

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

	12 Weeks Ended	
	3/25/06	3/19/05
	(unaudited)	
Net Revenue	\$7,205	\$6,585
Cost and Expenses		
Cost of sales	3,179	2,870
Selling, general and administrative expenses	2,647	2,439
Amortization of intangible assets	31	29
Operating Profit	1,348	1,247
Bottling Equity Income	84	65
Interest Expense	(62)	(50)
Interest Income	45	23
Income before Income Taxes	1,415	1,285
Provision for Income Taxes	396	373
Net Income	<u>\$1,019</u>	<u>\$ 912</u>
Diluted		
Net Income Per Common Share	\$0.60	\$0.53
Average Shares Outstanding	1,695	1,713

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

	12 Weeks Ended	
	3/25/06	3/19/05
	(unaudited)	
<u>Net Revenue</u>		
Frito-Lay North America.....	\$2,393	\$2,263
PepsiCo Beverages North America.....	1,991	1,784
PepsiCo International.....	2,378	2,121
Quaker Foods North America.....	443	417
Total Net Revenue.....	<u>\$7,205</u>	<u>\$6,585</u>
<u>Operating Profit</u>		
Frito-Lay North America.....	\$ 569	\$ 539
PepsiCo Beverages North America.....	428	415
PepsiCo International.....	371	307
Quaker Foods North America.....	151	145
Division Operating Profit.....	1,519	1,406
Corporate.....	(171)	(159)
Total Operating Profit.....	<u>\$1,348</u>	<u>\$1,247</u>

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

	12 Weeks Ended	
	3/25/06	3/19/05
	(unaudited)	
Operating Activities		
Net income	\$ 1,019	\$ 912
Depreciation and amortization	286	282
Stock-based compensation expense	67	77
Excess tax benefits from share-based payment arrangements	(34)	–
Cash payments for merger-related costs and other restructuring charges ..	–	(14)
Pension and retiree medical plan contributions	(28)	(48)
Pension and retiree medical plan expenses	123	102
Bottling equity income, net of dividends	(70)	(51)
Deferred income taxes and other tax charges and credits	20	51
Change in accounts and notes receivable	(347)	(237)
Change in inventories	(179)	(93)
Change in prepaid expenses and other current assets	(39)	3
Change in accounts payable and other current liabilities	(441)	(522)
Change in income taxes payable	(140)	233
Other, net	9	54
Net Cash Provided by Operating Activities	246	749
Investing Activities		
Snack Ventures Europe (SVE) minority interest acquisition	–	(750)
Capital spending	(289)	(181)
Sales of property, plant and equipment	6	25
Other acquisitions and investments in noncontrolled affiliates	(275)	(41)
Cash proceeds from sale of The Pepsi Bottling Group (PBG) stock	85	47
Short-term investments, net	800	(528)
Net Cash Provided by/(Used for) Investing Activities	327	(1,428)
Financing Activities		
Proceeds from issuances of long-term debt	–	13
Payments of long-term debt	(22)	(3)
Short-term borrowings, net	(691)	733
Cash dividends paid	(432)	(387)
Share repurchases – common	(660)	(494)
Share repurchases – preferred	(2)	(6)
Proceeds from exercises of stock options	436	233
Excess tax benefits from share-based payment arrangements	34	–
Net Cash (Used for)/Provided by Financing Activities	(1,337)	89
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4	(9)
Net Decrease in Cash and Cash Equivalents	(760)	(599)
Cash and Cash Equivalents – Beginning of year	1,716	1,280
Cash and Cash Equivalents – End of period	\$ 956	\$ 681

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

	3/25/06 (unaudited)	12/31/05
Assets		
Current Assets		
Cash and cash equivalents.....	\$ 956	\$ 1,716
Short-term investments.....	2,373	3,166
Accounts and notes receivable, net.....	3,634	3,261
Inventories		
Raw materials	764	738
Work-in-process.....	159	112
Finished goods.....	958	843
	1,881	1,693
Prepaid expenses and other current assets	658	618
Total Current Assets	9,502	10,454
Property, plant and equipment, net.....	8,754	8,681
Amortizable intangible assets, net	503	530
Goodwill	4,100	4,088
Other nonamortizable intangible assets	1,098	1,086
Nonamortizable Intangible Assets	5,198	5,174
Investments in noncontrolled affiliates.....	3,506	3,485
Other assets.....	3,531	3,403
Total Assets	\$30,994	\$31,727
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term obligations.....	\$ 2,214	\$ 2,889
Accounts payable and other current liabilities	5,587	5,971
Income taxes payable	359	546
Total Current Liabilities	8,160	9,406
Long-term debt obligations	2,288	2,313
Other liabilities.....	4,427	4,323
Deferred income taxes.....	1,378	1,434
Total Liabilities	16,253	17,476
Commitments and Contingencies		
Preferred stock, no par value.....	41	41
Repurchased preferred stock.....	(112)	(110)
Common Shareholders' Equity		
Common stock	30	30
Capital in excess of par value	567	614
Retained earnings.....	21,702	21,116
Accumulated other comprehensive loss	(989)	(1,053)
	21,310	20,707
Less: Repurchased common stock.....	(6,498)	(6,387)
Total Common Shareholders' Equity	14,812	14,320
Total Liabilities and Shareholders' Equity	\$30,994	\$31,727

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

	12 Weeks Ended	
	3/25/06	3/19/05
Beginning Net Shares Outstanding	1,656	1,679
Options Exercised	12	7
Shares Repurchased	(12)	(9)
Ending Net Shares Outstanding	<u>1,656</u>	<u>1,677</u>
Weighted Average Basic	1,656	1,678
Dilutive securities:		
Options	33	31
Restricted Stock Units	4	2
ESOP Convertible Preferred Stock/Other	<u>2</u>	<u>2</u>
Weighted Average Diluted	<u>1,695</u>	<u>1,713</u>
Average Share Price for the period	\$58.79	\$53.46
<i>Growth Versus Prior Year</i>	10%	9%
Options Outstanding	150	178
Options in the Money	150	166
Dilutive Shares from Options	33	31
<i>Dilutive Shares from Options as a % of Options in the Money</i>	22%	19%
Average Exercise Price of Options in the Money	\$43.55	\$40.31

Reconciliation of GAAP and Non-GAAP Information
(unaudited)

Operating Profit Growth Reconciliation

	Quarter Ended <u>3/25/06</u>
Total operating profit growth	8.1%
Impact of Corporate unallocated.....	<u>(0.1)</u>
Division operating profit growth.....	<u>8.0%</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 they are consistent with how management evaluates our operational results and trends.