

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(in millions except per share amounts, unaudited)

	12 Weeks Ended September 9, 2006	12 Weeks Ended September 3, 2005	36 Weeks Ended September 9, 2006	36 Weeks Ended September 3, 2005
Net Revenue	\$ 8,950	\$ 8,184	\$ 24,754	\$ 22,466
Cost of sales	4,030	3,515	11,018	9,699
Selling, general and administrative expenses	3,063	2,952	8,702	8,181
Amortization of intangible assets . . .	41	37	108	103
Operating Profit	1,816	1,680	4,926	4,483
Bottling equity income	225	209	485	430
Interest expense	(51)	(58)	(172)	(161)
Interest income	39	37	110	88
Income before income taxes	2,029	1,868	5,349	4,840
Provision for income taxes	548	1,004	1,491	1,870
Net Income	\$ 1,481	\$ 864	\$ 3,858	\$ 2,970
Net Income Per Common Share				
Basic	\$ 0.90	\$ 0.52	\$ 2.33	\$ 1.77
Diluted	\$ 0.88	\$ 0.51	\$ 2.28	\$ 1.74
Cash Dividends Declared Per Common Share	\$ 0.30	\$ 0.26	\$ 0.86	\$ 0.75

PEPSICO, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (in millions, unaudited)

	36 Weeks Ended September 9, 2006		36 Weeks Ended September 3, 2005
Operating Activities			
Net income	\$ 3,858	\$	2,970
Depreciation and amortization	940		896
Stock-based compensation expense	191		215
Excess tax benefits from share-based payment arrangements	(91)		—
Cash payments for merger-related costs and restructuring charges	—		(21)
Pension and retiree medical plan contributions	(90)		(104)
Pension and retiree medical plan expenses	371		306
Bottling equity income, net of dividends	(409)		(345)
Deferred income taxes and other tax charges and credits . .	48		290
Change in accounts and notes receivable	(785)		(751)
Change in inventories	(246)		(104)
Change in prepaid expenses and other current assets	2		48
Change in accounts payable and other current liabilities . . .	263		163
Change in income taxes payable	242		918
Other, net	(2)		77
Net Cash Provided by Operating Activities	4,292		4,558
Investing Activities			
Snack Ventures Europe (SVE) minority interest acquisition . .	—		(750)
Capital spending	(1,130)		(796)
Sales of property, plant and equipment	37		65
Investment in finance assets	(11)		—
Other acquisitions and investments in noncontrolled affiliates	(444)		(302)
Cash proceeds from sale of The Pepsi Bottling Group (PBG) stock	285		177
Divestitures	37		3
Short-term investments, by original maturity			
More than three months-purchases	(17)		(82)
More than three months-maturities	21		56
Three months or less, net	1,095		(1,832)
Net Cash Used for Investing Activities	(127)		(3,461)
Financing Activities			
Proceeds from issuances of long-term debt	25		13
Payments of long-term debt	(136)		(145)
Short-term borrowings, by original maturity			
More than three months-proceeds	127		51
More than three months-payments	(256)		(66)
Three months or less, net	(1,905)		1,236
Cash dividends paid	(1,359)		(1,209)
Share repurchases-common	(2,157)		(2,085)
Share repurchases-preferred	(7)		(14)
Proceeds from exercises of stock options	1,008		707
Excess tax benefits from share-based payment arrangements	91		—
Net Cash Used for Financing Activities	(4,569)		(1,512)

Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>13</u>	<u>(21)</u>
Net Decrease in Cash and Cash Equivalents	(391)	(436)
Cash and Cash Equivalents-Beginning of year	1,716	<u>1,280</u>
Cash and Cash Equivalents-End of period	\$ 1,325	\$ 844

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(in millions except per share amounts)

	(Unaudited) September 9, 2006	December 31, 2005
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,325	\$ 1,716
Short-term investments	2,075	3,166
Accounts and notes receivable, less allowance: 9/06-\$74, 12/05-\$75	4,154	3,261
Inventories		
Raw materials	855	738
Work-in-process	172	112
Finished goods	935	843
	1,962	1,693
Prepaid expenses and other current assets	623	618
Total Current Assets	10,139	10,454
Property, Plant and Equipment	18,220	17,145
Accumulated Depreciation	(9,109)	(8,464)
	9,111	8,681
Amortizable Intangible Assets, net	613	530
Goodwill	4,473	4,088
Other Nonamortizable Intangible Assets	1,164	1,086
Nonamortizable Intangible Assets	5,637	5,174
Investments in Noncontrolled Affiliates	3,626	3,485
Other Assets	3,140	3,403
Total Assets	\$ 32,266	\$ 31,727
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term obligations	\$ 568	\$ 2,889
Accounts payable and other current liabilities	6,498	5,971
Income taxes payable	668	546
Total Current Liabilities	7,734	9,406
Long-term Debt Obligations	2,528	2,313
Other Liabilities	4,534	4,323
Deferred Income Taxes	1,462	1,434
Total Liabilities	16,258	17,476
Commitments and Contingencies		
Preferred Stock, no par value	41	41
Repurchased Preferred Stock	(117)	(110)
Common Shareholders' Equity		
Common stock, par value 1 2/3 cents per share:		
Authorized 3,600 shares, issued 9/06 and 12/05 - 1,782 shares	30	30

Capital in excess of par value	527	614
Retained earnings	23,546	21,116
Accumulated other comprehensive loss	(811)	(1,053)
	23,292	20,707
Less: repurchased common stock, at cost:		
9/06 - 136 shares, 12/05 - 126 shares	(7,208)	(6,387)
Total Common Shareholders' Equity	16,084	14,320
Total Liabilities and Shareholders' Equity	\$ 32,266	\$ 31,727





PEPSICO, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 (in millions, unaudited)

	12 Weeks Ended September 9, 2006	12 Weeks Ended September 3, 2005	36 Weeks Ended September 9, 2006	36 Weeks Ended September 3, 2005
Net Income	\$ 1,481	\$ 864	\$ 3,858	\$ 2,970
Other Comprehensive Income/(Loss)				
Currency translation adjustment . .	90	95	262	(81)
Cash flow hedges, net of tax:				
Net derivative (losses)/gains . . .	(4)	18	(16)	41
Reclassification of (gains)/losses to net income	—	(4)	(7)	5
Unrealized gains/(losses) on securities, net of tax	4	—	(2)	(4)
Other	1	—	5	4
	<u>91</u>	<u>109</u>	<u>242</u>	<u>(35)</u>
Comprehensive Income	<u>\$ 1,572</u>	<u>\$ 973</u>	<u>\$ 4,100</u>	<u>\$ 2,935</u>

This is an Intelligent Financial Statement™ by CoreFiling. The Intelligent Financial Statement™ embeds XBRL financial data in a viewable and printable document. By moving your mouse over the displayed data, pop-up CoreFiling TagTips™ will show you how the data is internally expressed as XBRL. (Please note that TagTips™ require Adobe® Reader® 7.0 or later.)

To obtain the embedded XBRL report and any XBRL extension taxonomies, double-click or right-click the paperclip icon or icons below.

For more information on the Intelligent Financial Statement™ or XBRL, please see <http://www.corefiling.com>.

XBRL report	pep-20060909.xml	
XBRL taxonomy schema	pep-20060909.xsd	
XBRL taxonomy linkbase	pep-20060909_lab.xml	
XBRL taxonomy linkbase	pep-20060909_pre.xml	
XBRL taxonomy linkbase	pep-20060909_cal.xml	