	\$65.15	\$58.81
<i>Growth Versus Prior Year</i> .....	13%		11%	
Options Outstanding .....	125	142	129	146
Options in the Money .....	125	142	123	146
Dilutive Shares from Options .....	31	31	31	32
<i>Dilutive Shares from Options as a % of Options in the Money</i> .....	25%	22%	25%	22%
Average Exercise Price of Options in the Money .....	\$46.49	\$43.83	\$45.47	\$43.69
Restricted Stock Units Outstanding .....	8	8	8	8
Dilutive Shares from Restricted Stock Units .....	4	4	4	4
Average Intrinsic Value of Restricted Stock Units Outstanding* .....	\$58.46	\$53.01	\$58.44	\$52.96

\* Weighted-average intrinsic value at grant date

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

**Operating Profit Growth Reconciliation**

	24 Weeks Ended <u>6/16/07</u>
Total operating profit growth .....	10%
Impact of corporate unallocated.....	<u>(1)</u>
Division operating profit growth.....	<u>9%</u>

Division operating profit and division operating profit growth are not measures defined by generally accepted accounting principles (GAAP). However, we believe investors should consider these measures as we believe they are more indicative of our ongoing performance and with how management evaluates our operational results and trends.