

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

	12 Weeks Ended	
	3/22/08	3/24/07
<b>Net Revenue</b> .....	\$ 8,333	\$ 7,350
Cost of sales .....	3,834	3,285
Selling, general and administrative expenses .....	2,934	2,635
Amortization of intangible assets .....	12	11
<b>Operating Profit</b> .....	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
<b>Net Income</b> .....	\$ 1,148	\$ 1,096
 <b>Net Income Per Common Share</b>		
Basic .....	\$ 0.72	\$ 0.67
Diluted .....	\$ 0.70	\$ 0.65
Cash Dividends Declared Per Common Share .....	\$ 0.375	\$ 0.30

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	12 Weeks Ended	
	3/22/08	3/24/07
<b>Operating Activities</b>		
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	<u>520</u>	<u>626</u>
<b>Investing Activities</b>		
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, by original maturity		
More than three months – purchases	-	(13)
More than three months – maturities	1	13
Three months or less, net	557	402
Net Cash Provided by/(Used for) Investing Activities	<u>236</u>	<u>(198)</u>
<b>Financing Activities</b>		
Payments of long-term debt	(254)	(26)
Short-term borrowings, by original maturity		
More than three months – proceeds	48	1
More than three months – payments	(49)	(8)
Three months or less, net	1,979	21
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	<u>(71)</u>	<u>(1,111)</u>
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	<u>\$ 1,604</u>	<u>\$ 967</u>

See accompanying Notes to the Condensed Consolidated Financial Statements.

PEPSICO, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEET  
(in millions)

	(Unaudited) <u>3/22/08</u>	<u>12/29/07</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents .....	\$ 1,604	\$ 910
Short-term investments .....	993	1,571
Accounts and notes receivable, less allowance: 3/08 – \$67, 12/07 – \$69 .....	4,813	4,389
<b>Inventories</b>		
Raw materials .....	1,096	1,056
Work-in-process .....	225	157
Finished goods .....	<u>1,171</u>	<u>1,077</u>
	2,492	2,290
Prepaid expenses and other current assets .....	<u>1,163</u>	991
Total Current Assets .....	<u>11,065</u>	10,151
Property, Plant and Equipment .....	22,101	21,896
Accumulated Depreciation .....	<u>(10,838)</u>	<u>(10,668)</u>
	11,263	11,228
Amortizable Intangible Assets, net .....	792	796
Goodwill .....	5,209	5,169
Other Nonamortizable Intangible Assets .....	<u>1,256</u>	<u>1,248</u>
Nonamortizable Intangible Assets .....	6,465	6,417
Investments in Noncontrolled Affiliates .....	4,370	4,354
Other Assets .....	<u>1,744</u>	<u>1,682</u>
Total Assets .....	<u>\$ 35,699</u>	<u>\$ 34,628</u>

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

	(Unaudited) <u>3/22/08</u>	<u>12/29/07</u>
<b>Liabilities and Shareholders' Equity</b>		
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 .....	<u>8,587</u>	<u>7,753</u>
Long-term Debt Obligations .....	4,884	4,203
Other Liabilities .....	4,833	4,792
Deferred Income Taxes .....	681	646
Total Liabilities .....	<u>18,985</u>	<u>17,394</u>
Commitments and Contingencies		
Preferred Stock, no par value .....	41	41
Repurchased Preferred Stock .....	(133)	(132)
Common Shareholders' Equity		
Common stock, par value 1 2/3 cents per share:		
Authorized 3,600 shares, issued 3/08 and 12/07 – 1,782 shares .....	30	30
Capital in excess of par value .....	336	450
Retained earnings .....	28,642	28,184
Accumulated other comprehensive loss .....	(711)	(952)
	<u>28,297</u>	<u>27,712</u>
Less: repurchased common stock, at cost:		
3/08 – 192 shares, 12/07 – 177 shares .....	<u>(11,491)</u>	<u>(10,387)</u>
Total Common Shareholders' Equity .....	<u>16,806</u>	<u>17,325</u>
Total Liabilities and Shareholders' Equity .....	<u>\$ 35,699</u>	<u>\$ 34,628</u>

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	12 Weeks Ended	
	3/22/08	3/24/07
Net Income .....	\$ 1,148	\$ 1,096
Other Comprehensive Income		
Currency translation adjustment .....	154	(32)
Reclassification of pension and retiree medical losses to net income, net of tax .....	71	32
Cash flow hedges, net of tax:		
Net derivative gains .....	12	3
Reclassification of losses to net income .....	6	3
Unrealized (losses)/gains on securities, net of tax .....	(2)	2
	<u>241</u>	<u>8</u>
Comprehensive Income .....	<u>\$ 1,389</u>	<u>\$ 1,104</u>

See accompanying Notes to the Condensed Consolidated Financial Statements.

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