

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

	12 Weeks Ended	
	3/22/08	3/24/07
	(unaudited)	
Net Revenue	\$8,333	\$7,350
Costs and Expenses		
Cost of sales	3,834	3,285
Selling, general and administrative expenses	2,934	2,635
Amortization of intangible assets	12	11
Operating Profit	1,553	1,419
Bottling Equity Income	70	74
Interest Expense	(58)	(42)
Interest Income	1	22
Income before Income Taxes	1,566	1,473
Provision for Income Taxes	418	377
Net Income	\$1,148	\$1,096
Diluted		
Net Income per Common Share	\$0.70	\$0.65
Average Shares Outstanding	1,632	1,673

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

	12 Weeks Ended	
	3/22/08	3/24/07
	(unaudited)	
<u>Net Revenue</u>		
Frito-Lay North America.....	\$2,730	\$2,553
Quaker Foods North America.....	495	463
Latin America Foods.....	971	710
PepsiCo Americas Foods.....	4,196	3,726
PepsiCo Americas Beverages.....	2,360	2,220
United Kingdom & Europe.....	911	740
Middle East, Africa & Asia.....	866	664
PepsiCo International.....	1,777	1,404
Total Net Revenue.....	<u>\$8,333</u>	<u>\$7,350</u>
<u>Operating Profit</u>		
Frito-Lay North America.....	\$ 633	\$ 610
Quaker Foods North America.....	166	156
Latin America Foods.....	167	133
PepsiCo Americas Foods.....	966	899
PepsiCo Americas Beverages.....	504	473
United Kingdom & Europe.....	102	86
Middle East, Africa & Asia.....	139	105
PepsiCo International.....	241	191
Division Operating Profit.....	1,711	1,563
Corporate.....	(158)	(144)
Total Operating Profit.....	<u>\$1,553</u>	<u>\$1,419</u>

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

	12 Weeks Ended	
	3/22/08	3/24/07
	(unaudited)	
Operating Activities		
Net income	\$1,148	\$ 1,096
Depreciation and amortization	303	276
Stock-based compensation expense	72	63
Excess tax benefits from share-based payment arrangements	(53)	(47)
Pension and retiree medical plan contributions	(38)	(34)
Pension and retiree medical plan expenses	104	118
Bottling equity income, net of dividends.....	(52)	(57)
Deferred income taxes and other tax charges and credits	122	11
Change in accounts and notes receivable.....	(353)	(377)
Change in inventories	(175)	(134)
Change in prepaid expenses and other current assets	(335)	(75)
Change in accounts payable and other current liabilities	(326)	(413)
Change in income taxes payable.....	151	269
Other, net	(48)	(70)
Net Cash Provided by Operating Activities	520	626
Investing Activities		
Capital spending	(309)	(267)
Sales of property, plant and equipment.....	53	4
Acquisitions and investments in noncontrolled affiliates	(146)	(431)
Cash proceeds from sale of The Pepsi Bottling Group (PBG) and PepsiAmericas, Inc. (PAS) stock.....	80	94
Short-term investments, net	558	402
Net Cash Provided by/(Used for) Investing Activities	236	(198)
Financing Activities		
Payments of long-term debt	(254)	(26)
Short-term borrowings, net.....	1,978	14
Cash dividends paid	(610)	(498)
Share repurchases – common	(1,460)	(882)
Share repurchases – preferred.....	(1)	(2)
Proceeds from exercises of stock options.....	223	236
Excess tax benefits from share-based payment arrangements.....	53	47
Net Cash Used for Financing Activities	(71)	(1,111)
Effect of Exchange Rate Changes on Cash and Cash Equivalents.....	9	(1)
Net Increase/(Decrease) in Cash and Cash Equivalents	694	(684)
Cash and Cash Equivalents – Beginning of year.....	910	1,651
Cash and Cash Equivalents – End of period	\$1,604	\$ 967

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

	3/22/08	12/29/07
Assets	(unaudited)	
Current Assets		
Cash and cash equivalents	\$ 1,604	\$ 910
Short-term investments	993	1,571
Accounts and notes receivable, net	4,813	4,389
Inventories		
Raw materials	1,096	1,056
Work-in-process	225	157
Finished goods	1,171	1,077
	2,492	2,290
Prepaid expenses and other current assets	1,163	991
Total Current Assets	11,065	10,151
Property, plant and equipment, net	11,263	11,228
Amortizable intangible assets, net	792	796
Goodwill	5,209	5,169
Other nonamortizable intangible assets	1,256	1,248
Nonamortizable Intangible Assets	6,465	6,417
Investments in noncontrolled affiliates	4,370	4,354
Other assets	1,744	1,682
Total Assets	\$35,699	\$34,628
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term obligations	\$ 1,103	\$ -
Accounts payable and other current liabilities	7,386	7,602
Income taxes payable	98	151
Total Current Liabilities	8,587	7,753
Long-term debt obligations	4,884	4,203
Other liabilities	4,833	4,792
Deferred income taxes	681	646
Total Liabilities	18,985	17,394
Commitments and Contingencies		
Preferred stock, no par value	41	41
Repurchased preferred stock	(133)	(132)
Common Shareholders' Equity		
Common stock	30	30
Capital in excess of par value	336	450
Retained earnings	28,642	28,184
Accumulated other comprehensive loss	(711)	(952)
	28,297	27,712
Less: Repurchased common stock	(11,491)	(10,387)
Total Common Shareholders' Equity	16,806	17,325
Total Liabilities and Shareholders' Equity	\$35,699	\$34,628

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

	12 Weeks Ended	
	3/22/08	3/24/07
Beginning Net Shares Outstanding	1,605	1,639
Options Exercised/Restricted Stock Units Converted	7	8
Shares Repurchased	(21)	(15)
Ending Net Shares Outstanding	<u>1,591</u>	<u>1,632</u>
Weighted Average Basic	1,599	1,637
Dilutive securities:		
Options	28	31
Restricted Stock Units	4	4
ESOP Convertible Preferred Stock/Other	1	1
Weighted Average Diluted	<u>1,632</u>	<u>1,673</u>
Average Share Price for the period	\$71.48	\$63.94
<i>Growth Versus Prior Year</i>	12%	9%
Options Outstanding	114	132
Options in the Money	114	121
Dilutive Shares from Options	28	31
<i>Dilutive Shares from Options as a % of Options in the Money</i>	24%	26%
Average Exercise Price of Options in the Money	\$49.90	\$44.41
Restricted Stock Units Outstanding	7	8
Dilutive Shares from Restricted Stock Units	4	4
Average Intrinsic Value of Restricted Stock Units Outstanding*	\$63.04	\$58.42

* Weighted-average intrinsic value at grant date

**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 how management evaluates our operational results and trends. Specifically, investors should consider the following with respect to our quarterly results:

- Our 2008 and 2007 division operating profit;
- Our 2008 division operating profit growth; and
- Impact of foreign currency on division operating profit growth.

Operating Profit Growth Reconciliation

	Quarter Ended
	3/22/08
Division Operating Profit Growth.....	10%
Impact of Corporate Unallocated	—
Total Operating Profit Growth	9%*

**Does not sum due to rounding.*

Foreign Currency Reconciliation

	Quarter Ended
	3/22/08
Impact of Foreign Currency on Division Operating Profit Growth	2.5%
Impact of Foreign Currency on Corporate Unallocated	—
Impact of Foreign Currency on Operating Profit Growth	3%*

**Does not sum due to rounding.*