

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

	12 Weeks Ended		36 Weeks Ended	
	9/8/07	9/9/06	9/8/07	9/9/06
Net Revenue	\$10,171	\$9,134	\$27,128	\$24,567
Costs and Expenses				
Cost of sales	4,627	4,108	12,254	10,932
Selling, general and administrative expenses	3,467	3,129	9,397	8,614
Amortization of intangible assets	15	41	37	108
Operating Profit	2,062	1,856	5,440	4,913
Bottling Equity Income	218	204	465	440
Interest Expense	(57)	(51)	(153)	(172)
Interest Income	21	39	82	110
Income before Income Taxes	2,244	2,048	5,834	5,291
Provision for Income Taxes	501	554	1,438	1,475
Net Income	\$ 1,743	\$1,494	\$ 4,396	\$ 3,816
Diluted				
Net Income Per Common Share	\$1.06	\$0.89	\$2.64	\$2.26
Average Shares Outstanding	1,651	1,688	1,663	1,690

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

	12 Weeks Ended		36 Weeks Ended	
	9/8/07	9/9/06	9/8/07	9/9/06
<u>Net Revenue</u>				
Frito-Lay North America	\$ 2,800	\$2,642	\$ 8,076	\$ 7,602
PepsiCo Beverages North America	2,698	2,608	7,411	7,104
PepsiCo International	4,262	3,482	10,377	8,643
Quaker Foods North America.....	411	402	1,264	1,218
Total Net Revenue.....	<u>\$10,171</u>	<u>\$9,134</u>	<u>\$27,128</u>	<u>\$24,567</u>
<u>Operating Profit</u>				
Frito-Lay North America	\$ 742	\$ 694	\$2,034	\$1,897
PepsiCo Beverages North America	649	603	1,724	1,657
PepsiCo International	707	595	1,762	1,460
Quaker Foods North America.....	126	123	399	389
Division Operating Profit.....	2,224	2,015	5,919	5,403
Corporate.....	(162)	(159)	(479)	(490)
Total Operating Profit	<u>\$2,062</u>	<u>\$1,856</u>	<u>\$5,440</u>	<u>\$4,913</u>

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

	36 Weeks Ended	
	9/8/07	9/9/06
Operating Activities		
Net income	\$ 4,396	\$ 3,816
Depreciation and amortization	948	940
Stock-based compensation expense	182	191
Excess tax benefits from share-based payment arrangements	(118)	(91)
Pension and retiree medical plan contributions	(155)	(90)
Pension and retiree medical plan expenses	362	370
Bottling equity income, net of dividends.....	(398)	(381)
Deferred income taxes and other tax charges and credits	(3)	48
Change in accounts and notes receivable.....	(844)	(785)
Change in inventories	(244)	(246)
Change in prepaid expenses and other current assets.....	51	2
Change in accounts payable and other current liabilities	324	263
Change in income taxes payable.....	830	242
Other, net	(161)	(8)
Net Cash Provided by Operating Activities	5,170	4,271
Investing Activities		
Capital spending.....	(1,260)	(1,130)
Sales of property, plant and equipment.....	23	37
Proceeds from (Investment in) finance assets	3	(11)
Acquisitions and investments in noncontrolled affiliates	(988)	(444)
Cash proceeds from sale of The Pepsi Bottling Group (PBG) stock	296	285
Short-term investments, net	(23)	1,099
Net Cash Used for Investing Activities.....	(1,949)	(164)
Financing Activities		
Proceeds from issuances of long-term debt.....	1,005	25
Payments of long-term debt	(542)	(136)
Short-term borrowings, net	(402)	(2,034)
Cash dividends paid	(1,598)	(1,359)
Share repurchases – common	(3,123)	(2,157)
Share repurchases – preferred.....	(8)	(7)
Proceeds from exercises of stock options.....	666	1,008
Excess tax benefits from share-based payment arrangements	118	91
Net Cash Used for Financing Activities	(3,884)	(4,569)
Effect of Exchange Rate Changes on Cash and Cash Equivalents.....	47	12
Net Decrease in Cash and Cash Equivalents.....	(616)	(450)
Cash and Cash Equivalents – Beginning of year.....	1,651	1,716
Cash and Cash Equivalents – End of period	\$ 1,035	\$ 1,266

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

	9/8/07	12/30/06
Assets	(unaudited)	
Current Assets		
Cash and cash equivalents	\$ 1,035	\$ 1,651
Short-term investments	1,203	1,171
Accounts and notes receivable, net	4,764	3,725
Inventories		
Raw materials	1,086	860
Work-in-process	209	140
Finished goods	988	926
	2,283	1,926
Prepaid expenses and other current assets	662	657
Total Current Assets	9,947	9,130
Property, plant and equipment, net	10,397	9,687
Amortizable intangible assets, net	662	637
Goodwill	4,814	4,594
Other nonamortizable intangible assets	1,227	1,212
Nonamortizable Intangible Assets	6,041	5,806
Investments in noncontrolled affiliates	3,997	3,690
Other assets	1,364	980
Total Assets	\$32,408	\$29,930
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term obligations	\$ 27	\$ 274
Accounts payable and other current liabilities	7,291	6,496
Income taxes payable	785	90
Total Current Liabilities	8,103	6,860
Long-term debt obligations	2,954	2,550
Other liabilities	4,781	4,624
Deferred income taxes	326	528
Total Liabilities	16,164	14,562
Commitments and Contingencies		
Preferred stock, no par value	41	41
Repurchased preferred stock	(128)	(120)
Common Shareholders' Equity		
Common stock	30	30
Capital in excess of par value	461	584
Retained earnings	27,526	24,837
Accumulated other comprehensive loss	(1,837)	(2,246)
	26,180	23,205
Less: Repurchased common stock	(9,849)	(7,758)
Total Common Shareholders' Equity	16,331	15,447
Total Liabilities and Shareholders' Equity	\$32,408	\$29,930

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

	12 Weeks Ended		36 Weeks Ended	
	9/8/07	9/9/06	9/8/07	9/9/06
Beginning Net Shares Outstanding	1,621	1,650	1,639	1,656
Options Exercised/ Restricted Stock Units Converted .	6	8	19	27
Shares Repurchased	(17)	(11)	(48)	(36)
Ending Net Shares Outstanding	1,610	1,647	1,610	1,647
Weighted Average Basic.....	1,615	1,648	1,627	1,652
Dilutive Securities:				
Options.....	30	33	30	32
Restricted Stock Units.....	4	5	4	4
ESOP Convertible Preferred Stock/Other.....	2	2	2	2
Weighted Average Diluted	1,651	1,688	1,663	1,690
Average Share Price for the Period	\$66.93	\$62.52	\$65.73	\$60.05
<i>Growth Versus Prior Year</i>	7%		9%	
Options Outstanding	119	133	126	141
Options in the Money	119	133	122	141
Dilutive Shares from Options	30	33	30	32
<i>Dilutive Shares from Options as a % of Options in the Money</i>	25%	25%	25%	23%
Average Exercise Price of Options in the Money	\$46.84	\$44.12	\$45.92	\$43.82
Restricted Stock Units Outstanding	7	8	8	8
Dilutive Shares from Restricted Stock Units	4	5	4	4
Average Intrinsic Value of Restricted Stock Units Outstanding*	\$58.50	\$52.94	\$58.46	\$52.95

* Weighted-average intrinsic value at grant date

**Reconciliation of GAAP and Non-GAAP Information
(in millions except per share amounts, unaudited)**

In the third quarter of 2007, we recognized \$115 of non-cash tax benefits related to the favorable resolution of certain foreign tax matters. Additionally, in the fourth quarter of 2007, we have approved certain restructuring actions, and are considering others, relating to plant closings, as well as the rationalization of certain production lines in both our international and domestic businesses.

The financial measures listed below 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. Specifically, investors should consider the following with respect to our results:

- Our 2007 division operating profit and division operating profit growth;
- Our 2007 north american operating profit growth;
- Our 2007 effective tax rate without the impact of the tax benefits;
- Our 2007 full-year effective tax rate guidance without the impact of the tax benefits and the restructuring actions;
- Our 2007 diluted EPS and diluted EPS growth without the impact of the tax benefits; and
- Our 2007 full-year diluted EPS guidance without the impact of the tax benefits and the restructuring actions.

Operating Profit Growth Reconciliation

	12 Weeks Ended <u>9/8/07</u>	36 Weeks Ended <u>9/8/07</u>
Total operating profit growth	11%	11%
Impact of corporate unallocated.....	(1)	(1)
Division operating profit growth.....	<u>10%</u>	<u>10%</u>

PepsiCo North American Operating Profit Growth Reconciliation

	12 Weeks Ended <u>9/8/07</u>	12 Weeks Ended <u>9/9/06</u>	Growth
PepsiCo north american operating profit	\$1,517	\$1,420	7%
PepsiCo International operating profit	707	595	
Corporate unallocated.....	(162)	(159)	
Total PepsiCo reported operating profit.....	<u>\$2,062</u>	<u>\$1,856</u>	11%

Effective Tax Rate Reconciliation

	12 Weeks Ended <u>9/8/07</u>	12 Weeks Ended <u>9/9/06</u>
Reported effective tax rate	22.3%	27.0%
Tax benefits.....	5.1	—
Effective tax rate excluding tax benefits.....	<u>27.4%</u>	<u>27.0%</u>

Full-Year Effective Tax Rate Guidance Reconciliation

	Full-Year 2007 Guidance
Reported effective tax rate	26.2%
Tax benefits	1.5
Restructuring actions	—
Effective tax rate excluding above items	<u>27.7%</u>

Full-Year Diluted EPS Guidance Reconciliation

	Full-Year 2007 Guidance
Reported diluted EPS	\$ 3.39+
Tax benefits	(0.07)
Restructuring actions	0.03
Diluted EPS excluding tax benefits and restructuring actions ..	<u>\$ 3.35+</u>