No. 1-1183

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
ANNUAL REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Fiscal Year Ended December 25, 1999

PepsiCo, Inc.
Incorporated in North Carolina
700 Anderson Hill Road
Purchase, New York 10577-1444
(914) 253-2000

13-1584302
(I.R.S. Employer Identification No.)

Securities registered pursuant to Section 12(b)
of the Securities Exchange Act of 1934:

Title of Each Class	Name of Each Exchange on Which Registered
Capital Stock, par value 1-2/3 cents per share	New York and Chicago Stock Exchanges

Securities registered pursuant to Section 12(g)of the Securities Exchange Act of 1934: None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The number of shares of PepsiCo Capital Stock outstanding as of March 10, 2000 was 1,443,515,702. The aggregate market value of PepsiCo Capital Stock held by nonaffiliates of PepsiCo as of March 10, 2000 was $44,309,988,968.

Documents of Which Portions Are Incorporated by Reference	Parts of Form 10-K into Which Portion of Documents Are Incorporated
Proxy Statement for PepsiCo's May 3, 2000 Annual Meeting of Shareholders	III

PART I

Item 1. Business

PepsiCo, Inc. was incorporated in Delaware in 1919 and was reincorporated in North Carolina in 1986. PepsiCo is engaged in the snack food, soft drink and juice businesses. When used in this Report the terms "we", "us" and "our" means PepsiCo and its divisions and subsidiaries.

In 1998, our Board of Directors approved a plan for the separation from PepsiCo of certain wholly-owned bottling businesses located in the United States, Canada, Spain, Greece and Russia, referred to as The Pepsi Bottling Group (PBG). On April 6, 1999, PBG completed the sale of 100 million shares of its common stock at $23 per share through an initial public offering. We retained a noncontrolling ownership interest of approximately 40%, including ownership of approximately 7% of the equity of PBG's principal operating subsidiary, Bottling Group, LLC.

On May 20, 1999, we combined certain of our bottling operations in the midwestern United States and Central Europe with Whitman Corporation, a publicly traded corporation. We retained a noncontrolling ownership interest of approximately 38% in "new Whitman". The remainder of the ownership interest in new Whitman is held by the public.

On July 10, 1999, we formed a business venture with PepCom Industries, Inc., a Pepsi-Cola franchisee, combining bottling businesses in parts of North Carolina and New York. PepCom contributed bottling operations in central and eastern North Carolina and in Long Island, New York to the venture. We contributed our bottling operations in Winston-Salem and Wilmington, North Carolina in exchange for a noncontrolling interest of 35% in the venture.

On October 15, 1999, we formed a business venture with Pohlad Companies, a Pepsi-Cola franchisee, combining bottling businesses in Puerto Rico and parts of the southeastern and midwestern United States. Pohlad Companies contributed its interests in Dakota Beverage Company, Delta Beverage Group, Inc. (Delta) and Pepsi-Cola Puerto Rico Bottling Company (PPR). We contributed our interests in Delta and PPR as well as 2.2 million shares of PepsiCo Capital Stock. As a result, we have a noncontrolling ownership interest of approximately 24% in the venture's principal operating subsidiary, PepsiAmericas, Inc., a publicly traded corporation.

FRITO-LAY, INC.

Our Frito-Lay domestic snack food business is conducted by Frito-Lay North America (FLNA). Our international snack food business is described below under the heading Frito-Lay International (FLI). Its geographic units are Frito-Lay Europe/Middle East/Africa and Frito-Lay Latin America/Asia Pacific/Australia.

FLNA

FLNA manufactures, markets, sells and distributes a varied line of salty and sweet snack foods throughout the United States and Canada, including LAY'S and RUFFLES brand potato chips, DORITOS and TOSTITOS brand tortilla chips, FRITOS brand corn chips, CHEETOS brand cheese flavored snacks, ROLD GOLD brand pretzels, SUNCHIPS brand multigrain snacks, WOW! brand low fat and no fat versions of potato and tortilla chips, a variety of branded dips and salsas, CRACKER JACK brand candy-coated popcorn and GRANDMA'S brand cookies.

FLNA's products are transported from manufacturing plants to major distribution centers, principally by company-owned trucks. FLNA utilizes a "store-door-delivery" system, whereby its sales force delivers the snacks directly to the store shelf. This system permits FLNA to work closely with retail trade locations and to be responsive to their needs. Frito-Lay believes this form of distribution allows it to have a marketing advantage and is essential for the proper distribution of products with a short shelf life.

Frito-Lay also develops the national marketing, promotion and advertising programs that support the Frito-Lay brands and brand image; oversees the quality of the Frito-Lay products; develops new products and packaging; and leads and coordinates selling efforts.

FLI

FLI's products are available in 118 countries outside the United States and Canada through company-owned facilities and affiliated companies. On most of the European continent, our snack food business is conducted through Snack Ventures Europe, a joint venture between PepsiCo and General Mills, Inc., in which we own a 60% interest. In ten Latin American countries, our snack food business is conducted through joint ventures between PepsiCo and the parent company of Empresas Polar SA of Venezuela. We have a 50% interest in these ventures, except in one country in which we own a 70% interest.

FLI sells a variety of snack food products which appeal to local tastes including, for example, WALKERS brand snack foods in the United Kingdom, SABRITAS brand snack foods in Mexico, Smith's brand snack foods in Australia, and GAMESA brand cookies and ALEGRO brand sweet snacks in Mexico. In addition, many of our U. S. brands have been introduced internationally such as LAY'S, RUFFLES, DORITOS, TOSTITOS, FRITOS, and CHEETOS brand salty snack foods. Principal international markets include Australia, Brazil, Mexico, the Netherlands, South Africa, Spain and the United Kingdom.

FLI develops the marketing, promotion and advertising programs that support the local and Frito-Lay brands and develops new products and packaging.

Pepsi-Cola Company

Our soft drink business, which operates as Pepsi-Cola Company, is comprised of two business units: Pepsi-Cola North America (PCNA) and Pepsi-Cola International (PCI). As described below, these business units manufacture, market and sell concentrates to be used in "Pepsi-Cola Beverages", which include not only beverages bearing the Pepsi-Cola or Pepsi trademarks, such as PEPSI, Pepsi-Cola, Diet Pepsi, Pepsi One and Pepsi Max, but also other brands owned by PepsiCo and its subsidiaries including MOUNTAIN DEW, 7UP (outside the U.S.), ALL SPORT, SLICE, MUG, AQUAFINA, and Mirinda.

PCNA

PCNA manufactures concentrates to be used in Pepsi-Cola Beverages for sale to franchised bottlers in the United States and Canada. PCNA's bottlers are licensed to manufacture, market, sell and distribute beverages and syrups bearing the Pepsi-Cola Beverage trademarks in approximately 440 licensed territories in the United States and Canada. We have a minority interest in 8 of these bottlers, comprising approximately 240 licensed territories.

PCNA also develops the national marketing, promotion and advertising programs that support the Pepsi-Cola Beverage brands and brand image; oversees the quality of the Pepsi-Cola Beverages; develops new products and packaging and approves packaging suppliers; and leads and coordinates selling efforts for national fountain, supermarket and mass merchandising accounts.

The Pepsi/Lipton Tea Partnership, a joint venture of PCNA and Lipton, sells tea concentrate to Pepsi-Cola bottlers, and develops and markets ready-to-drink tea products under the Lipton trademark, including Lipton Brisk and LIPTON'S ICED TEA. PepsiCo's partnership with the Starbucks Corporation develops ready-to-drink coffee products, which are sold under the Starbucks FRAPPUCCINO trademark and are distributed by Pepsi-Cola bottlers. PCNA also licenses the processing and distribution of AQUAFINA bottled water.

PCI

PCI manufactures Pepsi-Cola Beverage concentrates for sale to franchised bottlers outside of the United States and Canada. PCI's bottlers are licensed to manufacture, market, sell and distribute, within defined territories, beverages and syrups bearing the Pepsi-Cola Beverage trademarks. We have a minority interest in approximately 40 of these bottlers. In certain countries, PCI also owns and operates the bottling businesses which manufacture, sell and distribute the Pepsi-Cola Beverage products. Pepsi-Cola Beverage products are sold in approximately 160 countries through PCI's company-owned and franchised bottlers. Principal international markets include Argentina, Brazil, China, India, Mexico, the Philippines, Saudi Arabia, Spain, Thailand and the United Kingdom.

PCI, with its bottlers, develops the marketing, promotion and advertising programs that support the Pepsi-Cola Beverage brands; oversees the quality of the Pepsi-Cola Beverages; promotes technical support to its bottlers; and develops new products and packages for the Pepsi-Cola Beverages.

TROPICANA PRODUCTS, INC.

Tropicana Products, Inc. (TPI) manufactures, markets, sells and distributes its products under such well-known trademarks as TROPICANA PURE PREMIUM, TROPICANA SEASON'S BEST and, under license from Dole Food Company, Inc., DOLE. In the United States, TPI's portfolio also includes TROPICANA TWISTER juice beverage products and TROPICANA PURE TROPICS 100% juice products. It also manufactures and sells FRUVITA chilled juices, LOOZA nectars and juices, COPELLA fruit juices and ALVALLE soups and fruit juices in Europe. Principal international markets include Belgium, Canada, France and the United Kingdom.

TPI's manufacturing operations in Bradenton, Florida produce approximately 85% of the worldwide supply of TROPICANA PURE PREMIUM products. TPI operates 11 regional distribution centers that serve customers in the United States and Canada. Refrigerated rail cars and trucks are used to transport the product quickly and efficiently from the Bradenton manufacturing plant to the principal distribution centers. A high priority is placed on inventory management techniques that ensure product quality and fresh taste. Tropicana's products are produced and packaged in approximately 28 plants worldwide (including 16 independent co-packer facilities) and are available in 52 countries.

TPI also develops the national marketing, promotion and advertising programs that support the Tropicana brands and brand image; oversees the quality of the Tropicana juices and juice beverages; develops new products and packaging; and leads and coordinates selling and distribution efforts for national supermarket, foodservice and mass merchandising accounts.

Competition

All of our businesses are highly competitive. Our snack foods, soft drinks and, juices compete in the United States and internationally with widely distributed products of a number of major companies that have plants in many of the areas we serve, as well as with private label snack foods, soft drinks and juices and with the products of local and regional manufacturers. The main areas of our competition are price, quality and variety of products, customer service and availability of distribution.

Employees

As of December 25, 1999, we employed, subject to seasonal variations, approximately 118,000 persons worldwide, of whom approximately 52,000 were employed within the United States. We believe that relations with our employees are generally good.

Raw Materials and Other Supplies

The principal materials we use in our snack food, soft drink and juice businesses are corn sweeteners, sugar, aspartame, flavorings, oranges, grapefruit, juice concentrates, vegetable and essential oils, potatoes, corn, flour, seasonings and packaging materials. Since we rely on trucks to move and distribute many of our products, fuel is also an important commodity. We employ specialists to secure adequate supplies of many of these items and have not experienced any significant continuous shortages. Prices we pay for such items are subject to fluctuation. When prices increase, we may or may not pass on such increases to our customers. When we have decided to pass along price increases in the past we have done so successfully. However, there is no assurance that we will be able to do so in the future.

Governmental Regulation

The conduct of our businesses, and the production, distribution and use of many of our products, are subject to various federal laws, such as the Food, Drug and Cosmetic Act, the Occupational Safety and Health Act and the Americans with Disabilities Act. Our businesses are also subject to state, local and foreign laws.

Patents, Trademarks and Licenses

We own numerous valuable trademarks which are essential to our worldwide businesses, including FRITO-LAY, LAY'S, DORITOS, RUFFLES, TOSTITOS, FRITOS, CHEETOS, CRACKER JACK, ROLD GOLD, WOW!, SUNCHIPS, SANTITAS, SMARTFOOD, SABRITAS, WALKERS, SMITH'S, PEPSI-COLA, PEPSI, DIET PEPSI, PEPSI ONE, PEPSI MAX, MOUNTAIN DEW, SLICE, MUG, ALL SPORT, AQUAFINA, 7UP and DIET 7UP (outside the United States), MIRINDA, TROPICANA PURE PREMIUM, TROPICANA SEASON'S BEST, TROPICANA TWISTER, TROPICANA PURE TROPICS, COPELLA, FRUVITA, and LOOZA. Trademarks remain valid so long as they are used properly for identification purposes, and we emphasize correct use of our trademarks. We have authorized (through licensing arrangements) the use of many of our trademarks in such contexts as snack food joint ventures and Pepsi-Cola bottling appointments. In addition, we license the use of our trademarks on collateral products for the primary purpose of enhancing brand awareness.

We either own or have licenses to use a number of patents which relate to some of our products and the processes for their production and to the design and operation of various equipment used in our businesses. Some of these patents are licensed to others.

Environmental Matters

We continue to make expenditures to comply with federal, state, local and foreign environmental laws and regulations. These expenditures have not been material with respect to our capital expenditures, net income or competitive position.

Business Segments

Information related to:

- Net sales;
- Operating profit;
- Total assets;
- Amortization of intangible assets;
- Depreciation and other amortization expense;
- Significant other noncash items;
- Capital spending;
- Investments in unconsolidated affiliates;
- Equity Income/(Loss) from unconsolidated affiliates;
- Geographic net sales and long-lived assets; and
- Impairment and restructuring charges by segment;

for each reportable segment for 1999, 1998, and 1997 may be found in Item 8, "Financial Statements and Supplementary Data" in Note 18 on pages F-33 through F-38.

Item 2. Properties

Frito-Lay, Inc.

FLNA operates 45 food manufacturing and processing plants in the United States and Canada, of which 41 are owned and 4 are leased. In addition, FLNA owns or leases approximately 230 warehouses and distribution centers for storage of food products in the United States and Canada. Approximately 1,770 smaller warehouses and storage spaces located throughout the United States and Canada are leased or owned. FLNA owns its headquarters building and a research facility in Plano, Texas. FLNA also leases offices in Dallas, Texas and leases or owns sales/regional offices throughout the United States. FLI operates approximately 80 plants and approximately 1,160 distribution centers, warehouses and offices outside of the United States and Canada.

Pepsi-Cola Company

PCNA operates 3 concentrate plants and 7 warehouses throughout the United States and Canada. Licensed bottlers in which we have a significant ownership interest operate approximately 76 bottling plants. PCI operates 45 concentrate and bottling plants, of which 40 are owned and 5 are leased. PCI also operates 67 warehouses and 63 offices outside of the United States and Canada.

Tropicana

TPI owns 7 production and packing plants, 12 offices worldwide, including its headquarters building in Bradenton, Florida and 12 distribution centers around the world. TPI also leases 5 production and packing plants, 19 offices and 13 distribution centers.

General

The Company owns its corporate headquarters buildings in Purchase, New York.

With a few exceptions, leases of plants in the United States and Canada are on a long-term basis, expiring at various times, with options to renew for additional periods. Most international plants are leased for varying and usually shorter periods, with or without renewal options.

We believe that our properties are in good operating condition and are suitable for the purposes for which they are being used.

Item 3. Legal Proceedings

We are subject to various claims and contingencies related to lawsuits, taxes, environmental and other matters arising out of the normal course of business. Management believes that the ultimate liability, if any, in excess of amounts already recognized for such claims or contingencies is not likely to have a material adverse effect on our results of operations, financial condition or liquidity.

Item 4. Submission of Matters to a Vote of Stockholders

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Stock Trading Symbol - PEP

Stock Exchange Listings - The New York Stock Exchange is the principal market for our Capital Stock, which is also listed on the Amsterdam, Chicago, Swiss and Tokyo Stock Exchanges.

Shareholders - At December 25, 1999, there were approximately 220,000 shareholders of record.

Dividend Policy - Quarterly cash dividends are usually declared in November, January, May and July and paid at the beginning of January and the end of March, June and September. The dividend record dates for 2000 are expected to be March 10, June 9, September 8 and December 8. Quarterly cash dividends have been paid since PepsiCo was formed in 1965.

Cash Dividends Declared Per Share (in cents):

Quarter	1999	1998
1	13.0	12.5
2	13.5	13.0
3	13.5	13.0
4	13.5	13.0
Total	53.5	51.5

Stock Prices - The high, low and closing composite prices for a share of PepsiCo Capital Stock, as reported by Bloomberg Services, for each fiscal quarter of 1999 and 1998 were as follows (in dollars):

1999	High	Low	Close
First Quarter	42 9/16	36 3/8	39 15/16
Second Quarter	41 7/16	34 1/16	35 3/8
Third Quarter	41 1/2	33 3/8	34 5/8
Fourth Quarter	37 3/4	30 3/16	35 7/16

1998	High	Low	Close
First Quarter	43 7/8	34 3/16	43
Second Quarter	44 13/16	37 3/8	40 11/16
Third Quarter	43 3/4	27 9/16	30 15/16
Fourth Quarter	41 1/4	28	40 7/16

Sales of Unregistered Securities - We acquired 2,201,445 shares of PepsiCo's capital stock in open market transactions and contributed such shares to a newly-formed business venture limited liability company in exchange for a 33% noncontrolling interest in the venture. As a result, we have a noncontrolling ownership interest of approximately 24% in the venture's principal operating subsidiary, PepsiAmericas, Inc., a publicly traded corporation. The dates and amounts of purchase and contribution of such shares are as follows:

Date of Transaction	Number of Shares
10/18/99	340,000
10/19/99	370,000
10/20/99	320,000
10/21/99	375,000
10/22/99	300,000
10/25/99	270,000
10/26/99	226,445

Item 6. Selected Financial Data

Included on page F-43.

Item 7. Management's Discussion and Analysis of Results of Operations, Consolidated Cash Flows and Liquidity and Capital Resources

Management's Discussion and Analysis (tabular dollars in millions except per share amounts; all per share amounts assume dilution)

All per share information is computed using weighted average shares outstanding, assuming dilution.

INTRODUCTION

Management's Discussion and Analysis is presented in four sections. The Introductory section discusses Bottling Transactions, Acquisitions, Market Risk (including the EURO conversion), Year 2000, Asset Impairment and Restructuring Charges and a New Accounting Standard (pages 9-15). The second section analyzes the Results of Operations, first on a consolidated basis and then for each of our business segments (pages 15-24). The final two sections address our Consolidated Cash Flows and Liquidity and Capital Resources (pages 24-25).

Cautionary Statements

From time to time, in written reports (including the Chairman's letter accompanying this annual report) and in oral statements, we discuss expectations regarding our future performance, the impact of the Euro conversion and the impact of current global macro-economic issues. These "forward-looking statements" are based on currently available competitive, financial and economic data and our operating plans. They are inherently uncertain, and investors must recognize that events could turn out to be significantly different from expectations.

Bottling Transactions

During 1999, we completed four transactions creating four anchor bottlers. In April, certain wholly-owned bottling businesses, referred to as The Pepsi Bottling Group (PBG), completed an initial public offering with PepsiCo retaining a direct noncontrolling ownership interest of 35.5%. In May, we combined certain bottling operations with Whitman Corporation to create new Whitman, retaining a noncontrolling ownership interest of approximately 38%. In July, we formed a business venture with PepCom Industries, Inc., a Pepsi-Cola franchisee, retaining a noncontrolling interest in the venture of 35%. In October, we formed a business venture with Pohlad Companies, a Pepsi-Cola franchisee, retaining a noncontrolling ownership interest of approximately 24% in the venture's principal operating subsidiary. Details of these transactions are found in Note 2.

Acquisitions

During 1999, we made acquisitions, primarily investments in various bottlers including investments in unconsolidated affiliates, which aggregated $430 million in cash.

During 1998, acquisitions aggregated $4.5 billion in cash including Tropicana Products, Inc. for $3.3 billion and The Smith's Snackfoods Company (TSSC) in Australia for $270 million, the remaining ownership interest in various bottlers and purchases of various other international salty snack food businesses.

The results of operations of acquisitions are generally included in the consolidated financial statements from their respective dates of acquisition.

Market Risk

The principal market risks (i.e., the risk of loss arising from adverse changes in market rates and prices) to which we are exposed are:

- commodity prices, affecting the cost of our raw materials,
- foreign exchange risks, and
- interest rates on our debt and short-term investment portfolios.

Commodity Prices

We are subject to market risk with respect to the cost of commodities because our ability to recover increased costs through higher pricing may be limited by the competitive environment in which we operate. We use futures contracts to hedge fluctuations in prices of a portion of anticipated commodity purchases, primarily oil, corn, fuel and juice concentrates. We had commodity futures positions of $145 million at December 25, 1999 and $105 million at December 26, 1998. Unrealized losses on net commodity futures positions were $6 million at December 25, 1999 and $9 million at December 26, 1998. We estimate that a 10% decline in commodity prices would have increased the 1999 unrealized losses by $14 million and the 1998 unrealized losses by $9 million.

Foreign Exchange Risks

Operating in international markets involves exposure to volatile movements in foreign exchange rates. The economic impact of foreign exchange rate movements on us is complex because such changes are often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. These changes, if material, can cause us to adjust our financing and operating strategies. Consequently, isolating the effect of changes in currency does not incorporate these other important economic factors.

International operations constitute about 19% of our 1999 and 19% of our 1998 consolidated operating profit, excluding asset impairment and restructuring charges. As foreign exchange rates change, translation of the income statements of our international businesses into U.S. dollars affects year-over-year comparability of operating results. We do not generally hedge translation risks because cash flows from international operations are generally reinvested locally. We do not enter into hedges to minimize volatility of reported earnings because we do not believe it is justified by the exposure or the cost.

Changes in foreign exchange rates that would have the largest impact on translating our international operating profit for 1999 include the Mexican peso, British pound, EURO and Canadian dollar. We estimate that a 10% change in foreign exchange rates would impact operating profit by approximately $60 million in 1999 and $51 million in 1998. This represents 10% of our non-U.S. operating profit after adjusting for asset impairment and restructuring charges. We believe that this quantitative measure has inherent limitations, as discussed in the first paragraph of this section. Further, the sensitivity analysis disregards the possibility that rates can move in opposite directions and that gains from one country may or may not be offset by losses from another country.

Foreign exchange gains and losses reflect transaction gains and losses and also translation gains and losses arising from the remeasurement into U.S. dollars of the net monetary assets of businesses in highly inflationary countries. Transaction gains and losses arise from monetary assets and liabilities denominated in currencies other than a business unit's functional currency. There were net foreign exchange losses of $10 million in 1999, $53 million in 1998 and $16 million in 1997. The decrease in net foreign exchange losses in 1999 resulted primarily from the impact in 1998 of unfavorable macro-economic conditions, primarily in Russia and Asia Pacific.

In 1998, the economic turmoil in Russia which accompanied the devaluation of the ruble had an adverse impact on our operations. Consequently, we experienced a significant drop in demand, resulting in lower net sales and increased operating losses. Also, since net bottling sales in Russia were denominated in rubles, whereas a substantial portion of our related costs and expenses were denominated in U.S. dollars, bottling operating margins were further eroded. In response to these conditions, we reduced our cost structure primarily by closing facilities, renegotiating manufacturing contracts and reducing the number of employees. We also wrote down our long-lived bottling assets to give effect to the resulting impairment. See "- Asset Impairment and Restructuring Charges" on page 12.

On January 1, 1999, 11 of 15 member countries of the European Union fixed conversion rates between their existing currencies (legacy currencies) and one common currency - the EURO. The euro trades on currency exchanges and may be used in business transactions. Conversion to the euro eliminated currency exchange rate risk between the member countries. Beginning in January 2002, new EURO-denominated bills and coins will be issued, and legacy currencies will be withdrawn from circulation. Our operating subsidiaries affected by the euro conversion have established plans to address the issues raised by the euro currency conversion. These issues include, among others, the need to adapt computer and financial systems, business processes and equipment, such as vending machines, to accommodate EURO-denominated transactions and the impact of one common currency on pricing. Since financial systems and processes currently accommodate multiple currencies, the plans contemplate conversion by the middle of 2001 if not already addressed in conjunction with other system or process initiatives. We do not expect the system and equipment conversion costs to be material. Due to numerous uncertainties, we cannot reasonably estimate the long-term effects one common currency will have on pricing and the resulting impact, if any, on financial condition or results of operations.

Interest Rates

We centrally manage our debt and investment portfolios considering investment opportunities and risks, tax consequences and overall financing strategies.

We use interest rate and currency swaps to effectively change the interest rate and currency of specific debt issuances, with the objective of reducing our overall borrowing costs. These swaps are entered into concurrently with the issuance of the debt that they are intended to modify. The notional amount, interest payment and maturity dates of the swaps match the principal, interest payment and maturity dates of the related debt. Accordingly, any market risk or opportunity associated with these swaps is offset by the opposite market impact on the related debt.

Our investment portfolios primarily consist of cash equivalents and short-term marketable securities. Accordingly, the carrying amounts approximate market value. It is our practice to hold these investments to maturity.

Assuming year-end 1999 and 1998 variable rate debt and investment levels, a one-point increase in interest rates would have increased net interest expense by $13 million in 1999 and $64 million in 1998. The change in this impact from 1998 resulted from decreased variable rate debt levels and increased variable rate investment levels at year-end 1999. This sensitivity analysis does not take into account existing interest rate swaps.

Year 2000

To date, neither we nor our franchise bottlers have experienced major disruptions related to the Year 2000 date change. In addition, we are not aware of significant Year 2000 disruptions impacting our customers or suppliers. We will continue to monitor our critical systems over the next several months but do not anticipate a significant impact as a result of the Year 2000 date change.

Incremental costs directly related to Year 2000 issues for new PepsiCo totaled $110 million from 1998 to 2000. Approximately 26% of the total estimated spending represents costs to repair systems while approximately 53% represents costs to replace and rewrite software. Excluded from the estimated incremental costs for new PepsiCo for the three-year period are approximately $29 million of internal recurring costs related to our Year 2000 efforts.

Asset Impairment and Restructuring Charges

	1999	1998	1997
Asset impairment charges			
Held and used in the business			
Property, plant and equipment	$ 8	$ 149	$ 5
Intangible assets	-	37	-
Other assets	-	14	-
Held for disposal/abandonment			
Property, plant and equipment	29	54	111
Investments in unconsolidated affiliates	-	-	21
Net assets of business units	-	-	63
Total asset impairment	37	254	200
Restructuring charges			
Employee related costs	19	24	55
Other charges	9	10	35
Total restructuring	28	34	90
Total	$ 65	$ 288	$ 290
After-tax	$ 40	$ 261	$ 239
Per share	$0.03	$0.17	$0.15
Impairment by segment			
Frito-Lay North America	$37	$ 54	$ 8
Frito-Lay International	-	-	30
Pepsi-Cola North America	-	-	52
Pepsi-Cola International	-	6	105
Combined segments	37	60	195
Bottling operations	-	194	5
	$37	$254	$200

1999
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The 1999 asset impairment and restructuring charge of $65 million recognized in the first quarter relates to the closure of three plants and impairment of equipment at Frito-Lay North America. This charge was the second phase of a productivity improvement plan developed in the fourth quarter of 1998. The plan included the consolidation of U.S. production to newer and more efficient plants and streamlining logistics and transportation systems. The restructuring is expected to generate approximately $15 million in annual savings beginning in 2000 which we expect to reinvest back into the business.

The asset impairment charges primarily reflect the reduction in the carrying value of the land and buildings to their estimated fair market value based on current selling prices for comparable real estate, less costs to sell, and the write off of the net book value of equipment which cannot be redeployed. The plant closures were completed during 1999. The majority of these assets were either disposed of or abandoned in 1999. The restructuring charges of $28 million primarily included severance costs for approximately 860 employees and plant closing costs. Substantially all of the terminations occurred during 1999.

1998
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The 1998 asset impairment and restructuring charges of $288 million were comprised of the following:

o A charge of $218 million for asset impairment of $200 million and restructuring charges of $18 million related to our Russian bottling operations. The economic turmoil in Russia which accompanied the August 1998 devaluation of the ruble adversely impacted our operations. Consequently, we experienced a significant drop in demand, resulting in lower net sales and increased operating losses. Also, since net bottling sales in Russia were denominated in rubles, whereas a substantial portion of our related costs and expenses were denominated in U.S. dollars, bottling operating margins were further eroded. In response to these conditions, we reduced our cost structure primarily through closing facilities, renegotiating manufacturing contracts and reducing the number of employees. We also evaluated our long-lived bottling assets for impairment, triggered by the reduction in utilization of assets caused by the lower demand, the adverse change in the business climate and the expected continuation of operating losses and cash deficits in that market. The impairment charge reduced the net book value of the assets to their estimated fair market value, based primarily on amounts recently paid for similar assets in that marketplace. Of the total charge of $218 million, $212 million related to bottling operations that became part of PBG in 1999 (see "- Bottling Transactions" on page 9).

o An impairment charge of $54 million related to manufacturing equipment at Frito-Lay North America. As part of our annual assessment of marketing plans and related capacity requirements at Frito-Lay North America and the development of a program to improve manufacturing productivity, we determined that certain product specific equipment would not be utilized and certain capital projects would be terminated to avoid production redundancies. The charge primarily reflected the write off of the net book value of the equipment and related projects. Disposal or abandonment of these assets was completed in 1999.

o A charge of $16 million for employee related costs resulting from the separation of Pepsi-Cola North America's concentrate and bottling organizations to more effectively serve retail customers in light of the conversion of PBG to public ownership (see "- Bottling Transactions" on page 9). Of this amount, $10 million related to bottling operations that became part of PBG in 1999.

The employee related costs for 1998 of $24 million primarily included severance and relocation costs for approximately 2,700 employees located in the Russian bottling plants and at Pepsi-Cola North America field locations. During 1998, approximately 2,600 of the terminations occurred most of which were terminations of part-time employees with little associated cost. The remaining terminations either occurred in 1999 or related to the bottling operations that became part of PBG in 1999.

1997
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The 1997 asset impairment and restructuring charges of $290 million were comprised of the following:

o Net charges of $183 million in several of our business segments for net asset impairment of $150 million related to the planned disposal of assets and for restructuring charges of $33 million. The impairment charges were taken as a result of decisions to dispose of certain company-owned bottling operations and non-core international businesses, to dispose of certain assets to improve the utilization of facilities and to reduce occupancy costs and to exit certain bottling joint ventures. The impairment charges reduced the net book value of these assets to their estimated fair market value, generally based on estimates developed internally or, if available, amounts paid for similar assets, less costs to sell. The disposals occurred in 1997 and 1998 and in connection with the separation of certain company-owned bottling operations (see "- Bottling Transactions" on page 9). The restructuring charges primarily related to the reorganization of an international company-owned bottling operation.

o Charges of $94 million for asset impairment of $48 million and restructuring charges of $46 million related to productivity initiatives in worldwide snacks. These initiatives included closing plants, eliminating production lines and consolidating distribution facilities. The resulting impairment charges were recognized primarily for assets held for disposal or abandonment and reduced the net book value of impaired assets to their estimated fair market value, generally based on estimates developed internally or, if available, amounts paid for similar assets, less costs to sell. Disposal or abandonment of these assets was substantially completed in 1997, with a significant portion of the remainder completed in 1998 as planned.

o Net charges of $13 million for net asset impairment of $2 million and net restructuring charges of $11 million related to actions to strengthen our international bottling structure. Restructuring charges of $98 million consisted of third party termination payments related to refranchising bottling operations and our investments in bottling joint ventures. These charges were substantially offset by an arbitration settlement of $87 million which we were awarded as a result of the termination of the bottling appointment with our previous Venezuelan bottler.

The employee related costs for 1997 of $55 million primarily included severance and relocation costs for approximately 2,100 employees primarily located in international plants and distribution centers. During 1997, terminations of approximately 1,100 employees occurred and, in 1998, approximately 500 terminations occurred. As a result of the successful redeployment of employees to other locations, approximately 500 terminations did not occur as planned which resulted in a change of estimate in 1998.

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The restructuring reserves are included in accounts payable and other current liabilities in the Consolidated Balance Sheet. At year-end 1999, the remaining liability for 1997 restructuring charges associated with investments in unconsolidated affiliates was $10 million related to indemnifications of litigation liabilities.

The remaining carrying amounts of assets held for disposal at year end were $6 million in 1999, $13 million in 1998 and $60 million in 1997. The net sales from international bottling business units held for disposal were $202 million in 1998 and $590 million in 1997. Such businesses generated operating profits of $20 million in 1998 and $42 million in 1997. Our investments in unconsolidated affiliates held for disposal provided break-even results in 1999 and losses of $2 million in 1998 and $5 million in 1997.

New Accounting Standard

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS 133, as amended by SFAS 137, is effective for our fiscal year beginning 2001. SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that we recognize all derivative instruments as either assets or liabilities in the Consolidated Balance Sheet and measure those instruments at fair value. We are currently assessing the effects of adopting SFAS 133 and have not yet made a determination of the impact adoption will have on our consolidated financial statements.

RESULTS OF OPERATIONS

Consolidated Review

General

In the discussions below, the year-over-year dollar change in pound or kilo sales of salty and sweet snacks for Frito-Lay, bottler case sales by company-owned bottling operations and concentrate unit sales to franchisees for Pepsi-Cola, and four-gallon equivalent cases for Tropicana is referred to as volume. Price changes over the prior year and the impact of product, package and country sales mix changes are referred to as effective net pricing.

The combined results of our five reportable segments are referred to as new PepsiCo.

Net Sales

				% Change B/(W)	
	1999	1998	1997	1999	1998
Reported	$20,367	$22,348	$20,917	(9)	7
New PepsiCo	$18,244	$14,686	$13,655	24	8
Intercompany elimination*	422	1,614	1,462	(74)	10
New PepsiCo before Elimination	$18,666	$16,300	$15,117	15	8

* Reflects intercompany concentrate sales between Pepsi-Cola North America and Pepsi-Cola International and those previously consolidated bottling operations in which we now own an equity interest.

Reported net sales decreased $2.0 billion in 1999 reflecting the deconsolidation of PBG, PBO and PepCom operations as of the transaction closing dates, partially offset by the inclusion of Tropicana for the first three quarters of 1999. New PepsiCo net sales, before the intercompany elimination, increased $2.4 billion. This increase primarily reflects the inclusion of Tropicana for the first three quarters of 1999, volume gains at worldwide Frito-Lay and higher effective net pricing at worldwide Frito-Lay and Pepsi-Cola North America. Volume gains contributed 4 percentage points of growth and higher effective pricing contributed 3 percentage points. These advances were partially offset by an unfavorable foreign currency impact. The unfavorable foreign currency impact, primarily in Brazil and Mexico, reduced new PepsiCo net sales growth by nearly 2 percentage points.

Reported net sales rose $1.4 billion in 1998. New PepsiCo net sales, before intercompany elimination, increased $1.2 billion. This increase reflects volume gains in all businesses, net contributions from acquisitions/divestitures and higher effective net pricing driven by a shift to higher-priced products in Frito-Lay North America. Volume gains contributed 5 percentage points of growth. Net acquisitions/divestitures contributed 3 percentage points to the sales growth and primarily reflect the acquisition of Tropicana partially offset by the absence of bottling sales as a result of refranchising a Japanese bottler late in 1997. Excluding foreign currency impact, new PepsiCo net sales would have risen 9%. Weaker foreign currencies primarily in Canada, Thailand, Brazil, Poland and India led the unfavorable foreign currency impact.

Operating Profit and Margin

				Change B/(W)	
	1999	1998	1997	1999	1998
Reported					
Total Operating Profit	$2,818	$2,584	$2,662	9%	(3)%
Total Operating Profit Margin	13.8%	11.6%	12.7%	2.2	(1.1)
Ongoing					
New PepsiCo Operating Profit	$2,830	$2,526	$2,519	12%	-
New PepsiCo Operating Profit Margin*	15.2%	15.5%	16.7%	(0.3)	(1.2)

Ongoing excludes impairment and restructuring charges of $65, $66 and $267 in 1999, 1998 and 1997, respectively (see Notes 4 and 18). * Based on new PepsiCo net sales before intercompany elimination.

Reported operating profit margin increased 2.2 percentage points in 1999. Ongoing new PepsiCo operating profit margin declined 0.3 percentage point. The decline reflects the margin impact of the Tropicana acquisition for the first three quarters, increased general and administrative (G&A) expenses and increased advertising and marketing (A&M) expenses across all business segments. These decreases were partially offset by the margin impact of higher effective net pricing.

The most significant G&A increase in 1999 was corporate G&A which includes $71 million related to the start-up, project management, development and installation of a shared services program. The shared services program will provide common system capabilities, data management and data processing across North America and Continental Europe. The increase in A&M was led by increases in promotional allowances at Frito-Lay North America, bottler funding and other programs at Pepsi-Cola North America and spending at Frito-Lay International's U.K. business.

In 1998, reported operating profit margin decreased over 1 percentage point. Ongoing new PepsiCo operating profit margin declined over 1 percentage point, primarily reflecting the margin impact of increased A&M, higher cost of sales and increased selling and distribution expenses, partially offset by the impact of volume growth. A&M grew at a significantly faster rate than sales, led by increases at worldwide Pepsi-Cola and increases at Frito-Lay North America. Cost of sales as a percentage of sales increased due to costs associated with new plants and lines at Frito-Lay North America. Selling and distribution (S&D) expense growth at Frito-Lay North America reflected an increase in the sales force. Excluding foreign exchange losses, ongoing operating profit would have increased 1%. Foreign exchange losses, primarily in Asia, are reported in corporate unallocated expenses. Information technology expense increased on a year-over-year basis, despite $42 million of software costs that were capitalized as required by SOP 98-1, driven by our various productivity initiatives and Year 2000 remediation efforts.

Gain on Bottling Transactions

The gain on bottling transactions of $1.0 billion ($270 million after-tax or $0.18 per share) relates to the second quarter PBG and Whitman bottling transactions. The PBG transaction resulted in a pre-tax gain of $1.0 billion ($476 million after-tax or $0.32 per share) in the second quarter consistent with our policy for gain recognition upon the issuance of stock by a subsidiary. The majority of the taxes are expected to be deferred indefinitely. The Whitman transaction resulted in an after-tax loss to us of $206 million or $0.14 per share.

The third quarter PepCom transaction was accounted for as a nonmonetary exchange for book purposes. A portion of the transaction was taxable which resulted in income tax expense of $25 million or $0.02 per share.

The fourth quarter Pohlad transaction was structured as a fair value exchange with no resulting gain or loss.

Interest Expense, net

Interest expense, net of interest income, declined $76 million or 24% in 1999. Interest income increased $44 million or 59% primarily due to higher average investment balances, partially offset by lower average interest rates on these balances. The higher average investment balances primarily result from the first quarter proceeds received from PBG as settlement of pre-existing intercompany balances. Interest expense decreased $32 million or 8% due to lower average interest rates on slightly lower average outstanding debt levels.

Interest expense, net of interest income, declined $32 million or 9% in 1998. The decline in interest expense of $83 million or 17% was primarily due to lower average debt levels, as a result of using cash flows received from discontinued operations in the latter half of 1997 to repay debt. The lower debt levels were maintained until the end of the third quarter when the debt level increased to finance several acquisitions (see "- Acquisitions" on page 9). This decline was partially offset by higher average interest rates on the remaining debt. Interest income declined $51 million or 41% reflecting lower investment levels as a result of utilizing investment balances to make acquisitions and repay debt.

Provision for Income Taxes

	1999	1998	1997
Reported			
Provision for Income Taxes	$1,606	$270	$ 818
Effective tax rate	43.9%	11.9%	35.4%
Ongoing			
Provision for Income Taxes	$ 876	$791	$ 869
Effective tax rate	32.2%	31.0%	33.4%

Ongoing excludes the effects of the bottling transactions in 1999, impairment and restructuring charges for all years (see Note 4) and the 1998 income tax benefit (see Note 14).

In 1999, the reported effective tax rate increased 32 percentage points primarily as a result of the tax effects of the bottling transactions and the absence in 1999 of the 1998 income tax benefit. The ongoing effective tax rate increased 1.2 percentage point. The increase resulted primarily from the absence in 1999 of the settlement in 1998 of prior years' audit issues offset by the benefit of proportionately lower bottling income.

In 1998, the reported effective tax rate decreased 23.5 percentage points primarily as a result of an income tax benefit of $494 million (or $0.32 per share). The tax benefit reflects a final agreement with the Internal Revenue Service to settle substantially all remaining aspects of a tax case relating to our concentrate operations in Puerto Rico. The ongoing effective tax rate declined 2.4 percentage points attributable to the favorable settlement of prior years' audit issues, including issues related to the deductibility of purchased franchise rights.

Income from Continuing Operations and Income Per Share

				% Change B/(W)	
	1999	1998	1997	1999	1998
Income from Continuing Operations					
Reported	$2,050	$1,993	$1,491	3	34
Ongoing	$1,845	$1,760	$1,730	5	2
Income Per Share from Continuing Operations					
Reported	$1.37	$1.31	$0.95	5	38
Ongoing	$1.23	$1.16	$1.10	6	5

Ongoing excludes the effects of the bottling transactions in 1999, impairment and restructuring charges for all years (see Note 4) and the 1998 income tax benefit (see Note 14).

For 1999, reported income from continuing operations increased $57 million while income per share increased $0.06. Ongoing income from continuing operations increased $85 million and income per share increased $0.07. The ongoing increases are due to increased operating profit, a decrease in net interest expense and, for income per share, the benefit from a 1.5% reduction in average shares outstanding. These were partially offset by a higher effective tax rate.

For 1998, reported income from continuing operations increased $502 million while income per share increased $0.36. Ongoing income from continuing operations increased $30 million and income per share increased $0.06. The ongoing increases are due to the lower effective tax rate and, for income per share, the benefit from a 3% reduction in average shares outstanding. These were partially offset by lower operating profit.

Net Income and Net Income Per Share

For 1997, net income of $2.1 billion and income per share of $1.36 include the results of income from discontinued operations, which primarily reflect the operating results of Tricon's core restaurant businesses through October 6, 1997 and the operating results and a gain on sale of the restaurant distribution operation sold in the second quarter of 1997.

BUSINESS SEGMENTS

Additional information concerning our operating segments is presented in Note 18.

Frito-Lay

The standard volume measure is pounds for North America and kilos for International. Pound and kilo growth are reported on a systemwide and constant territory basis, which includes currently consolidated businesses and unconsolidated affiliates reported for at least one year.

Frito-Lay North America

				% Change B/(W)	
	1999	1998	1997	1999	1998
Net Sales	$7,865	$7,474	$6,967	5	7
Operating Profit					
Reported	$1,580	$1,424	$1,388	11	3
Ongoing	$1,645	$1,478	$1,410	11	5

Ongoing excludes impairment and restructuring charges of $65 in 1999, $54 in 1998 and $22 in 1997 (see Notes 4 and 18).

1999 vs. 1998

Net sales grew $391 million due to volume gains and higher effective net pricing.

Pound volume advanced 4%. The advance was led by high single-digit growth in our core corn products, excluding the low-fat and no-fat versions, mid single-digit growth in Lay's brand potato chips and significant growth in Cracker Jack brand products and branded dips. Volume declines in our "WOW!", "Baked" Lay's and "Baked" Tostitos brand products partially offset these gains.

Reported operating profit increased $156 million. Ongoing operating profit increased $167 million reflecting the higher volume, higher effective net pricing and reduced commodity costs, partially offset by higher A&M expenses. A&M grew at a faster rate than sales due primarily to increased promotional allowances.

Ongoing operating profit margin increased over 1 percentage point due to the margin impact of higher effective net pricing, reduced commodity costs and volume gains, partially offset by the margin impact of higher A&M expenses.

1998 vs. 1997

Net sales grew $507 million due to increased volume and a favorable mix shift to higher-priced products.

Pound volume advanced 5% led by core brand growth and "WOW!" products. The growth in core brands, excluding the low-fat and no-fat versions, was led by double-digit growth in Lay's brand potato chips and double-digit growth in Doritos brand tortilla chips. These gains were partially offset by declines in Ruffles brand potato chips, "Baked" Lay's and "Baked" Tostitos brand products and the elimination of Doritos Reduced Fat brand tortilla chips.

Reported operating profit increased $36 million. Ongoing operating profit increased $68 million reflecting the higher volume and the favorable mix shift, partially offset by increased operating costs. The increase in operating costs was led by increased A&M, higher manufacturing costs, reflecting costs associated with new plants and lines related to "WOW!" and Doritos 3-D products, and higher S&D expenses. A&M grew at a significantly faster rate than sales and volume due to increased promotional allowances and "WOW!" launch costs. S&D grew at a slightly slower rate than sales but faster than volume.

Frito-Lay International

				% Change B/(W)	
	1999	1998	1997	1999	1998
Net Sales	$3,750	$3,501	$3,409	7	3
Operating Profit					
Reported	$ 406	$ 367	$ 318	11	15
Ongoing	$ 406	$ 367	$ 380	11	(3)

Ongoing excludes impairment and restructuring charges of $62 in 1997 (see Notes 4 and 18).

1999 vs. 1998

Net sales increased $249 million. Excluding the negative impact of Brazil, which was primarily due to macro-economic conditions, net sales increased $397 million or 13% reflecting higher volume and higher effective net pricing. Overall, the higher effective net pricing more than offset the net impact of weaker currencies outside of Brazil. The unfavorable foreign currency impact, primarily in Mexico, reduced net sales growth by 4 percentage points. Net contributions from acquisitions/divestitures contributed 1 percentage point to the sales growth.

Salty snack kilos increased 6%. The advance was led by double-digit growth at Sabritas in Mexico and several of our businesses in Central and South America and in Asia. Including acquisitions/divestitures, total salty snack kilos increased an additional 4 percentage points to 10% driven primarily by the acquisition in Australia and by acquisitions and mergers of salty snack food businesses in South America. Sweet snack kilos increased 6% led by strong growth at Gamesa and Sabritas in Mexico. Sweet snack kilos, including the net effect of acquisitions/divestitures, declined 5% primarily as a result of the sales of our chocolate and biscuit businesses in Poland.

Operating profit increased $39 million. Excluding Brazil, operating profit increased $81 million or 25% driven by strong performances at Sabritas, Gamesa and several of our businesses in Asia. The net impact of weaker foreign currencies outside of Brazil, primarily in Mexico and the United Kingdom, reduced operating profit growth by 5 percentage points. The unfavorable foreign currency impact was more than offset by higher effective net pricing.

1998 vs. 1997
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Net sales increased $92 million. The increase in net sales was driven by net contributions from acquisitions/divestitures and by higher volume. The increase was partially offset by the impact of weaker foreign currencies including the unfavorable effect in Mexico of the devaluation of the peso against the U.S. dollar net of local pricing actions. Excluding Mexico, the impact of weaker foreign currencies, primarily Brazil, Poland, Australia and Thailand, reduced net sales growth by 2 percentage points. Net acquisitions/divestitures contributed 3 percentage points to the sales growth.

Salty snack kilos increased 6%, led by solid double-digit growth at Sabritas in Mexico and the Snack Ventures Europe joint venture, partially offset by double-digit declines in Brazil. Including acquisitions/divestitures, salty snack kilos increased to 14%. The increase of 8 percentage points was primarily driven by the acquisitions through partnership with, as well as, purchase of salty snack food businesses in Central and South America. Sweet snack kilos declined 2% driven by a single-digit decline at Gamesa in Mexico and a double-digit decline at Wedel in Poland. These declines in sweet snack kilos were partially offset by double-digit growth at Sabritas. Sweet snack kilos, including the effect of acquisitions/divestitures, declined 8% primarily as a result of the first quarter sale of a French biscuit business.

Reported operating profit increased $49 million. Ongoing operating profit declined $13 million. Deterioration of operating performance in Brazil due to the macro-economic conditions and market softness at Gamesa was partially offset by growth at Sabritas and in Poland. The growth in Poland was substantially driven by the sweet snack businesses which were sold in early 1999.

Pepsi-Cola
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In early 1999, in contemplation of the separation from PepsiCo of our bottling operations, we completed a reorganization of our Pepsi-Cola business. Accordingly, our 1999 disclosure presents the operating results consistent with the new Pepsi-Cola organization. Prior years' amounts have been reclassified to conform to the 1999 presentation. For additional information see Note 18. The discussion that follows presents net sales prior to the elimination of intercompany concentrate sales between Pepsi-Cola North America and Pepsi-Cola International and those previously consolidated bottling operations in which we now own an equity interest.

System bottler case sales (BCS) represents PepsiCo-owned brands as well as brands that we have been granted the right to produce, distribute and market nationally and are sold by system bottlers.

Pepsi-Cola North America

	1999	1998	1997	% Change B/(W) 1999	% Change B/(W) 1998
Net Sales	$3,005	$ 2,912	$ 2,727	3	7
Intercompany elimination	(400)	(1,523)	(1,383)	74	(10)
Reported	$2,605	$ 1,389	$ 1,344	88	3
Operating Profit					
Repor	$ 751	$ 732	$ 755	3	(3)
Ongoing	$ 751	$ 738	$ 807	2	(9)

Ongoing excludes impairment and restructuring charges of $6 in 1998 and $52 in 1997 (see Notes 4 and 18).

1999 vs. 1998

Reported net sales increased $1.2 billion, primarily due to the decrease in the intercompany elimination of concentrate sales resulting from the deconsolidation of the PBG, PBO and PepCom bottling operations. Before the elimination, net sales increased $93 million reflecting higher concentrate pricing net of increased customer support and increased royalty income associated with Aquafina bottled water.

BCS increased nearly 2% led by Pepsi One, introduced late last year, mid single-digit growth of our Mountain Dew brand and strong double-digit growth of our Aquafina brand of bottled water. These gains were partially offset by single-digit declines in Pepsi and Diet Pepsi brands. Concentrate shipments were even with prior year.

Reported operating profit increased $19 million. Ongoing operating profit increased $13 million primarily reflecting the increase in the net benefit of the higher pricing and the increased royalty income. These increases were partially offset by higher fountain related costs, increased A&M spending related to bottler funding and other programs and higher G&A costs as a result of costs associated with building our concentrate company infrastructure.

1998 vs. 1997

Reported net sales increased $45 million. Before the elimination of intercompany concentrate sales, net sales increased $185 million primarily reflecting higher concentrate volume.

BCS increased 6%, led by the strong single-digit growth of the Mountain Dew brand, contributions from Pepsi One and strong double-digit growth of Aquafina bottled water and Lipton Brisk. Pepsi and Diet Pepsi brands also contributed to the growth, both advancing at single-digit rates. Concentrate shipments increased 5%.

Reported operating profit decreased $23 million. Ongoing operating profit decreased $69 million primarily due to planned increases in A&M and higher G&A costs. These increases were partially offset by the increased concentrate volume. A&M expenses grew faster than sales and volume reflecting new product launches, such as Pepsi One, and planned increases for Project Globe and Pop Culture promotions. G&A costs grew due to higher costs associated with building our fountain infrastructure.

Pepsi-Cola International

	1999	1998	1997	% Change B/(W) 1999	% Change B/(W) 1998
Net Sales	$1,793	$1,691	$2,014	6	(16)
Intercompany elimination	(22)	(91)	(79)	76	(15)
Reported	$1,771	$1,600	$1,935	11	(17)
Operating Profit					
Reported	$ 108	$ 99	$ (67)	9	NM
Ongoing	$ 108	$ 105	$ 64	3	64

Ongoing excludes impairment and restructuring charges of $6 in 1998 and $131 in 1997 (see Notes 4 and 18). NM - Not meaningful.

1999 vs. 1998

Reported net sales increased $171 million which includes the decrease in the intercompany elimination resulting from the deconsolidation of PBG and PBO bottling operations. Before the elimination of intercompany concentrate sales, net sales increased $102 million. This advance reflects net contributions from acquisitions/divestitures, higher volume and higher effective net pricing, partially offset by a net unfavorable foreign currency impact. The net unfavorable foreign currency impact, primarily in Brazil, Mexico, India and Germany, reduced net sales by 3 percentage points.

BCS increased 1% primarily reflecting double-digit growth in China, strong double-digit growth in Germany, Japan and Pakistan, and single-digit growth in India and Saudi Arabia. These advances were partially offset by lower BCS in Brazil, Russia, the Philippines and Thailand. Through December total concentrate shipments to franchisees, including those former wholly-owned bottlers in which we now own an equity interest, increased 2% while their BCS increased at a slower rate.

Reported operating profit increased $9 million. Ongoing operating profit increased $3 million reflecting volume gains and higher effective net pricing. These gains were reduced by higher A&M, net losses from acquisitions/divestitures and unfavorable foreign currency impact.

1998 vs. 1997

Reported net sales decreased $335 million. Before the elimination of intercompany concentrate sales, net sales decreased $323 million. This decline was primarily due to the absence of Japan bottling sales in 1998 as a result of the refranchising of our Japanese bottler late in 1997 and net unfavorable foreign currency impact, partially offset by higher volume. The net unfavorable foreign currency impact, primarily in Thailand and India, reduced net sales by 2 percentage points.

BCS increased 6% reflecting double-digit growth in Mexico, the Philippines, India, Pakistan and China. In addition, BCS grew at a high double-digit rate in Venezuela reflecting the continued momentum by the joint venture as it increased its territories and capacity. These advances were partially offset by lower BCS in Japan due to the elimination of certain PepsiCo-owned brands by the new bottler Suntory. The PepsiCo-owned brands that continued to be sold by Suntory grew at a double-digit rate. Total concentrate shipments to franchisees, including those former wholly-owned bottlers in which we now own an equity interest, increased 6% while their BCS increased at a slightly higher rate.

Reported operating profit increased $166 million. Ongoing operating profit increased $41 million reflecting higher volume gains (reported by most of our business units) and lower G&A expenses, due in part to savings from our 1996 restructuring. These gains were partially reduced by higher A&M.

Tropicana
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The standard measure of volume is four-gallon equivalent cases.

In its first full year as part of PepsiCo, net sales were $2.25 billion and operating profit was $170 million for 1999. For the period August 26, 1998 (the date of acquisition) through December 26, 1998, net sales were $722 million and operating profit was $40 million. This 18 week period in 1998 was reported in the fourth quarter and, therefore, is not comparable to the 16 week fourth quarter of 1999. Including the impact of the additional two weeks in 1998, net sales decreased 2% and operating profit increased 35%. On a comparable 16 week basis, net sales and operating profit increased 10% and 55%, respectively. Volume for the fiscal year 1999 increased 4%, led by an 8% increase in Tropicana Pure Premium worldwide. Higher pricing taken to offset increases in the cost of oranges, combined with volume growth, drove 1999 operating performance.

CONSOLIDATED CASH FLOWS

1999 vs. 1998
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Our 1999 consolidated cash and cash equivalents increased $653 million compared to a $1.6 billion decrease in 1998. The change primarily reflects a decrease in cash outflows for acquisitions and investments in unconsolidated affiliates as compared to 1998, which included the acquisition of Tropicana, and lower share repurchase activity in 1999. In addition, cash and cash equivalents increased as a result of net proceeds from long-term debt financings in 1999 primarily related to the PBG separation, versus net payments in 1998. These comparative increases were partially offset by net payments of short-term borrowings in 1999, primarily funded from amounts received from PBG, versus net short-term borrowings in 1998 and the comparative impact of net maturities of short-term investments in 1998.

1998 vs. 1997
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Our 1998 consolidated cash and cash equivalents decreased $1.6 billion compared to a $1.6 billion increase in 1997. Excluding cash provided by discontinued operations in 1997, the decrease in cash and cash equivalents was $1.6 billion in 1998 compared with a $4.6 billion decrease in 1997. The change in cash flow primarily reflects net proceeds from issuance of debt and the liquidation of investment portfolios in 1998 compared to net debt repayments in 1997. These cash inflows were primarily used to fund acquisitions and investments in unconsolidated affiliates during the year. The acquisitions and investments in unconsolidated affiliates include the purchases of Tropicana, the remaining ownership interest in various bottlers, TSSC and various other international salty snack food businesses.

Share Repurchases

Our share repurchase activity was as follows:

	1999	1998	1997
Cost	$1,285	$2,230	$2,459
Shares repurchased			
Number of shares (in millions)	35.8	59.2	69.0
% of shares outstanding at beginning of year	2.4%	3.9%	4.5%

The current authorization for share repurchases granted by our Board of Directors is $3 billion over the three year period from 1999 to 2001.

Liquidity and Capital Resources

We reduced our revolving credit facilities to $1.5 billion in 1999. Of the $4.75 billion as of year-end 1998, $3.1 billion expired March 26, 1999 and was not renewed due to our reduced borrowing needs. The remaining $1.65 billion was cancelled on June 18, 1999 and replaced with a $600 million facility expiring in June of 2000 and a $900 million facility expiring in June of 2004. At expiration, these facilities can be extended an additional year upon the mutual consent of PepsiCo and the lending institutions. The credit facilities exist largely to support issuances of short-term debt and remain unused at year-end 1999. At year-end 1999, $900 million of short-term borrowings were reclassified as long-term, reflecting our intent and ability, through the existence of the unused credit facilities, to refinance these borrowings.

As discussed in Note 2, our Board of Directors approved a plan in 1998 for the separation from PepsiCo of PBG. PBG completed an IPO on April 6, 1999. In February and March of 1999, in preparation for the IPO, PBG and its principal operating subsidiary, Bottling Group, LLC, incurred $6.55 billion of indebtedness. Of the $6.55 billion, $3.25 billion was repaid by PBG with the proceeds of the IPO and the issuance of long-term debt. PepsiCo has unconditionally guaranteed $2.3 billion of Bottling Group, LLC long-term debt. During the first quarter, we received $5.5 billion of the debt proceeds obtained by PBG primarily as settlement of pre-existing intercompany amounts due to us. These proceeds were used to repay our short-term borrowings and for share repurchases.

The Whitman transaction, completed on May 20, 1999, generated net cash proceeds of $300 million.

The deconsolidation of the PBG, PBO and PepCom operations resulted in declines in current assets, intangible assets, property, plant and equipment, net, current liabilities, long-term debt and deferred income taxes, and an increase in investments in unconsolidated affiliates.

Our strong cash-generating capability and financial condition give us ready access to capital markets throughout the world.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Included in Item 7, Management's Discussion and Analysis - Market Risk beginning on page 10.

Item 8. Financial Statements and Supplementary Data

See Index to Financial Information on page F-2.

Item 9.Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant

The following is a list of names, ages and background of our current executive officers:

Roger A. Enrico, 55, is our Chairman of the Board and Chief Executive Officer. Mr. Enrico was elected as PepsiCo's Chief Executive Officer in April, 1996 and as Chairman of the Board in November, 1996, after serving as Vice Chairman since 1993. Mr. Enrico, who joined PepsiCo in 1971, became President and Chief Executive Officer of Pepsi-Cola USA in 1983, President and Chief Executive Officer of PepsiCo Worldwide Beverages in 1986, and Chairman and Chief Executive Officer of Frito-Lay, Inc. in 1991. Mr. Enrico served as Chairman and Chief Executive Officer of PepsiCo Worldwide Foods from 1992 to 1994 and as Chairman and Chief Executive Officer, PepsiCo Worldwide Restaurants from 1994 to 1997.

Steven S Reinemund, 51, is our President and Chief Operating Officer. Mr. Reinemund was appointed President and Chief Operating Officer in September 1999. He began his career with PepsiCo as Senior Operating Officer of Pizza Hut, Inc. (a former subsidiary of the Company) in 1984. He became President and Chief Executive Officer of Pizza Hut in 1986, and President and Chief Executive Officer of Pizza Hut Worldwide in 1991. In 1992, Mr. Reinemund became President and Chief Executive Officer of Frito-Lay. He became Chairman and Chief Executive Officer of the Frito-Lay Company in 1996.

Matthew M. McKenna, 49, is our Senior Vice President and Treasurer. Previously, he was Senior Vice President, Taxes. Prior to joining PepsiCo in 1993 as Vice President, Taxes, he was a partner with the law firm Winthrop, Stimson, Putnam & Roberts in New York.

Lionel L. Nowell III, 46, is our Senior Vice President and Controller. Prior to joining PepsiCo, he was Senior Vice President, Strategy and Business Development for RJR Nabisco, Inc. From 1991 to 1998, he served as Chief Financial Officer of Pillsbury North America, and its Pillsbury Foodservice and Haagen Dazs units. He also served as Vice President and Controller of the Pillsbury Company, Vice President of Food and International Retailing Audit and Director of Internal Audit.

Indra K. Nooyi, 44, is our Senior Vice President and Chief Financial Officer. She joined PepsiCo in 1994 as Senior Vice President, Corporate Strategy and Development. Prior to joining PepsiCo, she was Senior Vice President of Strategy, Planning and Strategic Markets for Asea Brown Boveri. She was also Vice President and Director of Corporate Strategy and Planning at Motorola.

Robert F. Sharpe, Jr., 48, is our Senior Vice President, Public Affairs, General Counsel, and Secretary. He joined PepsiCo in January, 1998 as Senior Vice President, General Counsel and Secretary. Mr. Sharpe was Senior Vice President and General Counsel of RJR Nabisco Holdings Corp. from 1996 until 1998. He was previously Vice President, Tyco International Ltd. from 1994 to 1996 and Vice President, Assistant General Counsel and Secretary of RJR Nabisco Holdings Corp. and RJR Nabisco, Inc. from 1989 to 1994.

Karl M. von der Heyden, 63, is our Vice Chairman of the Board. He also served as Chief Financial Officer from September 1996 until March 1998. He served as President and Chief Executive Officer of Metallgesellshaft Corp. from 1993 through 1994 and was Chairman and Chief Executive Officer of RJR Nabisco from March through May 1993 and Chief Financial Officer from 1989 to 1993.

Executive officers are elected by the Company's Board of Directors, and their terms of office continue until the next annual meeting of the Board or until their successors are elected and have qualified. There are no family relationships among the Company's executive officers.

The name, age and background of each of the Company's directors nominated for election are contained under the caption "Election of Directors" in the Company's Proxy Statement for its 2000 Annual Meeting of Shareholders and are incorporated herein by reference.

Item 11. Executive Compensation

Information on compensation of the Company's directors and executive officers is contained in the Company's Proxy Statement for its 2000 Annual Meeting of Shareholders under the captions "Directors Compensation" and "Executive Compensation", respectively, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information on the number of shares of PepsiCo Capital Stock beneficially owned by each director and by all directors and officers as a group is contained under the caption "Ownership of Capital Stock by Directors and Executive Officers" in the Company's Proxy Statement for its 2000 Annual Meeting of Shareholders and is incorporated herein by reference. As far as is known to the Company, no person beneficially owns more than 5% of the outstanding shares of PepsiCo Capital Stock.

Item 13. Certain Relationships and Related Transactions

Not applicable.

PART IV

Item 14. Exhibits, Financial Statement Schedule and Reports on Form 8-K

(a) 1. Financial Statements

See Index to Financial Information on page F-2.

2. Exhibits

See Index to Exhibits on page E-1.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, PepsiCo has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 21, 2000

PepsiCo, Inc.

By: ____________________________
Roger A. Enrico
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of PepsiCo and in the capacities and on the date indicated.

SIGNATURE	TITLE	DATE
/S/ ROGER A. ENRICO Roger A. Enrico	Chairman of the Board and Chief Executive Officer	March 21, 2000
/S/INDRA K. NOOYI Indra K. Nooyi	Senior Vice President Chief Financial Officer	March 21, 2000
/S/ LIONEL L. NOWELL III Lionel L. Nowell III	Senior Vice President and Controller (Principal Accounting Officer)	March 21, 2000
/S/ KARL M. VON DER HEYDEN Karl M. von der Heyden	Vice Chairman of the Board	March 21, 2000
/S/JOHN F. AKERS John F. Akers	Director	March 21, 2000
/S/ ROBERT E. ALLEN Robert E. Allen	Director	March 21, 2000
/S/ PETER FOY Peter Foy	Director	March 21, 2000
/S/ RAY L. HUNT Ray L. Hunt	Director	March 21, 2000

/S/ ARTHUR C. MARTINEZ Arthur C. Martinez	Director	March 21, 2000
/S/ JOHN J. MURPHY John J. Murphy	Director	March 21, 2000
/S/ FRANKLIN D. RAINES Franklin D. Raines	Director	March 21, 2000
/S/ STEVEN S REINEMUND Steven S Reinemund	President and Chief Operating Officer and Director	March 21, 2000
/S/ SHARON PERCY ROCKEFELLER Sharon Percy Rockefeller	Director	March 21, 2000
/S/ FRANKLIN A. THOMAS Franklin A. Thomas	Director	March 21, 2000
/S/ P. ROY VAGELOS P. Roy Vagelos	Director	March 21, 2000
/S/ ARNOLD R. WEBER Arnold R. Weber	Director	March 21, 2000

INDEX TO EXHIBITS
ITEM 14(a)(3)

EXHIBIT	
3.1	Restated Articles of Incorporation of PepsiCo, Inc., which is incorporated herein by reference to Exhibit 3(i) to PepsiCo's Quarterly Report on Form 10-Q for the quarterly period ended June 15, 1996.
3.2	By-Laws of PepsiCo, Inc., as amended March 16, 2000.
4	PepsiCo, Inc. agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any instrument defining the rights of holders of long-term debt of PepsiCo, Inc. and all of its subsidiaries for which onsolidated or unconsolidated financial statements are required to be filed with the Securities and Exchange Commission.
10.1	Description of PepsiCo, Inc. 1988 Director Stock Plan, which is incorporated herein by reference to Post-Effective Amendment No. 2 to PepsiCo's Registration Statement on Form S-8 (Registration No. 33-22970).
10.2	PepsiCo, Inc. 1987 Incentive Plan (the "1987 Plan"), as amended and restated, effective as of October 1, 1999.
10.3	Operating Guideline No. 1 under the 1987 Plan, as amended through July 25, 1991, which is incorporated by reference to Exhibit 10(d) to PepsiCo's Annual Report on Form 10-K for the fiscal year ended December 28, 1991.
10.4	Operating Guideline No. 2 under the 1987 Plan and the Plan, as amended through January 22, 1987, which is incorporated herein by reference to Exhibit 28(b) to PepsiCo's Registration Statement on Form S-8 (Registration No. 33-19539).
10.6	PepsiCo, Inc. 1994 Long-Term Incentive Plan, as amended and restated, effective as of October 1, 1999.
10.7	PepsiCo, Inc. Executive Incentive Compensation Plan, which is incorporated herein by reference to Exhibit B to PepsiCo's Proxy Statement for its 1994 Annual Meeting of Shareholders.
10.8	Amended and Restated PepsiCo Executive Income Deferral Program which is incorporated herein by reference to PepsiCo's Annual Report on Form 10-K for the fiscal year ended December 27, 1997.
10.9	Restated PepsiCo Pension Equalization Plan, which is incorporated herein by reference to PepsiCo's Annual Report on Form 10-K for the fiscal year ended December 27, 1997.
12	Computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of PepsiCo, Inc.

23 Report and Consent of KPMG LLP.

24.1 Power of Attorney executed by Roger A. Enrico, Lionel L. Nowell III, Indra K. Nooyi, , John F. Akers, Robert E. Allen, Peter Foy, Ray L. Hunt, Arthur C. Martinez, John J. Murphy, Franklin D. Raines, Steve S Reinemund, Sharon Percy Rockerfeller, Franklin A. Thomas, P. Roy Vagelos, Karl M. von der Heyden and Arnold R. Weber.

24.2 Power of Attorney executed by Cynthia M. Trudell.

24.3 Power of Attorney executed by Solomon D. Trujillo.

27 Financial Data Schedule.

PepsiCo, Inc. and Subsidiaries

FINANCIAL INFORMATION

FOR INCLUSION IN ANNUAL REPORT ON FORM 10-K

FISCAL YEAR ENDED DECEMBER 25, 1999

PEPSICO, INC. AND SUBSIDIARIES

INDEX TO FINANCIAL INFORMATION
Item 14(a)(1)

All other financial statements and schedules have been omitted since the required information is not applicable or is included in Item 14(a)(1) Financial Statements.

Consolidated Statement of Income
(in millions except per share amounts)
PepsiCo, Inc. and Subsidiaries
Fiscal years ended December 25, 1999, December 26, 1998 and December 27, 1997

	1999	1998	1997
Net Sales			
New PepsiCo	$18,244	$14,686	$13,655
Bottling operations	2,123	7,662	7,262
Total Net Sales	20,367	22,348	20,917
Costs and Expenses			
Cost of sales	8,198	9,330	8,525
Selling, general and administrative expenses	9,103	9,924	9,241
Amortization of intangible assets	183	222	199
Impairment and restructuring charges	65	288	290
Total Costs and Expenses	17,549	19,764	18,255
Operating Profit			
New PepsiCo	2,765	2,460	2,252
Bottling operations and equity investments	53	124	410
Total Operating Profit	2,818	2,584	2,662
Bottling equity income, net	83	-	-
Gain on bottling transactions	1,000	-	-
Interest expense	(363)	(395)	(478)
Interest income	118	74	125
Income from Continuing Operations Before Income Taxes	3,656	2,263	2,309
Provision for Income Taxes	1,606	270	818
Income from Continuing Operations	2,050	1,993	1,491
Income from Discontinued Operations, net of tax	-	-	651
Net Income	$ 2,050	$ 1,993	$ 2,142
Income Per Share - Basic			
Continuing Operations	$ 1.40	$ 1.35	$ 0.98
Discontinued Operations	-	-	0.42
Net Income	$ 1.40	$ 1.35	$ 1.40
Average shares outstanding	1,466	1,480	1,528
Income Per Share - Assuming Dilution			
Continuing Operations	$ 1.37	$ 1.31	$ 0.95
Discontinued Operations	-	-	0.41
Net Income	$ 1.37	$ 1.31	$ 1.36
Average shares outstanding	1,496	1,519	1,570

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows
(in millions)
PepsiCo, Inc. and Subsidiaries
Fiscal years ended December 25, 1999, December 26, 1998 and December 27, 1997

	1999	1998	1997
Operating Activities			
Income from continuing operations	$ 2,050	$ 1,993	$ 1,491
Adjustments to reconcile income from continuing operations to net cash provided by operating activities			
Gain on bottling transactions	(1,000)	-	-
Bottling equity income, net	(83)	-	-
Depreciation and amortization	1,032	1,234	1,106
Noncash portion of 1998 income tax benefit	-	(259)	-
Noncash portion of impairment and restructuring charges	37	254	233
Deferred income taxes	529	150	51
Other noncash charges and credits, net	364	237	342
Changes in operating working capital, excluding effects of acquisitions and dispositions			
Accounts and notes receivable	(149)	(104)	(53)
Inventories	(186)	29	79
Prepaid expenses and other current assets	(203)	(12)	(56)
Accounts payable and other current liabilities	310	(195)	84
Income taxes payable	326	(116)	142
Net change in operating working capital	98	(398)	196
Net Cash Provided by Operating Activities	3,027	3,211	3,419
Investing Activities			
Capital spending	(1,118)	(1,405)	(1,506)
Acquisitions and investments in unconsolidated affiliates	(430)	(4,537)	(119)
Sales of businesses	499	17	221
Sales of property, plant and equipment	126	134	80
Short-term investments, by original maturity			
More than three months-purchases	(2,025)	(525)	(92)
More than three months-maturities	2,008	584	177
Three months or less, net	12	839	(735)
Other, net	(144)	(126)	(96)
Net Cash Used for Investing Activities	(1,072)	(5,019)	(2,070)

(Continued on following page)

Consolidated Statement of Cash Flows
(in millions)
PepsiCo, Inc. and Subsidiaries
Fiscal years ended December 25, 1999, December 26, 1998 and December 27, 1997

	1999	1998	1997
Financing Activities			
Proceeds from issuances of long-term debt.......	3,480	990	-
Payments of long-term debt......................	(1,123)	(2,277)	(1,875)
Short-term borrowings, by original maturity			
More than three months-proceeds.............	3,691	2,713	146
More than three months-payments.............	(2,741)	(417)	(177)
Three months or less, net...................	(2,856)	1,753	(1,269)
Cash dividends paid.............................	(778)	(757)	(736)
Share repurchases...............................	(1,285)	(2,230)	(2,459)
Proceeds from exercises of stock options........	308	415	403
Other, net......................................	-	-	5
Net Cash (Used for) Provided by Financing Activities....................................	(1,304)	190	(5,962)
Net Cash Provided by Discontinued Operations....	-	-	6,236
Effect of Exchange Rate Changes on Cash and Cash Equivalents..............................	2	1	(2)
Net Increase (Decrease) in Cash and Cash Equivalents...................................	653	(1,617)	1,621
Cash and Cash Equivalents - Beginning of Year...	311	1,928	307
Cash and Cash Equivalents - End of Year.........	$ 964	$ 311	$ 1,928

	1999	1998	1997
Supplemental Cash Flow Information			
Interest paid...................................	$ 321	$ 367	$ 462
Income taxes paid...............................	$ 525	$ 521	$ 696
Schedule of Noncash Investing and Financing Activities			
Fair value of assets acquired...................	$ 717	$ 5,359	$ 160
Cash paid and stock issued......................	(438)	(4,537)	(134)
Liabilities assumed.............................	$ 279	$ 822	$ 26

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet
(in millions except per share amount)
PepsiCo, Inc. and Subsidiaries
December 25, 1999 and December 26, 1998

	1999	1998
ASSETS		
Current Assets		
Cash and cash equivalents	$ 964	$ 311
Short-term investments, at cost	92	83
	1,056	394
Accounts and notes receivable, net	1,704	2,453
Inventories	899	1,016
Prepaid expenses and other current assets	514	499
Total Current Assets	4,173	4,362
Property, Plant and Equipment, net	5,266	7,318
Intangible Assets, net	4,735	8,996
Investments in Unconsolidated Affiliates	2,846	1,396
Other Assets	531	588
Total Assets	$17,551	$22,660
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 233	$ 3,921
Accounts payable and other current liabilities	3,399	3,870
Income taxes payable	156	123
Total Current Liabilities	3,788	7,914
Long-Term Debt	2,812	4,028
Other Liabilities	2,861	2,314
Deferred Income Taxes	1,209	2,003
Shareholders' Equity		
Capital Stock, par value 1 2/3(cent) per share: authorized 3,600 shares, issued 1,726 shares	29	29
Capital in excess of par value	1,081	1,166
Retained earnings	14,066	12,800
Accumulated other comprehensive loss	(989)	(1,059)
	14,187	12,936
Less: repurchased shares, at cost: 271 shares in 1999 and 255 shares in 1998	(7,306)	(6,535)
Total Shareholders' Equity	6,881	6,401
Total Liabilities and Shareholders' Equity	$17,551	$22,660

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Shareholders' Equity
(in millions)
PepsiCo, Inc. and Subsidiaries
Fiscal years ended December 25, 1999, December 26, 1998 and December 27, 1997

	Capital Stock				
	Issued		Repurchased		Net Outstanding
	Shares	Amount	Shares	Amount	Shares
Shareholders' Equity, December 28, 1996	1,726	$29	(181)	$(3,023)	1,545
1997 Net income	-	-	-	-	-
Currency translation adjustment	-	-	-	-	-
Comprehensive income					
Cash dividends declared	-	-	-	-	-
Share repurchases	-	-	(69)	(2,459)	(69)
Stock option exercises, including tax benefit	-	-	25	488	25
Spin-off of restaurant businesses	-	-	-	-	-
Other	-	-	1	8	1
Shareholders' Equity, December 27, 1997	1,726	29	(224)	(4,986)	1,502
1998 Net income	-	-	-	-	-
Currency translation adjustment	-	-	-	-	-
CTA reclassification adjustment	-	-	-	-	-
Minimum pension liability adjustment (net of tax benefit of $11)	-	-	-	-	-
Comprehensive income					
Cash dividends declared	-	-	-	-	-
Share repurchases	-	-	(59)	(2,230)	(59)
Stock option exercises, including tax benefit	-	-	28	675	28
Other	-	-	-	6	-
Shareholders' Equity, December 26, 1998	1,726	29	(255)	(6,535)	1,471
1999 Net income	-	-	-	-	-
Currency translation adjustment	-	-	-	-	-
CTA reclassification adjustment	-	-	-	-	-
Minimum pension liability adjustment (net of tax of $9)	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Comprehensive income					
Cash dividends declared	-	-	-	-	-
Share repurchases	-	-	(36)	(1,285)	(36)
Stock option exercises, including tax benefit	-	-	20	514	20
Other	-	-	-	-	-
Shareholders' Equity, December 25, 1999	1,726	$29	(271)	$(7,306)	1,455

(Continued on following page)

Consolidated Statement of Shareholders' Equity
(in millions)
PepsiCo, Inc. and Subsidiaries
Fiscal years ended December 25, 1999, December 26, 1998 and December 27, 1997

	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total	Total Currency Translation Adjustment
Shareholders' Equity, December 28, 1996	$1,201	$ 9,184	$ (768)	$ 6,623	$ (768)
1997 Net income	-	2,142	-	2,142	
Currency translation adjustment	-	-	(220)	(220)	(220)
Comprehensive income				1,922	
Cash dividends declared	-	(746)	-	(746)	
Share repurchases	-	-	-	(2,459)	
Stock option exercises, including tax benefit	88	-	-	576	
Spin-off of restaurant businesses	-	987	-	987	
Other	25	-	-	33	
Shareholders' Equity, December 27, 1997	1,314	11,567	(988)	6,936	(988)
1998 Net income	-	1,993	-	1,993	
Currency translation adjustment	-	-	(75)	(75)	(75)
CTA reclassification adjustment	-	-	24	24	24
Minimum pension liability adjustment (net of tax benefit of $11)	-	-	(20)	(20)	
Comprehensive income				1,922	
Cash dividends declared	-	(760)	-	(760)	
Share repurchases	-	-	-	(2,230)	
Stock option exercises, including tax benefit	(151)	-	-	524	
Other	3	-	-	9	
Shareholders' Equity, December 26, 1998	1,166	12,800	(1,059)	6,401	(1,039)
1999 Net income	-	2,050	-	2,050	
Currency translation adjustment	-	-	(121)	(121)	(121)
CTA reclassification adjustment	-	-	175	175	175
Minimum pension liability adjustment (net of tax of $9)	-	-	17	17	
Other comprehensive income	-	-	(1)	(1)	
Comprehensive income				2,120	
Cash dividends declared	-	(784)	-	(784)	
Share repurchases	-	-	-	(1,285)	
Stock option exercises, including tax benefit	(131)	-	-	383	
Other	46	-	-	46	
Shareholders' Equity, December 25, 1999	$1,081	$14,066	$ (989)	$ 6,881	$ (985)

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements
(tabular dollars in millions except per share amounts; all per share amounts assume dilution)

Note 1 - Summary of Significant Accounting Policies

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Items Affecting Comparability

Certain reclassifications were made to the 1998 and 1997 amounts to conform to the 1999 presentation, particularly the segment reclassifications resulting from the 1999 reorganization of our Pepsi-Cola business described in Note 18. As a result of the 1999 bottling transactions described in Note 2, certain bottling operations that were previously consolidated are now accounted for under the equity method. Therefore, the consolidated financial statements subsequent to the bottling transactions are not comparable to the consolidated financial statements presented for prior periods. In addition, the third quarter 1998 acquisition of Tropicana described in Note 3 affects comparability.

Principles of Consolidation

The financial statements include the consolidated accounts of PepsiCo, Inc. and its controlled affiliates. Intercompany balances and transactions have been eliminated. Investments in unconsolidated affiliates, over which we exercise significant influence, but not control, are accounted for by the equity method. Accordingly, our share of the net income or loss of such unconsolidated affiliates is included in consolidated net income.

Issuances of Subsidiary Stock

The issuance of stock by one of our subsidiaries to third parties reduces our proportionate ownership interest in the subsidiary. Unless the issuance of such stock is part of a broader corporate reorganization, we recognize a gain or loss, equal to the difference between the issuance price per share and our carrying amount per share. Such gain or loss, net of the related tax, is recognized in consolidated net income when the transaction occurs.

Revenue Recognition

We recognize revenue when products are delivered to customers. Sales terms generally do not allow a right to return.

Marketing Costs

Marketing costs are reported in selling, general and administrative expenses and include costs of advertising and other marketing activities. Advertising expenses were $1.8 billion in 1999, $1.9 billion in 1998 and $1.8 billion in 1997. Deferred advertising expense, classified as prepaid expenses in the Consolidated Balance Sheet, was $30 million in 1999 and $34 million in 1998. Deferred advertising costs are expensed in the year first used and consist of:

- media and personal service prepayments,
- promotional materials in inventory, and
- production costs of future media advertising.

Stock-Based Compensation

We measure stock-based compensation cost as the excess of the quoted market price of PepsiCo Capital Stock at the grant date over the amount the employee must pay for the stock (exercise price). Our policy is to generally grant stock options with an exercise price equal to the stock price at the date of grant and accordingly, no compensation cost is recognized. Under our incentive programs, compensation cost for performance share units granted and for cash payments expected to be paid to employees in lieu of stock options is based on the grant date value and recognized over the vesting period of the award.

Derivative Instruments

The interest differential to be paid or received on an interest rate swap is recognized as an adjustment to interest expense as the differential occurs. If an interest rate swap position were to be terminated, the gain or loss realized upon termination would be deferred and amortized to interest expense over the remaining term of the underlying debt instrument it was intended to modify. However, if the underlying debt instrument were to be settled prior to maturity, the gain or loss realized upon termination would be recognized immediately.

The differential to be paid or received on a currency swap related to non-U.S. dollar denominated debt is charged or credited to selling, general and administrative expenses as the differential occurs. This is fully offset by the corresponding gain or loss recognized on the currency translation of the debt, as both amounts are based upon the same exchange rates. The currency differential not yet settled in cash is reflected in the Consolidated Balance Sheet under the appropriate current or noncurrent receivable or payable caption. If a currency swap position were to be terminated prior to maturity, the gain or loss realized upon termination would be immediately recognized in selling, general and administrative expenses.

Gains and losses on futures contracts designated as hedges of future commodity purchases are deferred in the Consolidated Balance Sheet under the appropriate current asset or liability caption and included in the cost of the hedged commodity when purchased. Changes in the value of such contracts used to hedge commodity purchases are highly correlated to the changes in the value of the purchased commodity. Subsequent changes in the value of such contracts that cease to be highly correlated or changes in the value of futures contracts not designated as hedges would be recognized in cost of sales immediately. If a futures contract designated as a hedge were to be terminated, the gain or loss realized upon termination would be included in the cost of the hedged commodity when purchased.

Prepaid forward contracts for the purchase of PepsiCo Capital Stock are reflected in the Consolidated Balance Sheet at fair value as a prepaid expense. Changes in fair value of these contracts are recognized as interest expense.

The cash flows related to the above derivative instruments are classified in the Consolidated Statement of Cash Flows in a manner consistent with those of the transactions being hedged.

Cash Equivalents

Cash equivalents represent funds temporarily invested with original maturities of three months or less. All other investment portfolios are primarily classified as short-term investments.

Inventories

Inventories are valued at the lower of cost (computed on the average, first-in, first-out or last-in, first-out method) or net realizable value.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is calculated on a straight-line basis. Buildings and improvements are depreciated over their estimated useful lives, generally ranging from 20 to 50 years. Machinery and equipment (including fleet) are depreciated over their estimated useful lives, generally ranging from 2 to 10 years.

Intangible Assets

Goodwill, the excess of our investments in unconsolidated affiliates over our equity in the underlying assets of these investments, and reacquired franchise rights are amortized on a straight-line basis over their estimated useful lives, generally ranging from 20 to 40 years. Trademarks and other identifiable intangibles are amortized on a straight-line basis over their estimated useful lives, generally ranging from 20 to 40 years.

Recoverability of Long-Lived Assets to be Held and Used in the Business

All long-lived assets, including goodwill, investments in unconsolidated affiliates and other identifiable intangibles, are evaluated for impairment on the basis of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its estimated fair market value based on the best information available. Estimated fair market value is generally measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows.

The depreciation or amortization periods for long-lived assets to be held and used are periodically evaluated to determine whether events or circumstances have occurred that warrant revision.

Accounting Changes

As of December 28, 1997, we adopted Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use, issued by The American Institute of Certified Public Accountants in March 1998. The amount capitalized under the SOP was $52 million in 1999 and $42 million in 1998.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS 133, as amended by SFAS 137, is effective for our fiscal year beginning 2001. SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that we recognize all derivative instruments as either assets or liabilities in the Consolidated Balance Sheet and measure those instruments at fair value. We are currently assessing the effects of adopting SFAS 133, and have not yet made a determination of the impact adoption will have on our consolidated financial statements.

Note 2 - Investments in Unconsolidated Affiliates

Investments in Unconsolidated Affiliates

In 1998, our Board of Directors approved a plan for the separation from PepsiCo of certain wholly-owned bottling businesses located in the United States, Canada, Spain, Greece and Russia, referred to as The Pepsi Bottling Group (PBG). On April 6, 1999, PBG completed the sale of 100 million shares of its common stock at $23 per share through an initial public offering with PepsiCo retaining a direct noncontrolling ownership interest of 35.5%. During the first quarter, we received $5.5 billion of debt proceeds obtained by PBG primarily as settlement of pre-existing intercompany amounts due to us. We recognized a pre-tax gain of $1.0 billion ($476 million after-tax or $0.32 per share) in the second quarter.

On May 20, 1999, we combined certain bottling operations in the midwestern United States and Central Europe (PBO) with the Whitman Corporation, a publicly traded corporation, to create new Whitman. We retained a noncontrolling ownership interest of approximately 38% in new Whitman. The transaction resulted in an after-tax loss to PepsiCo of $206 million or $0.14 per share.

On July 10, 1999, we formed a business venture with PepCom Industries, Inc., a Pepsi-Cola franchisee, combining bottling businesses in parts of North Carolina and New York. PepCom contributed bottling operations in central and eastern North Carolina and in Long Island, New York to the venture. We contributed our bottling operations in Winston-Salem and Wilmington, North Carolina in exchange for a noncontrolling interest in the venture, Pepsi Bottling Venture LLC, of 35%. The transaction was accounted for as a nonmonetary exchange for book purposes. A portion of the transaction was taxable which resulted in income tax expense of $25 million or $0.02 per share.

On October 15, 1999, we formed a business venture with Pohlad Companies, a Pepsi-Cola franchisee, combining bottling businesses in Puerto Rico and parts of the southeastern and midwestern United States. Pohlad Companies contributed its interests in Dakota Beverage Company, Delta Beverage Group, Inc. (Delta) and Pepsi-Cola Puerto Rico Bottling Company (PPR). We contributed our interests in Delta and PPR as well as 2.2 million shares of PepsiCo Capital Stock in exchange for a 33% noncontrolling interest in the venture. As a result, we have a noncontrolling ownership interest of approximately 24% in the venture's principal operating subsidiary, PepsiAmericas, Inc., a publicly traded corporation. The Pohlad transaction was structured as a fair value exchange with no resulting gain or loss.

Pepsi Bottling Group

The Pepsi Bottling Group, Inc. is the world's largest manufacturer, distributor and seller of carbonated and non-carbonated Pepsi-Cola beverages and operates under master bottling agreements with us. In addition to approximately 37% of PBG's outstanding common stock that we now own, we own 100% of PBG's class B common stock and approximately 7% of the equity of Bottling Group, LLC, PBG's principal operating subsidiary. This gives us economic ownership of approximately 40% of PBG's combined operations. We account for our investment using the equity method.

PBG's summarized full year 1999 and 1998 financial information is as follows:

	1999	1998
Current assets.........	$1,493	$1,318
Noncurrent assets......	6,126	6,004
Total assets.........	$7,619	$7,322
Current liabilities....	$ 947	$1,025
Noncurrent liabilities.	4,831	6,535
Minority interest......	278	-
Total liabilities....	$6,056	$7,560
Our equity investment..	$ 829	$ -

	1999	1998	1997
Net sales	$7,505	$7,041	$6,592
Gross profit	$3,209	$2,860	$2,760
Operating profit	$ 412	$ 55	$ 335
Net income (loss)	$ 118	$ (146)	$ 59

The net assets transferred to PBG as of April 6, 1999, primarily consisted of the following:

	1999
Property, plant and equipment, net	$2,106
Goodwill, net	$1,097
Reacquired franchise rights and other intangibles, net	$2,734
Long-term debt	$3,306
Deferred income taxes	$1,218

Based upon the quoted closing price of PBG shares at year-end 1999, the calculated market value of our direct investment in PBG, excluding our investment in Bottling Group, LLC, was approximately $887 million.

Whitman

Whitman manufactures, distributes and sells carbonated and non-carbonated Pepsi-Cola beverages and operates under master bottling agreements with us. We now own approximately 40% of Whitman common stock and account for our investment using the equity method.

Whitman's summarized full year 1999 financial information is as follows:

	1999
Current assets	$ 538
Noncurrent assets	2,326
Total assets	$2,864
Current liabilities	$ 739
Noncurrent liabilities	983
Total liabilities	$1,722
Our equity investment	$ 668

	1999
Net sales	$2,138
Gross profit	$ 890
Operating profit	$ 182
Income from continuing operations	$ 43
Net loss	$ (9)

Comparable prior year information for Whitman is not available.

The excess of our investment in new Whitman over our equity in the underlying net assets, net of amortization, was approximately $234 million at year-end 1999. Based upon the quoted closing price of Whitman shares at year-end 1999, the calculated market value of our investment in Whitman was approximately $740 million.

Other Equity Investments

Summarized financial information, in the aggregate, regarding our principal equity investments, other than PBG and Whitman, follows. Information is presented in the aggregate and generally from the acquisition date.

	1999	1998
Current assets.............	$1,173	$ 901
Noncurrent assets..........	2,539	2,037
Total assets.............	$3,712	$2,938
Current liabilities........	$1,168	$1,125
Noncurrent liabilities.....	664	170
Minority interest..........	36	-
Total liabilities........	$1,868	$1,295
Our related equity investments................	$1,054	$ 768

	1999	1998	1997
Net sales..................	$3,754	$3,071	$2,713
Gross profit...............	$1,721	$1,360	$1,242
Operating profit...........	$ 89	$ 101	$ 166
Net (loss) income..........	$ (10)	$ 22	$ 103

Related Party Transactions

Our significant related party transactions involve our investments in unconsolidated bottling affiliates. We sell concentrate to these affiliates that is used in the production of carbonated soft drinks and non-carbonated beverages. They purchase sweeteners and certain other raw materials through us. The raw material purchases on behalf of these bottling affiliates, related payments to suppliers and collections from the bottlers are not reflected in our consolidated financial statements. We also provide certain administrative and other services to these bottling affiliates under negotiated fee arrangements.

Further, because we share a business objective with these bottling affiliates of increasing the availability and consumption of Pepsi-Cola beverages, we provide various forms of marketing support to or on behalf of them to promote our beverages. This support covers a variety of initiatives, including marketplace support, marketing programs, capital equipment investment and shared media expense. Based on the objective of the programs and initiatives, we record marketing support as an adjustment to net revenues or as selling, general and administrative expense.

These transactions with our unconsolidated bottling affiliates are reflected in the Consolidated Statement of Income as follows:

	1999	1998	1997
Net revenues..............................	$1,779	$576	$538
Selling, general and administrative expenses..............................	$ 554	$169	$153

As of December 25, 1999, the receivables from these bottling affiliates are $93 million and payables to these affiliates are $131 million. Such amounts are settled in terms consistent with other trade receivable and payable terms. See Note 13 regarding our guarantee of PBG related debt.

Note 3 - Acquisitions

During 1999, we made acquisitions, primarily investments in various bottlers including investments in unconsolidated affiliates, which aggregated $430 million in cash.

During 1998, we completed the acquisitions of Tropicana Products, Inc. from The Seagram Company Ltd. for $3.3 billion in cash and The Smith's Snackfoods Company (TSSC) in Australia from United Biscuits Holdings plc for $270 million in cash. In addition during 1998, acquisitions and investments in unconsolidated affiliates included the remaining ownership interest in various bottlers and purchases of various other international salty snack food businesses. Acquisitions for 1998 aggregated $4.5 billion in cash.

The results of operations of acquisitions are generally included in the consolidated financial statements from their respective dates of acquisition. The acquisitions were accounted for under the purchase method. The purchase prices have been allocated based on the estimated fair value of the assets acquired and liabilities assumed. The excess purchase prices over the fair values of the net assets acquired of approximately $310 million in 1999 and $3.2 billion in 1998 were allocated to goodwill.

Unaudited Tropicana Pro Forma

The following table presents the unaudited pro forma combined results of PepsiCo and Tropicana as if the acquisition had occurred at the beginning of our fiscal years 1998 and 1997. The aggregate impact of other acquisitions in these periods was not material to our net sales, income or income per share from continuing operations.

	Unaudited	
	1998	1997
Net sales	$23,674	$22,851
Income from continuing operations	$ 1,939	$ 1,427
Income per share from continuing operations	$ 1.28	$ 0.91

The pro forma amounts include the amortization of the goodwill arising from the allocation of the purchase price and interest expense on the debt issued to finance the purchase. The pro forma information does not necessarily present what the combined results would have been for these periods and is not intended to be indicative of future results.

Note 4 - Asset Impairment and Restructuring

	1999	1998	1997
Asset impairment charges			
Held and used in the business			
Property, plant and equipment	$ 8	$ 149	$ 5
Intangible assets	-	37	-
Other assets	-	14	-
Held for disposal/abandonment			
Property, plant and equipment	29	54	111
Investments in unconsolidated affiliates	-	-	21
Net assets of business units	-	-	63
Total asset impairment	37	254	200
Restructuring charges			
Employee related costs	19	24	55
Other charges	9	10	35
Total restructuring	28	34	90
Total	$ 65	$ 288	$ 290
After-tax	$ 40	$ 261	$ 239
Per share	$0.03	$0.17	$0.15

Impairment by segment

	1999	1998	1997
Frito-Lay North America	$37	$ 54	$ 8
Frito-Lay International	-	-	30
Pepsi-Cola North America	-	-	52
Pepsi-Cola International	-	6	105
Combined segments	37	60	195
Bottling operations	-	194	5
	$37	$254	$200

1999

The 1999 asset impairment and restructuring charge of $65 million recognized in the first quarter relates to the closure of three plants and impairment of equipment at Frito-Lay North America. This charge was the second phase of a productivity improvement plan developed in the fourth quarter of 1998. The plan included the consolidation of U.S. production to newer and more efficient plants and streamlining logistics and transportation systems.

The asset impairment charges primarily reflect the reduction in the carrying value of the land and buildings to their estimated fair market value based on current selling prices for comparable real estate, less costs to sell, and the write off of the net book value of equipment which cannot be redeployed. The plant closures were completed during 1999. The majority of these assets were either disposed of or abandoned in 1999. The restructuring charges of $28 million primarily included severance costs for approximately 860 employees and plant closing costs. Substantially all of the terminations occurred during 1999.

1998

The 1998 asset impairment and restructuring charges of $288 million were comprised of the following:

o A charge of $218 million for asset impairment of $200 million and restructuring charges of $18 million related to our Russian bottling operations. The economic turmoil in Russia which accompanied the August 1998 devaluation of the ruble adversely impacted our operations. Consequently, we experienced a significant drop in demand, resulting in lower net sales and increased operating losses. Also, since net bottling sales in Russia were denominated in rubles, whereas a substantial portion of our related costs and expenses were denominated in U.S. dollars, bottling operating margins were further eroded. In response to these conditions, we reduced our cost structure primarily through closing facilities, renegotiating manufacturing contracts and reducing the number of employees. We also evaluated our long-lived bottling assets for impairment, triggered by the reduction in utilization of assets caused by the lower demand, the adverse change in the business climate and the expected continuation of operating losses and cash deficits in that market. The impairment charge reduced the net book value of the assets to their estimated fair market value, based primarily on amounts recently paid for similar assets in that marketplace. Of the total charge of $218 million, $212 million related to bottling operations that became part of PBG in 1999 (see Note 2).

o An impairment charge of $54 million related to manufacturing equipment at Frito-Lay North America. As part of our annual assessment of marketing plans and related capacity requirements at Frito-Lay North America and the development of a program to improve manufacturing productivity, we determined that certain product specific equipment would not be utilized and certain capital projects would be terminated to avoid production redundancies. The charge primarily reflected the write off of the net book value of the equipment and related projects. Disposal or abandonment of these assets was completed in 1999.

o A charge of $16 million for employee related costs resulting from the separation of Pepsi-Cola North America's concentrate and bottling organizations to more effectively serve retail customers in light of the conversion of PBG to public ownership (see Note 2). Of this amount, $10 million related to bottling operations that became part of PBG in 1999.

The employee related costs for 1998 of $24 million primarily included severance and relocation costs for approximately 2,700 employees located in the Russian bottling plants and at Pepsi-Cola North America field locations. During 1998, approximately 2,600 of the terminations occurred most of which were terminations of part-time employees with little associated cost. The remaining terminations either occurred in 1999 or related to the bottling operations that became part of PBG in 1999.

1997

The 1997 asset impairment and restructuring charges of $290 million were comprised of the following:

- o Net charges of $183 million in several of our business segments for net asset impairment of $150 million related to the planned disposal of assets and for restructuring charges of $33 million. The impairment charges were taken as a result of decisions to dispose of certain company-owned bottling operations and non-core international businesses, to dispose of certain assets to improve the utilization of facilities and to reduce occupancy costs and to exit certain bottling joint ventures. The impairment charges reduced the net book value of these assets to their estimated fair market value, generally based on estimates developed internally or, if available, amounts paid for similar assets, less costs to sell. The disposals occurred in 1997 and 1998 and in connection with the separation of certain company-owned bottling operations (see Note 2). The restructuring charges primarily related to the reorganization of an international company-owned bottling operation.

- o Charges of $94 million for asset impairment of $48 million and restructuring charges of $46 million related to productivity initiatives in worldwide snacks. These initiatives included closing plants, eliminating production lines and consolidating distribution facilities. The resulting impairment charges were recognized primarily for assets held for disposal or abandonment and reduced the net book value of impaired assets to their estimated fair market value, generally based on estimates developed internally or, if available, amounts paid for similar assets, less costs to sell. Disposal or abandonment of these assets was substantially completed in 1997, with a significant portion of the remainder completed in 1998 as planned.

- o Net charges of $13 million for net asset impairment of $2 million and net restructuring charges of $11 million related to actions to strengthen our international bottling structure. Restructuring charges of $98 million consisted of third party termination payments related to refranchising bottling operations and our investments in bottling joint ventures. These charges were substantially offset by an arbitration settlement of $87 million which we were awarded as a result of the termination of the bottling appointment with our previous Venezuelan bottler.

The employee related costs for 1997 of $55 million primarily included severance and relocation costs for approximately 2,100 employees primarily located in international plants and distribution centers. During 1997, terminations of approximately 1,100 employees occurred and, in 1998, approximately 500 terminations occurred. As a result of the successful redeployment of employees to other locations, approximately 500 terminations did not occur as planned which resulted in a change of estimate in 1998.

Analysis of restructuring reserve for total PepsiCo:

	Employee Related	Facility Closure	Third Party Termination	Other	Total
Reserve, December 28, 1996	$ 95	$ 12	$ 46	$ 16	$ 169
1997 restructuring charges	55	2	22	11	90
Cash payments	(79)	(13)	(46)	(21)	(159)
Cash receipt	-	-	87	-	87
Reserve, December 27, 1997	71	1	109	6	187
1998 restructuring charges	24	5	5	-	34
Cash payments	(41)	(1)	(46)	(5)	(93)
Changes in estimate	(12)	4	(6)	-	(14)
Reserve, December 26, 1998	42	9	62	1	114
1999 restructuring charges	19	7	-	2	28
Cash payments	(23)	(4)	(47)	(1)	(75)
Separation of PBG (see Note 2)	(25)	(5)	(5)	-	(35)
Reserve, December 25, 1999	$ 13	$ 7	$ 10	$ 2	$ 32

The restructuring reserves are included in accounts payable and other current liabilities in the Consolidated Balance Sheet. At year-end 1999, the remaining liability for restructuring charges associated with investments in unconsolidated affiliates was $10 million related to indemnifications of litigation liabilities.

The remaining carrying amounts of assets held for disposal were $6 million as of December 25, 1999, $13 million as of December 26, 1998 and $60 million as of December 27, 1997. During 1998 and 1997, the net sales from international bottling business units held for disposal were $202 million and $590 million, respectively. Such businesses generated operating profits of $20 million in 1998 and $42 million in 1997. Our investments in unconsolidated affiliates held for disposal provided break-even results in 1999 and losses of $2 million in 1998 and $5 million in 1997.

Note 5 - Discontinued Operations

The restaurants segment was composed of the core restaurant businesses of Pizza Hut, Taco Bell and Kentucky Fried Chicken, PepsiCo Food Systems (PFS), a restaurant distribution operation, and several non-core U.S. restaurant businesses. In 1997, we spun off the restaurant businesses to our shareholders as an independent publicly traded company (Distribution). The spin-off was effective as a tax-free Distribution on October 6, 1997 (Distribution Date). Owners of PepsiCo Capital Stock as of September 19, 1997 received one share of common stock of Tricon Global Restaurants, Inc., the new company, for every 10 shares of PepsiCo Capital Stock. Immediately before the Distribution Date, we received $4.5 billion in cash from Tricon as repayment of certain amounts due and a dividend. PFS and the non-core U.S. restaurant businesses were sold before the Distribution Date resulting in after-tax cash proceeds of approximately $1.0 billion.

Income from discontinued operations:	1997
Net sales	$ 8,375
Costs and expenses	(7,704)
PFS gain	500
Interest expense, net	(20)
Provision for income taxes	(500)
Income from discontinued operations.	$ 651

The above amounts include costs directly associated with the spin-off but do not include an allocation of our interest or general and administrative expenses.

Note 6 - Income Per Share

We present two income per share measures, basic and assuming dilution, on the face of the Consolidated Statement of Income. "Basic" income per share equals net income divided by weighted average common shares outstanding during the period. Income per share "assuming dilution" equals net income divided by the sum of weighted average common shares outstanding during the period plus common stock equivalents, such as stock options.

The following reconciles shares outstanding at the beginning of the year to average shares outstanding:

	1999	1998	1997
Shares outstanding at beginning of year........	1,471	1,502	1,545
Weighted average shares issued during the year for exercise of stock options............	11	18	14
Weighted average shares repurchased............	(16)	(40)	(31)
Average shares outstanding - basic.............	1,466	1,480	1,528
Effect of dilutive securities			
Dilutive shares contingently issuable upon the exercise of stock options...............	132	144	151
Shares assumed purchased with proceeds from exercise of stock options...................	(102)	(105)	(109)
Average shares outstanding - assuming dilution	1,496	1,519	1,570

Diluted earnings per share excludes incremental shares of 48.9 million in 1999, 31.1 million in 1998 and .2 million in 1997 related to employee stock options due to their antidilutive effect.

Note 7 - Accounts and Notes Receivable, net

	1999	1998	1997
Trade receivables...........................	$1,234	$2,126	
Receivables from affiliates..................	243	59	
Other receivables...........................	312	395	
	1,789	2,580	
Allowance, beginning of year.................	127	125	$166
Charged to expense.........................	26	47	41
Other additions...........................	9	8	7
Deductions................................	(77)	(53)	(89)
Allowance, end of year......................	85	127	$125
Net receivables.............................	$1,704	$2,453	

Other additions include acquisitions and reclassifications and deductions include the impact of the bottling transactions, accounts written off and currency translation effects.

Note 8 - Inventories

	1999	1998
Raw materials	$464	$ 506
Work-in-process	89	70
Finished goods	346	440
	$899	$1,016

The cost of approximately 9% of 1999 inventories and approximately 36% of 1998 inventories was computed using the last-in, first-out method.

Note 9 - Property, Plant and Equipment, net

	1999	1998
Land	$ 363	$ 460
Buildings and improvements	2,352	3,114
Machinery and equipment, including fleet	5,554	8,806
Construction in progress	547	730
	8,816	13,110
Accumulated depreciation	(3,550)	(5,792)
	$ 5,266	$ 7,318

Depreciation expense was $759 million in 1999, $968 million in 1998 and $881 million in 1997. At December 25, 1999, property, plant and equipment with a total net book value of $93 million were pledged as collateral for mortgage loans.

Note 10 - Intangible Assets, net

	1999	1998
Goodwill	$3,808	$5,131
Reacquired franchise rights	78	3,118
Trademarks and other identifiable intangibles	849	747
	$4,735	$8,996

Identifiable intangible assets possess economic value but lack physical substance. These assets primarily arise from the allocation of purchase prices of businesses acquired. Amounts assigned to such identifiable intangibles are based on independent appraisals or internal estimates. Goodwill represents the excess purchase price after allocation to all identifiable net assets.

The above amounts are presented net of accumulated amortization of $640 million at year-end 1999 and $1.9 billion at year-end 1998.

Note 11 - Accounts Payable and Other Current Liabilities

	1999	1998
Accounts payable	$1,121	$1,180
Accrued compensation and benefits	602	676
Accrued selling and marketing	524	596

Other current liabilities	1,152	1,418
	$3,399	$3,870

Note 12 - Short-Term Borrowings and Long-Term Debt

	1999	1998
Short-Term Borrowings		
Commercial paper (5.3%)	$ -	$ 1,901
Current maturities of long-term debt	718	1,075
Notes (5.2%)	-	2,076
Other borrowings (6.9% and 7.4%)	415	519
Amounts reclassified to long-term debt	(900)	(1,650)
	$ 233	$ 3,921
Long-Term Debt		
Short-term borrowings, reclassified	$ 900	$ 1,650
Notes due 2000-2013 (6.1% and 5.8%)	1,685	1,693
Various foreign currency debt, due 2000-2001 (6.1% and 5.3%)	341	956
Zero coupon notes, $735 million due 2011-2012 (13.4% and 10.1%)	324	504
Other, due 2000-2014 (7.3% and 6.8%)	280	300
	3,530	5,103
Less current maturities of long-term debt	(718)	(1,075)
	$2,812	$ 4,028

The weighted average interest rates in the above table include the effects of associated interest rate and currency swaps at year-end 1999 and 1998. Also, see Note 13 for a discussion of our use of interest rate and currency swaps, our management of the inherent credit risk and fair value information related to debt and interest rate and currency swaps.

Interest Rate Swaps

The following table indicates the notional amount and weighted average interest rates, by category, of interest rate swaps outstanding at year-end 1999 and 1998. The weighted average variable interest rates that we pay, which are primarily linked to either commercial paper or LIBOR rates, are based on rates as of the respective balance sheet date and are subject to change.

	1999	1998
Receive fixed-pay variable		
Notional amount	$1,162	$1,855
Weighted average receive rate	6.1%	6.1%
Weighted average pay rate	6.1%	5.3%

The terms of the interest rate swaps match the terms of the debt they modify. The swaps terminate at various dates through 2013. At year-end 1999, approximately 67% of total debt, including the effects of the associated interest rate swaps, was exposed to variable interest rates, compared to 83% in 1998. In addition to variable rate long-term debt, all debt with maturities of less than one year is categorized as variable for purposes of this measure.

Currency Swaps

We enter into currency swaps to hedge our currency exposure on certain non-U.S. dollar denominated debt upon issuance of such debt. The terms of the currency swaps match the terms of the debt they modify. The currency swaps terminate at various dates through 2001.

At year-end 1999, the aggregate carrying amount of the debt was $244 million denominated in Swiss francs, Luxembourg francs and Australian dollars. The payables under related currency swaps were $62 million, resulting in an effective U.S. dollar liability of $306 million with a weighted average interest rate of 6.3%, including the effects of related interest rate swaps.

At year-end 1998, the aggregate carrying amount of the debt was $678 million denominated in Japanese yen, Swiss francs, Luxembourg francs and Australian dollars. The receivables and payables under related currency swaps were $1 million and $70 million, respectively, resulting in a net effective U.S. dollar liability of $747 million with a weighted average interest rate of 5.3%, including the effects of related interest rate swaps.

Revolving Credit Facilities

As of year-end 1999, we maintained a $600 million facility expiring in June 2000 and a $900 million facility expiring in June 2004. These credit facilities exist largely to support issuances of short-term debt and remained unused at year-end 1999. At expiration, these facilities can be extended an additional year upon the mutual consent of PepsiCo and the lending institutions. These facilities are subject to normal banking terms and conditions.

The current reclassification of short-term borrowings to long-term debt reflects our intent and ability, through the existence of the unused credit facilities, to refinance these borrowings on a long-term basis.

Long-term debt outstanding at December 25, 1999, matures as follows during the next five years:

	2000	2001	2002	2003	2004
Maturities	$718	$337	$258	$287	$33

Note 13 - Financial Instruments

Derivative Financial Instruments

Our policy prohibits the use of derivative financial instruments for speculative purposes and we have procedures in place to monitor and control their use. The following discussion excludes futures contracts used to hedge our commodity purchases.

Our use of derivative financial instruments is primarily limited to interest rate and currency swaps, which are used to reduce borrowing costs by effectively modifying the interest rate and currency of specific debt issuances. These swaps are entered into concurrently with the issuance of the debt they are intended to modify. The notional amount, interest payment and maturity dates of the swaps match the principal, interest payment and maturity dates of the related debt. Accordingly, any market risk or opportunity associated with these swaps is fully offset by the opposite market impact on the related debt. Our credit risk related to interest rate and currency swaps is considered low because such swaps are entered into only with strong creditworthy counterparties, are generally settled on a net basis and are of relatively short duration. Further, there is no significant concentration with counterparties. See Note 12 for the notional amounts, related interest rates and maturities of the interest rate and currency swaps.

At year-end 1999, we have equity derivative contracts with financial institutions in the notional amount of $52 million. These prepaid forward contracts hedge a portion of our deferred compensation liability which is based on PepsiCo's stock price. During 1999, the change in the fair value of these contracts resulted in $6 million of expense.

Fair Value

Carrying amounts and fair values of our financial instruments:

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Cash and cash equivalents...............	$ 964	$ 964	$ 311	$ 311
Short-term investments.................	$ 92	$ 92	$ 83	$ 83
Prepaid expenses.......................	$ 47	$ 47	$ -	$ -
Other assets (noncurrent investments)...	$ -	$ -	$ 5	$ 5
Liabilities				
Debt				
Short-term borrowings and long-term debt, excluding capital leases.......	$3,042	$3,121	$7,934	$8,192
Debt-related derivative instruments				
Interest rate swaps in asset position..........................	-	-	-	(18)
Interest rate swaps in liability position..........................	-	29	-	1
Combined currency and interest rate swaps in asset position............	-	-	(1)	(2)
Combined currency and interest rate swaps in liability position........	62	57	70	56
Net debt.........................	$3,104	$3,207	$8,003	$8,229

The above carrying amounts are included in the Consolidated Balance Sheet under the indicated captions, except for combined currency and interest rate swaps, which are included in the appropriate current or noncurrent asset or liability caption. Short-term investments consist primarily of debt securities and have been classified as held-to-maturity. Prepaid forward contracts are classified within prepaid expenses.

Because of the short maturity of cash equivalents and short-term investments, the carrying amounts approximate fair values. The fair values of debt and debt-related derivative instruments were estimated using market quotes and calculations based on market rates. We have unconditionally guaranteed $2.3 billion of Bottling Group, LLC's long-term debt. The guarantee has a fair value of $64 million based on market rates.

Note 14 - Income Taxes

U.S. and foreign income from continuing operations before income taxes:

	1999	1998	1997
U.S..................	$2,771	$1,629	$1,731
Foreign..............	885	634	578
	$3,656	$2,263	$2,309

Provision for income taxes on income from continuing operations:

		1999	1998	1997
Current:	Federal.....	$ 730	$(193)	$598
	Foreign.....	306	267	110
	State.......	40	46	59
		1,076	120	767
Deferred:	Federal.....	519	136	23
	Foreign.....	(12)	4	15
	State.......	23	10	13
		530	150	51
		$1,606	$ 270	$818

Reconciliation of the U.S. Federal statutory tax rate to our effective tax rate on continuing operations:

	1999	1998	1997
U.S. Federal statutory tax rate........	35.0%	35.0%	35.0%
State income tax, net of Federal tax benefit..............................	1.1	1.6	2.0
Lower taxes on foreign results.........	(2.7)	(3.0)	(5.5)
Settlement of prior years' audit issues	-	(5.7)	(1.7)
Puerto Rico settlement................	-	(21.8)	-
Bottling transactions.................	10.6	-	-
Asset impairment and restructuring.....	-	3.4	2.2
Other, net............................	(0.1)	2.4	3.4
Effective tax rate on continuing operations...........................	43.9%	11.9%	35.4%

In 1998, we reached final agreement with the IRS to settle substantially all remaining aspects of a tax case related to our concentrate operations in Puerto Rico. As a result, we recognized a tax benefit totaling $494 million (or $0.32 per share) which reduced our 1998 provision for income taxes.

Deferred taxes are recorded to give recognition to temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. We record the tax effect of these temporary differences as deferred tax assets or deferred tax liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in future years. Deferred tax liabilities generally represent items that we have taken a tax deduction for, but have not yet recorded in the Consolidated Statement of Income.

Deferred tax liabilities (assets):

	1999	1998
Intangible assets other than nondeductible goodwill	$ 47	$ 1,444
Investments in unconsolidated affiliates	667	17
Property, plant and equipment	545	665
Safe harbor leases	101	109
Zero coupon notes	76	79
Other	328	456
Gross deferred tax liabilities	1,764	2,770
Net operating loss carryforwards	(450)	(562)
Postretirement benefits	(179)	(246)
Various current liabilities and other	(626)	(702)
Gross deferred tax assets	(1,255)	(1,510)
Deferred tax assets valuation allowances	461	571
Deferred tax assets, net of valuation allowances	(794)	(939)
Net deferred tax liabilities	$ 970	$ 1,831
Included in:		
Prepaid expenses and other current assets	$ (239)	$ (172)
Deferred income taxes	1,209	2,003
	$ 970	$ 1,831

Deferred tax liabilities are not recognized for temporary differences related to investments in foreign subsidiaries and in unconsolidated foreign affiliates that are essentially permanent in duration. It would not be practicable to determine the amount of any such deferred tax liabilities.

Valuation allowances have been established for deferred tax assets related to net operating losses in certain state and foreign tax jurisdictions where the amount of expected future taxable income from operations does not support the recognition of these deferred tax assets.

Analysis of Valuation Allowances:

	1999	1998	1997
Balance, beginning of year	$ 571	$458	$435
Provision	81	113	47
Other deductions	(191)	-	(24)
Balance, end of year	$ 461	$571	$458

Other deductions include the impact of the bottling transactions and currency translation effects.

Net operating losses of $2.7 billion for year-end 1999 are being carried forward and are available to reduce future taxable income of certain subsidiaries in a number of foreign and state jurisdictions. These net operating losses will expire as follows: $.1 billion in 2000, $2.3 billion between 2001 and 2015, while $.3 billion may be carried forward indefinitely.

Note 15 - Employee Stock Options

Stock options have been granted to employees under three different incentive plans:

- o the SharePower Stock Option Plan (SharePower),
- o the Long-Term Incentive Plan (LTIP) and
- o the Stock Option Incentive Plan (SOIP).

SharePower

SharePower stock options are granted to essentially all full-time employees. SharePower options generally have a 10 year term. Beginning in 1998, the number of SharePower options granted is based on each employee's annual earnings and tenure and generally become exercisable after three years. Prior to 1998, the number of options granted was based on each employee's annual earnings and generally became exercisable ratably over five years.

SOIP and LTIP Since 1998

Beginning in 1998, all executive (including middle management) awards are made under the LTIP. Under the LTIP, an executive generally receives an award based on a multiple of base salary. Two-thirds of the award consists of stock options with an exercise price equal to the average stock price on the date of the award. These options generally become exercisable at the end of three years and have a 10 year term. At the date of the award, the executive selects whether the remaining one-third of the award will be granted in stock options or paid in cash at the end of three years. The number of options granted or the cash payment, if any, will depend on the attainment of prescribed performance goals over the three year measurement period. If the executive chooses stock options, they are granted with an exercise price equal to the average stock price on the date of the grant, vest immediately and have a 10 year term. If the executive chooses a cash payment, one dollar of cash will be received for every four dollars of the award. Amounts expensed for expected cash payments were $17.9 million in 1999 and $7 million in 1998. At year-end 1999, 135 million shares were available for grants under the LTIP.

SOIP and LTIP Prior to 1998

Prior to 1998, SOIP options were granted to middle management employees and were exercisable after one year. LTIP options were granted to senior management employees and were generally exercisable after four years. Both SOIP and LTIP options have 10 year terms. Certain LTIP options could be exchanged by employees for a specified number of performance share units (PSUs) within 60 days of the grant date. The value of a PSU was fixed at the stock price at the grant date and the PSU was payable four years from the grant date, contingent upon attainment of prescribed performance goals. At year-end 1999, 1998 and 1997, there were 68,000, 84,000 and 801,000 PSUs outstanding, respectively. Payment of PSUs is made in cash and/or in stock as approved by the Compensation Committee of our Board of Directors. Amounts expensed for PSUs were $.3 million in 1999, $1 million in 1998 and $4 million in 1997.

Stock option activity:

(Options in thousands)

	1999		1998		1997	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of year..................	146,991	$23.28	146,329	$18.95	177,217	$20.22
Granted...........................	44,017	35.04	34,906	36.33	3,457	31.54
Exercised.........................	(19,646)	15.68	(28,076)	15.31	(25,504)	15.77
Surrendered for PSUs..............	-	-	(24)	37.46	(15)	37.68
Forfeited / expired...............	(7,979)	33.34	(6,144)	28.83	(7,819)	24.89
Spin-off related:						
Conversion to Tricon options (a).	-	-	-	-	(13,267)	25.75
PepsiCo modification (b).........	-	-	-	-	12,260	-
Outstanding at end of year..........	163,383	26.90	146,991	23.28	146,329	18.95
Exercisable at end of year (c).......	75,045	$18.98	82,692	$16.74	81,447	$15.39
Weighted average fair value of options granted during the year.....		$10.43		$ 9.82		$10.55

(a) Effective on the date of the Tricon spin-off, unvested PepsiCo Capital Stock options held by Tricon employees were converted to Tricon stock options.
(b) Immediately following the spin-off, the number of options were increased and exercise prices were decreased (the "modification") to preserve the economic value of those options that existed just prior to the spin-off for the holders of PepsiCo Capital Stock options.
(c) In connection with the bottling transactions discussed in Note 2, substantially all non-vested PepsiCo Capital Stock options held by bottling employees vested. The acceleration resulted in a $46 million pre-tax charge included in the determination of the related net gain.

Stock options outstanding and exercisable at December 25, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
$ 4.25 to $ 9.84	5,832	1.47 yrs.	$ 6.37	5,822	$ 6.37
$11.12 to $27.73	73,745	4.13	19.40	56,383	17.05
$29.44 to $41.50	83,806	8.71	35.04	12,840	33.63
	163,383	6.36	26.90	75,045	18.98

Pro forma income and pro forma income per share, as if we had recorded compensation expense based on fair value for stock-based awards:

	1999	1998	1997
Reported			
Income			
Continuing operations.........	$2,050	$1,993	$1,491
Discontinued operations.......	-	-	651
Net income....................	$2,050	$1,993	$2,142
Income per share - basic			
Continuing operations.........	$ 1.40	$ 1.35	$ 0.98
Discontinued operations.......	-	-	0.42
Net income....................	$ 1.40	$ 1.35	$ 1.40
Income per share - assuming dilution			
Continuing operations.........	$ 1.37	$ 1.31	$ 0.95
Discontinued operations.......	-	-	0.41
Net income....................	$ 1.37	$ 1.31	$ 1.36
Pro Forma			
Income			
Continuing operations.........	$1,904	$1,888	$1,390
Discontinued operations.......	-	-	635
Net income....................	$1,904	$1,888	$2,025
Income per share - basic			
Continuing operations.........	$ 1.30	$ 1.28	$ 0.91
Discontinued operations.......	-	-	0.42
Net income....................	$ 1.30	$ 1.28	$ 1.33
Income per share - assuming dilution			
Continuing operations.........	$ 1.27	$ 1.24	$ 0.89
Discontinued operations.......	-	-	0.40
Net income....................	$ 1.27	$ 1.24	$ 1.29

The pro forma amounts disclosed above are not fully representative of the effects of stock-based awards because, except for the impact resulting from the bottling transactions and Tricon modification, the amounts exclude the pro forma cost related to the unvested stock options granted before 1995.

The fair value of the options granted (including the modification) is estimated using the Black-Scholes option-pricing model based on the following weighted average assumptions:

	1999	1998	1997
Risk free interest rate......	5.2%	4.7%	5.8%
Expected life................	5 yrs.	5 yrs.	3 yrs.
Expected volatility..........	27%	23%	20%
Expected dividend yield......	1.34%	1.14%	1.32%

Note 16 - Pension and Postretirement Benefits

In 1998, we adopted the revised disclosure requirements of Statement of Financial Accounting Standards No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits. SFAS 132 standardized the disclosures of pensions and other postretirement benefits into a combined format but did not change the accounting for these benefits. Information for 1997 has been reclassified to conform to the revised disclosure format.

Pension Benefits

Our pension plans cover substantially all full-time U.S. employees and certain international employees. Benefits depend on years of service and earnings are based on stated amounts for each year of service.

Postretirement Benefits

Our postretirement plans provide medical and life insurance benefits principally to U.S. retirees and their dependents. Employees are eligible for benefits if they meet age and service requirements and qualify for retirement benefits.

Components of net periodic benefit cost:

	1999	1998	1997
	Pension		
Service cost	$ 99	$ 95	$ 82
Interest cost	128	136	123
Expected return on plan assets	(156)	(169)	(148)
Amortization of transition asset	(2)	(9)	(14)
Amortization of prior service amendments	8	12	11
Amortization of net loss	15	5	4
Net periodic benefit cost	92	70	58
Curtailment/settlement loss (gain)	52	9	(4)
Special termination benefits	10	4	8
Net periodic benefit cost including curtailments/settlements and special termination benefits	$ 154	$ 83	$ 62

Components of net periodic benefit cost:

	1999	1998	1997
	Postretirement		
Service cost	$ 16	$ 16	$ 12
Interest cost	35	39	40
Amortization of prior service amendments	(14)	(18)	(18)
Amortization of net gain	(1)	(2)	-
Net periodic benefit cost	36	35	34
Special termination benefits	3	1	-
Net periodic benefit cost including special termination benefits	$ 39	$ 36	$ 34

Prior service costs are amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits.

Change in benefit obligation:

	Pension 1999	Pension 1998	Postretirement 1999	Postretirement 1998
Obligation at beginning of year....	$2,479	$1,928	$ 644	$528
Service cost......................	99	95	16	16
Interest cost.....................	128	136	35	39
Plan amendments...................	1	5	-	-
Participant contributions..........	6	4	-	-
Actuarial loss....................	3	229	6	56
(Divestitures)/acquisitions........	(717)	236	(205)	42
Benefit payments..................	(134)	(149)	(31)	(38)
Curtailment/settlement............	-	(1)	-	-
Special termination benefits.......	10	4	3	1
Foreign currency adjustment........	(3)	(8)	-	-
Obligation at end of year..........	$1,872	$2,479	$ 468	$644

Change in fair value of plan assets:

	Pension 1999	Pension 1998	Postretirement 1999	Postretirement 1998
Fair value at beginning of year....	$2,045	$1,997	$ -	$ -
Actual return on plan assets.......	343	(71)	-	-
(Divestitures)/acquisitions........	(659)	240	-	-
Employer contributions............	17	31	31	38
Participant contributions..........	6	4	-	-
Benefit payments..................	(134)	(149)	(31)	(38)
Foreign currency adjustment........	(3)	(7)	-	-
Fair value at end of year..........	$1,615	$2,045	$ -	$ -

As a result of the bottling transactions described in Note 2, $717 million of pension benefit obligation and $205 million of postretirement benefit obligation were assumed by bottling affiliates. In addition, bottling affiliate plans assumed ownership of $659 million of pension assets. The net gain on the bottling transactions includes a curtailment/settlement net loss of $52 million.

Selected information for plans with accumulated benefit obligation in excess of plan assets:

	Pension 1999	Pension 1998	Postretirement 1999	Postretirement 1998
Projected benefit obligation.......	$(780)	$(1,960)	$(468)	$(644)
Accumulated benefit obligation.....	$(586)	$(1,661)	$(468)	$(644)
Fair value of plan assets..........	$ 500	$ 1,498	$ -	$ -

Funded status as recognized in the Consolidated Balance Sheet:

	Pension 1999	Pension 1998	Postretirement 1999	Postretirement 1998
Funded status at end of year...........	$ (257)	$(434)	$(468)	$(644)
Unrecognized prior service cost........	34	76	(33)	(69)
Unrecognized loss......................	61	338	14	29
Unrecognized transition asset..........	(3)	(7)	-	-
Net amounts recognized.................	$(165)	$ (27)	$(487)	$(684)

Net amounts as recognized in the consolidated balance sheet:

	Pension 1999	Pension 1998	Postretirement 1999	Postretirement 1998
Prepaid benefit cost...................	$ 117	$ 116	$ -	$ -
Accrued benefit liability..............	(287)	(210)	(487)	(684)
Intangible assets......................	-	36	-	-
Accumulated other comprehensive income	5	31	-	-
Net amounts recognized.................	$(165)	$ (27)	$(487)	$(684)

Weighted-average assumptions at end of year:

	Pension 1999	Pension 1998	Pension 1997
Discount rate for benefit obligation..	7.7%	6.8%	7.3%
Expected return on plan assets........	10.4%	10.2%	10.3%
Rate of compensation increase.........	4.6%	4.7%	4.8%

The discount rate assumptions used to compute the postretirement benefit obligation at year end were 7.75% in 1999 and 6.9% in 1998.

Components of Pension Assets

The pension plan assets are principally stocks and bonds. These assets include approximately 6.5 million shares of PepsiCo Capital Stock with a fair value of $198 million in 1999 and 10.1 million shares with a fair value of $298 million in 1998. To maintain diversification, .5 million shares of PepsiCo Capital Stock were sold in 1999 and 1.6 million shares were sold in 1998. In addition in 1999, PBG pension plans assumed ownership of 3.1 million shares of PepsiCo Capital Stock with a fair value of $95 million.

Health Care Cost Trend Rates

An average increase of 6.1% in the cost of covered postretirement medical benefits is assumed for 2000 for employees who retire without cost sharing. This average increase is then projected to decline gradually to 5.5% in 2005 and thereafter.

An average increase of 6.0% in the cost of covered postretirement medical benefits is assumed for 2000 for employees who retire with cost sharing. This average increase is then projected to decline gradually to zero in 2005 and thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for postretirement medical plans. A one percentage point change in assumed health care costs would have the following effects:

	1% Increase	1% Decrease
Effect on total of 1999 service and interest cost components..	$ 2	$ (2)
Effect on the 1999 accumulated postretirement benefit obligation.................................	$23	$(22)

Note 17 - Commitments, Contingencies and Leases

We are subject to various claims and contingencies related to lawsuits, taxes, environmental and other matters arising out of the normal course of business. Contingent liabilities primarily reflect guarantees to support financial arrangements of certain unconsolidated affiliates, including the unconditional guarantee for $2.3 billion of Bottling Group, LLC's long-term debt. We believe that the ultimate liability, if any, in excess of amounts already recognized arising from such claims or contingencies is not likely to have a material adverse effect on our results of operations, financial condition or liquidity.

We have noncancelable commitments under both capital and long-term operating leases, primarily for warehouses, distribution centers and office space. Capital and operating lease commitments expire at various dates through 2022 and, in many cases, provide for renewal options. Most leases require payment of related executory costs, which include property taxes, maintenance and insurance.

Future minimum commitments under noncancelable leases:

	Capital	Operating
2000..	$1	$ 63
2001..	1	57
2002..	-	44
2003..	-	18
2004..	-	14
Later years.................................	2	68
Total minimum lease payments.................	4	$264
Less imputed interest.......................	(1)	
Present value of net minimum capital lease payments..................................	$3	

Capitalized leases, included as property, plant and equipment, were $13 million in 1999 and $46 million in 1998. The related accumulated amortization was $7 million in 1999 and $25 million in 1998. Amortization expense related to capitalized leases was $1 million in 1999, $6 million in 1998 and $6 million in 1997.

Details of rental expense:

	1999	1998	1997
Minimum................	$91	$141	$127
Contingent.............	1	1	1
	$92	$142	$128

Note 18 - Business Segments

In 1998, we adopted Statement of Financial Accounting Standards No. 131, Disclosures about Segments of a Business Enterprise and Related Information, which is based on management reporting. In early 1999, in contemplation of the separation from PepsiCo of our bottling operations, we completed a reorganization of our Pepsi-Cola business. Accordingly, our 1999 disclosure presents operating results consistent with the new Pepsi-Cola organization. Prior years' amounts have been reclassified to conform to the 1999 presentation. Therefore, the results in 1997, 1998 and through the applicable transaction closing dates in 1999 of consolidated bottling operations in which we now own an equity interest are presented separately with the 1997, 1998 and first quarter 1999 equity income or loss of other unconsolidated bottling affiliates. From the applicable transaction closing dates in 1999, the equity income of those previously consolidated bottling operations and the equity income or loss of other unconsolidated bottling affiliates for the second, third and fourth quarters of 1999 are presented separately below operating profit in the Condensed Consolidated Statement of Income. The combined results of our five reportable segments are referred to as new PepsiCo.

The North American segments include the United States and Canada. The Tropicana segment includes its international results. Pepsi-Cola North America results include the North American concentrate and fountain businesses. Pepsi-Cola International results include the international concentrate business and consolidated international bottling operations.

The accounting policies of the segments are the same as those described in Note 1. All intersegment net sales and expenses are immaterial and have been eliminated in computing net sales and operating profit.

Frito-Lay North America

Frito-Lay North America manufactures, markets, distributes and sells salty snacks. Products manufactured and sold in North America include Lay's and Ruffles brand potato chips, Doritos and Tostitos brand tortilla chips, Fritos brand corn chips, Cheetos brand cheese flavored snacks, Rold Gold brand pretzels, Cracker Jack brand candy-coated popcorn, Grandma's brand cookies and a variety of branded dips and salsas. Low-fat and no-fat versions of several brands are also manufactured and sold in North America.

Frito-Lay International

Frito-Lay International manufactures, markets, distributes and sells salty and sweet snacks. Products include Walkers brand snack foods in the United Kingdom, Smith's brand snack foods in Australia, Sabritas brand snack foods and Alegro and Gamesa brand sweet snacks in Mexico. Many of our U.S. brands have been introduced internationally such as Lay's and Ruffles brand potato chips, Doritos and Tostitos brand tortilla chips, Fritos brand corn chips and Cheetos brand cheese flavored snacks.

Principal international system-wide snack markets include Australia, Brazil, Mexico, the Netherlands, South Africa, Spain and the United Kingdom.

Pepsi-Cola North America

Pepsi-Cola North America manufactures concentrates of Pepsi-Cola, Diet Pepsi, Pepsi One, Mountain Dew and other brands for sale to franchised bottlers. PCNA markets and promotes its brands. PCNA also manufactures, markets and distributes ready-to-drink tea and coffee products through joint ventures with Lipton and Starbucks and licenses the processing, distribution and sale of Aquafina bottled water.

Pepsi-Cola International

Pepsi-Cola International manufactures concentrates of Pepsi-Cola, Diet Pepsi, Mountain Dew, 7UP, Diet 7UP, Mirinda, Pepsi Max and other brands internationally for sale to franchised bottlers and company-owned bottlers. PCI operates bottling plants and distribution facilities in various international markets for the production, distribution and sale of company-owned and licensed brands. PCI markets and promotes its brands internationally.

Principal international system-wide markets include Argentina, Brazil, China, India, Mexico, the Philippines, Saudi Arabia, Spain, Thailand and the United Kingdom.

Tropicana

Tropicana produces, markets, distributes and sells its juices internationally. Products include Tropicana Pure Premium, Season's Best, Tropicana Twister, Dole and Tropicana Pure Tropics brand juices primarily sold in the United States. Many of these products are distributed and sold in Canada and brands such as Fruvita, Looza and Copella are available in Europe.

Principal international markets include Belgium, Canada, France and the United Kingdom.

Impairment and Restructuring Charges By Segment

	1999	1998	1997
Frito-Lay			
- - North America..............	$65	$ 54	$ 22
- - International..............	-	-	62
Pepsi-Cola			
- - North America..............	-	6	52
- - International..............	-	6	131
Combined segments............	65	66	267
Bottling Operations/Investments.......	-	222	23
	$65	$288	$290

See Note 4 for details on the above asset impairment and restructuring charges.

BUSINESS SEGMENTS

	1999	1998	1997
	Net Sales		
Frito-Lay			
- - North America....................	$ 7,865	$ 7,474	$ 6,967
- - International....................	3,750	3,501	3,409
Pepsi-Cola			
- - North America....................	2,605	1,389	1,344
- - International....................	1,771	1,600	1,935
Tropicana.........................	2,253	722	-
New PepsiCo........................	18,244	14,686	13,655
Bottling Operations/Investments....	2,123	7,662	7,262
	$20,367	$22,348	$20,917

BUSINESS SEGMENTS (continued)

	1999	1998	1997
	Operating Profit (a)		
Frito-Lay			
- - North America	$ 1,580	$ 1,424	$ 1,388
- - International	406	367	318
Pepsi-Cola			
- - North America	751	732	755
- - International	108	99	(67)
Tropicana	170	40	-
Combined segments	3,015	2,662	2,394
Corporate (b)	(250)	(202)	(142)
New PepsiCo	2,765	2,460	2,252
Bottling Operations/Investments	53	124	410
	$ 2,818	$ 2,584	$ 2,662
	Total Assets		
Frito-Lay			
- - North America	$ 4,013	$ 3,915	$ 3,650
- - International	4,170	4,039	3,583
Pepsi-Cola			
- - North America	729	547	600
- - International	1,454	1,177	1,814
Tropicana	3,708	3,661	-
Combined segments	14,074	13,339	9,647
Corporate (c)	1,008	215	2,160
Bottling Operations/Investments	2,469	9,106	8,294
	$17,551	$22,660	$20,101
	Amortization of Intangible Assets		
Frito-Lay			
- - North America	$ 8	$ 7	$ 6
- - International	46	43	38
Pepsi-Cola			
- - North America	2	3	3
- - International	13	8	8
Tropicana	70	22	-
Combined segments	139	83	55
Corporate	-	-	2
Bottling Operations/Investments	44	139	142
	$ 183	$ 222	$ 199

BUSINESS SEGMENTS (continued)

	1999	1998	1997
	Depreciation and Other Amortization Expense		
Frito-Lay			
- - North America....................	$ 338	$ 326	$ 285
- - International....................	149	142	112
Pepsi-Cola			
- - North America....................	72	30	23
- - International....................	85	64	100
Tropicana..........................	81	27	-
Combined segments..................	725	589	520
Corporate..........................	10	8	7
Bottling Operations/Investments....	114	415	380
	$ 849	$ 1,012	$ 907
	Significant Other Noncash Items (d)		
Frito-Lay			
- - North America....................	$ 37	$ 54	$ 9
- - International....................	-	-	53
Pepsi-Cola			
- - North America....................	-	-	52
- - International....................	-	6	114
Combined segments..................	37	60	228
Bottling Operations/Investments....	-	194	5
	$ 37	$ 254	$ 233
	Capital Spending		
Frito-Lay			
- - North America....................	$ 472	$ 402	$ 622
- - International....................	282	314	251
Pepsi-Cola			
- - North America....................	22	21	12
- - International....................	82	46	94
Tropicana..........................	123	50	-
Combined segments..................	981	833	979
Corporate..........................	42	29	15
Bottling Operations/Investments....	95	543	512
	$ 1,118	$ 1,405	$ 1,506
	Investments in Unconsolidated Affiliates		
Frito-Lay International............	$ 284	$ 341	$ 234
Pepsi-Cola North America...........	50	33	33
Tropicana..........................	21	22	-
Combined segments..................	355	396	267
Corporate..........................	22	22	22
Bottling Operations/Investments....	2,469	978	912
	$ 2,846	$ 1,396	$ 1,201

BUSINESS SEGMENTS (continued)

	1999	1998	1997
	Equity Income/(Loss) from Unconsolidated Affiliates (e)		
Frito-Lay			
- - North America	$ -	$ -	$ (3)
- - International	3	(5)	50
Pepsi-Cola North America	31	21	14
Tropicana	2	1	-
Combined segments	36	17	61
Bottling Operations/Investments	76	8	23
	$ 112	$ 25	$ 84

GEOGRAPHIC AREAS

	1999	1998	1997
	Net Sales		
United States	$11,772	$ 8,782	$ 7,630
International	6,472	5,904	6,025
Combined segments	18,244	14,686	13,655
Bottling Operations/Investments	2,123	7,662	7,262
	$20,367	$22,348	$20,917
	Long-Lived Assets (f)		
United States	$ 7,980	$ 6,732	$ 3,700
International	4,867	4,276	3,306
Combined segments	12,847	11,008	7,006
Bottling Operations/Investments	-	6,702	6,311
	$12,847	$17,710	$13,317

(a) Includes asset impairment and restructuring charges on page F-35.
(b) Includes unallocated corporate headquarters expenses and costs of centrally managed insurance programs, minority interests and foreign exchange translation and transaction gains and losses.
(c) Corporate assets consist principally of cash and cash equivalents, short-term investments primarily held outside the U.S. and property and equipment.
(d) Represents the noncash portion of asset impairment and restructuring charges. See Note 4.
(e) 1999 includes $18.2 million for our share of a gain recorded by PBG related to accrual and reserve adjustments and $9.6 million for our share of an unusual charge recorded by Whitman related to discontinued operations. In 1997, FLI included a gain of $22 million related to the sale of a non-core investment.
(f) Represents net property, plant and equipment, net intangible assets and investments in unconsolidated affiliates.

Note 19 - Selected Quarterly Financial Data

(unaudited)	First Quarter (a)(b) (12 Weeks) 1999	1998
Net sales	$ 5,114	4,353
Gross profit	$ 2,974	2,603
Asset impairment and restructuring charges (c)	$ 65	-
Gain on bottling transactions (d)	$ -	-
Net income (e)	$ 333	377
Net income per share - basic	$ 0.23	0.25
Net income per share - assuming dilution.	$ 0.22	0.24
Stock price per share (f)		
High	$ 42 9/16	43 7/8
Low	$ 36 3/16	34 3/16
Close	$39 15/16	43

	Second Quarter (a)(b) (12 Weeks) 1999	1998
Net sales	$ 4,982	5,258
Gross profit	$ 2,970	3,110
Asset impairment and restructuring charges (c)	$ -	-
Gain on bottling transactions (d)	$ 1,000	-
Net income (e)	$ 743	494
Net income per share - basic	$ 0.50	0.33
Net income per share - assuming dilution.	$ 0.49	0.33
Stock price per share (f)		
High	$ 41 7/16	44 13/16
Low	$ 34 1/16	37 3/8
Close	$ 35 3/8	40 11/16

	Third Quarter (a)(b) (12 Weeks) 1999	1998
Net sales	$ 4,591	5,544
Gross profit	$ 2,798	3,261
Asset impairment and restructuring charges (c)	$ -	-
Gain on bottling transactions (d)	$ -	-
Net income (e)	$ 484	761
Net income per share - basic	$ 0.33	0.52
Net income per share - assuming dilution.	$ 0.32	0.50
Stock price per share (f)		
High	$ 41 1/2	43 3/4
Low	$ 33 3/8	27 9/16
Close	$ 34 5/8	30 15/16

	Fourth Quarter (16 Weeks) 1999	1998
Net sales	$ 5,680	7,193
Gross profit	$ 3,427	4,044
Asset impairment and restructuring charges (c)	$ -	288
Gain on bottling transactions (d)	$ -	-
Net income (e)	$ 490	361
Net income per share - basic	$ 0.34	0.25
Net income per share - assuming dilution	$ 0.33	0.24
Stock price per share (f)		
High	$ 37 3/4	41 1/4
Low	$ 30 1/8	28
Close	$ 35 7/16	40 7/16

	Full Year (a) (b) (52 Weeks) 1999	1998
Net sales	$ 20,367	22,348
Gross profit	$ 12,169	13,018
Asset impairment and restructuring charges (c)	$ 65	288
Gain on bottling transactions (d)	$ 1,000	-
Net income (e)	$ 2,050	1,993
Net income per share - basic	$ 1.40	1.35
Net income per share - assuming dilution	$ 1.37	1.31
Stock price per share (f)		
High	$ 42 9/16	44 13/16
Low	$ 30 1/8	27 9/16
Close	$ 35 7/16	40 7/16

(a) First through third quarter of 1998 excludes the operating results of Tropicana which was acquired in August of 1998.
(b) 1999 includes the operating results of deconsolidated bottling operations through their respective closing dates (see Note 2).
(c) Asset impairment and restructuring charges (see Note 4):

	1999			1998		
	Pre-Tax	After-Tax	Per Share	Pre-Tax	After-Tax	Per Share
First quarter	$65	$40	$0.03	$ -	$ -	$ -
Fourth quarter	-	-	-	288	261	0.17
Full year	$65	$40	$0.03	$288	$261	$0.17

(d) Second quarter 1999 gain on bottling transactions of $1.0 billion ($270 million after-tax or $0.18 per share) relates to the PBG and Whitman bottling transactions (see Note 2).
(e) Includes, in 1999, in addition to $270 million associated with the bottling transactions described in (d) above, a tax provision of $25 million (or $0.02 per share) in the third quarter related to the PepCom transaction. In 1998, includes tax benefits of $200 million (or $0.13 per share) in the third quarter and $294 million (or $0.19 per share) in the fourth quarter related to the settlement of a tax case (see Note 14).
(f) Represents the composite high, low and closing prices for one share of PepsiCo's Capital Stock.

Management's Responsibility for Financial Statements

To Our Shareholders:

Management is responsible for the reliability of the consolidated financial statements and related notes. The financial statements were prepared in conformity with generally accepted accounting principles and include amounts based upon our estimates and assumptions, as required. The financial statements have been audited by our independent auditors, KPMG LLP, who were given free access to all financial records and related data, including minutes of the meetings of the Board of Directors and Committees of the Board. We believe that our representations to the independent auditors are valid and appropriate.

Management maintains a system of internal controls designed to provide reasonable assurance as to the reliability of the financial statements, as well as to safeguard assets from unauthorized use or disposition. The system is supported by formal policies and procedures, including an active Code of Conduct program intended to ensure employees adhere to the highest standards of personal and professional integrity. Our internal audit function monitors and reports on the adequacy of and compliance with the internal control system, and appropriate actions are taken to address significant control deficiencies and other opportunities for improving the system as they are identified. The Audit Committee of the Board of Directors consists solely of directors who are not salaried employees and who are, in the opinion of the Board of Directors, free from any relationship that would interfere with the exercise of independent judgment as a committee member. The Committee meets several times each year with representatives of management, including internal auditors and the independent accountants to review our financial reporting process and our controls to safeguard assets. Both our independent auditors and internal auditors have free access to the Audit Committee.

Although no cost-effective internal control system will preclude all errors and irregularities, we believe our controls as of December 25, 1999 provide reasonable assurance that the financial statements are reliable and that our assets are reasonably safeguarded.

Report of Independent Auditors

Board of Directors and Shareholders
PepsiCo, Inc.

We have audited the accompanying consolidated balance sheet of PepsiCo, Inc. and Subsidiaries as of December 25, 1999 and December 26, 1998 and the related consolidated statements of income, cash flows and shareholders' equity for each of the years in the three-year period ended December 25, 1999. These consolidated financial statements are the responsibility of PepsiCo, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PepsiCo, Inc. and Subsidiaries as of December 25, 1999 and December 26, 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 25, 1999, in conformity with generally accepted accounting principles.

KPMG LLP
New York, New York
February 9, 2000

Selected Financial Data

(in millions except per share amounts, unaudited)
PepsiCo, Inc. and Subsidiaries

	1999(a)(b)	1998(b)(c)	1997(b)
Net sales	$20,367	22,348	20,917
Income from continuing operations	$ 2,050	1,993	1,491
Income per share - continuing operations - basic	$ 1.40	1.35	0.98
Income per share - continuing operations - assuming dilution	$ 1.37	1.31	0.95
Cash dividends declared per share	$ 0.535	0.515	0.49
Total assets (e)	$17,551	22,660	20,101
Long-term debt	$ 2,812	4,028	4,946

	1996(b)	1995(d)
Net sales	$20,337	19,067
Income from continuing operations	$ 942	1,422
Income per share - continuing operations - basic	$ 0.60	0.90
Income per share - continuing operations - assuming dilution	$ 0.59	0.88
Cash dividends per share	$ 0.445	0.39
Total assets (e)	$22,160	22,944
Long-term debt	$ 8,174	8,248

As a result of the deconsolidation of PBG and other bottling operations in 1999 and the Tropicana acquisition late in 1998, the data provided above is not comparable (see Note 1).

In 1997, we disposed of our restaurants segment and accounted for the disposal as discontinued operations (see Note 5). Accordingly, all information has been restated for the years 1997 and prior. Per share amounts reflect a two-for-one stock split in 1996.

(a) Includes a net gain on bottling transactions in 1999 of $1.0 billion ($270 million after-tax or $0.18 per share) and a tax provision related to the PepCom transaction of $25 million ($0.02 per share).
(b) Includes asset impairment and restructuring charges of $65 million ($40 million after-tax or $0.03 per share) in 1999, $288 million ($261 million after-tax or $0.17 per share) in 1998, $290 million ($239 million after-tax or $0.15 per share) in 1997 and $576 million ($527 million after-tax or $0.33 per share) in 1996 (see Note 4).
(c) Includes a tax benefit of $494 million (or $0.32 per share) (see Note 14).
(d) Includes the initial, noncash charge of $66 million ($64 million after-tax or $0.04 per share) upon adoption in 1995 of Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.
(e) Includes net assets of discontinued operations in 1996 and 1995.

PepsiCo, Inc.

By-Laws

As amended to March 16, 2000

Article I

Offices

Section 1.1 Principal Office. The principal office of PepsiCo, Inc. (hereinafter called the "Corporation") in the State of North Carolina shall be in the City of New Bern, County of Craven.

Section 1.2 Other Offices. The Corporation may also have an office or offices at such other place or places, either within or without the State of North Carolina, as the Board of Directors of the Corporation (hereinafter called the "Board") may from time to time by resolution determine or as may be appropriate to the business of the Corporation.

Article II

Meetings of Stockholders

Section 2.1 Place of Meetings. All meetings of the stockholders of the Corporation shall be held at the principal office of the Corporation in the State of North Carolina, or at such other place within or without the State of North Carolina as may from time to time be fixed by resolution of the Board.

Section 2.2 Annual Meetings. The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held on the first Wednesday of May in each year (or, if that day shall be a legal holiday under the laws of the State where such meeting is to be held, then on the next succeeding business day). For nominations or other proper business to be brought before an annual meeting by a stockholder, the stockholder must give written notice thereof to the Secretary of the Corporation, with such notice to be received at the principal office of the Corporation no less that 90 days prior to the first anniversary of the preceding year's annual meeting. Such stockholder notice shall set forth: (A) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange

Act of 1934, as amended, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder; and (C) the name and address of such stockholder as it appears on the Corporation's books, and the number of shares of the Corporation's stock which are owned by such stockholder.

Section 2.3 Special Meetings. A special meeting of the stockholders of the Corporation may be called at any time by the Chairman or Vice Chairman of the

Board or the Board, and shall be called by the Secretary upon the written request of stockholders owning a majority of shares of the capital stock of the Corporation outstanding and entitled to vote at such meeting. Such special meeting shall be held at such time and at such place within or without the State of North Carolina as may be fixed by the Chairman or Vice Chairman of the Board, in the case of meetings called by the Chairman or Vice Chairman of the Board, or by resolution of the Board, in the case of meetings called by the Board; and any meeting called at the request of stockholders pursuant hereto shall be held at the principal office of the Corporation within ninety (90) days from the receipt by the Secretary of such request. Any request for a special meeting of the stockholders shall set forth: (A) a statement of the specific proposal to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest in such business of the stockholders requesting the meeting; (B) the name and address of each such stockholder as it appears on the Corporation's books; and (C) the number of shares of the Corporation's stock which are owned by each such stockholder.

Section 2.4 Notice of Meetings. Except as otherwise prescribed by statute, the Articles of Incorporation or these By-Laws, notice of each meeting of the stockholders of the Corporation, whether annual or special, shall be given at least ten (10) days before the day on which the meeting is to be held to each stockholder entitled to vote thereat, by mailing a written or printed notice thereof, postage prepaid, addressed to him at his address as it appears on the stock ledger of the Corporation or, in the absence of knowledge on the part of the Corporation of any such address, then at the principal office of the Corporation in the State of North Carolina. Except as otherwise prescribed by statute, notice of any adjourned meeting of stockholders need not be given.

Section 2.5 Quorum, Presiding Officer. Except as otherwise prescribed by statute, the Articles of Incorporation or these By-Laws, at any meeting of the stockholders of the Corporation, the presence in person or by proxy of the holders of record of a majority of the issued and outstanding shares of capital stock of the Corporation entitled to vote thereat shall constitute a quorum for the transaction of business. In the absence of a quorum at such meeting or any adjournment or adjournments thereof, the holders of record of a majority of such shares so present in person or by proxy and entitled to vote thereat or, in the absence of all the stockholders, any officer entitled to preside at or act as Secretary of the meeting, may adjourn the meeting from time to time until a quorum shall be present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. Meetings of the stockholders shall be presided over by the Chairman or Vice Chairman of the Board, or, if neither is present, by another officer or director who shall be designated to serve in such event by the Board. The Secretary of the Corporation, or an Assistant Secretary designated by the officer presiding at the meeting, shall act as Secretary of the meeting.

Section 2.6 Voting, Inspectors of Election. Except as otherwise prescribed by statute, the Articles of Incorporation or these By-Laws, at any meeting of the stockholders of the Corporation, each stockholder shall be entitled to one vote in person or by proxy for each share of the capital stock of the Corporation registered in the name of such stockholder on the books of the Corporation on the date fixed pursuant to Section 8.3 of these By-Laws as the record date for the determination of stockholders entitled to vote at such meeting. No proxy shall be voted after eleven (11) months from its date unless said proxy provides for a longer period. Shares of its own capital stock belonging to the Corporation shall not be voted either directly or indirectly. At all meetings of the stockholders of the Corporation, a quorum being present, all matters (except as otherwise expressly prescribed by statute, the Articles of Incorporation or these By-Laws) shall be decided by the vote of the holders of a majority of the stock of the Corporation, present in person or by proxy, and entitled to vote thereat. The vote for the election of directors, other matters expressly prescribed by statute, and, upon the direction of the presiding officer of the meeting, the vote on any other question before the meeting, shall be by ballot. At all meetings of stockholders, the polls shall be opened and closed, the proxies and ballots shall be received, taken in charge and examined, and all questions concerning the qualifications of voters, the validity of proxies and the acceptance or rejection of proxies and of votes shall be decided by three (3) inspectors of election. Such inspectors of election, together with one alternate, to serve in the event of death, inability or refusal by any of said inspectors of election to serve at the meeting, none of whom need be a stockholder of the Corporation, shall be appointed by the Board, or, if no such appointment or appointments shall have been made, then by the presiding officer at the meeting. If, for any reason, any inspector of election so appointed shall fail to attend, or refuse or be unable to serve, a substitute shall be appointed to serve as inspector of election, in his place or stead, by the presiding officer at the meeting. No director or candidate for the office of director shall be appointed as an inspector. Each inspector shall take and subscribe an oath or affirmation to execute faithfully the duties of inspector at such meeting with strict impartiality and according to the best of his ability. After the balloting, the inspectors shall make a certificate of the result of the vote taken.

Section 2.7 Lists of Stockholders. It shall be the duty of the officer of the Corporation who shall have charge of the stock ledger of the Corporation, either directly or through another officer designated by him or through a transfer agent or transfer clerk appointed by the Board, to prepare and make, at least ten (10) days before every election of directors, a complete list of stockholders entitled to vote at said election, arranged in alphabetical order. Such list shall be open to the examination of any stockholder at the place where said election is to be held for said ten (10) days, and shall be produced and kept at the time and place of election, during the whole time thereof, subject to the inspection of any stockholder who may be present.

Article III

Board of Directors

Section 3.1 Powers, Number, Term, Election. The property, business and affairs of the Corporation shall be managed by the Board. The Board shall consist of fifteen (15) directors, but the number of directors may be increased, and may be decreased to any number not less than three (3), by resolution adopted by three-fourths of the whole Board; provided, however, that the number of directors which shall constitute the whole Board shall not be reduced to a number less than the number of directors then in office, unless such reduction shall become effective only at and after the next ensuing meeting of stockholders for the election of directors, or upon the resignation of an incumbent director. At all meetings of the stockholders of the Corporation for the election of directors at which a quorum shall be present, a majority of the votes cast shall elect. Each director shall hold office from the time of his election and qualification until the annual meeting of stockholders next succeeding his election and until his successor shall have been duly elected and shall have qualified, or until his death, resignation or removal. No director need be a stockholder.

Section 3.2 Place of Meetings. The Board may hold its meetings at such place or places within or without the State of North Carolina as it may from time to time by resolution determine, or as shall be specified or fixed in the respective notices or waivers of notice thereof. Any regular or special meeting may be held by conference telephone or similar communications equipment so long as all persons participating in such meeting can hear one another, and participation in such a telephonic meeting shall constitute presence in person.

Section 3.3 First Meeting. After each annual election of directors, on the same day and at the place where such election is held, the newly elected Board shall meet for the purpose of organization, the election of officers and the transaction of other business. Notice of such meeting need not be given. Such meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board, or in a waiver of notice thereof signed by all the directors.

Section 3.4 Regular Meetings. Regular meetings of the Board may be held at such time and place and in such manner as the Board may from time to time by resolution determine. Except as otherwise expressly prescribed by statute, the Articles of Incorporation or these By-Laws, notice of regular meetings need not be given.

Section 3.5 Special Meetings. Special meetings of the Board shall be held whenever called by the Chairman or Vice Chairman of the Board, or by the Secretary upon the written request filed with the Secretary by any four (4) directors. Notice of the time, place and manner of each such special meeting shall be mailed to each director, at his residence or usual place of business, not later than the second day before the day on which such meeting is to be held, or shall be sent addressed to him at such place by telegraph or other electronic transmission, or shall be delivered personally or by telephone, not later than six o'clock in the afternoon of the day before the day on which such meeting is to be held. Except as otherwise prescribed by statute, the Articles of Incorporation or these By-Laws, and except in the case of a special meeting of the Board called for the purpose of removing an officer or officers of the Corporation or the filling of a vacancy or vacancies in the Board or of amending the By-Laws, notice or waivers of notice of any meeting of the Board need not set forth the purpose or purposes of the meeting.

Section 3.6 Quorum. Except as otherwise prescribed by statute or by these By-Laws, the presence of a majority of the full Board shall constitute a quorum for the transaction of business at any meeting, and the act of a majority of the directors present at a meeting at which a quorum shall be present shall be the act of the Board. Any meeting of the Board may be adjourned by a majority vote of the directors present at such meeting. In the absence of a quorum, the Chairman or Vice Chairman of the Board or a majority of the directors present may adjourn such meeting until a quorum shall be present. Notice of any adjourned meeting need not be given. The directors shall act only as a board and the individual directors shall have no power as such.

Section 3.7 Indemnification. Unless the Board of Directors shall determine otherwise, the Corporation shall indemnify, to the full extent permitted by law, any person who was or is, or who is threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he, his testator or intestate, is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. Such indemnification may, in the discretion of the Board, include advances of a director's, officer's or employee's expenses prior to final disposition of such action, suit or proceeding. The right of indemnification provided for in this Section 3.7 shall not exclude any rights to which such persons may otherwise be entitled by contract or as a matter of law.

Section 3.8 Written Consents. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if, prior to such action, a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Article IV

Committees

Section 4.1 Designation, Vacancies, etc. The Board may from time to time by resolution create committees of directors, officers, employees, or other persons, with such functions, duties and powers as the Board shall by resolution prescribe. A majority of all the members of any such committee may determine its actions and rules or procedure, and fix the time, place and manner of its meetings, unless the Board shall otherwise provide. The Board shall have power to change the members of any such committee at any time, to fill vacancies, and to discharge any such committee, either with or without cause, at any time.

Article V

Officers

Section 5.1 Principal Officers. The principal officers of the Corporation shall be a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, both of whom shall be chosen from among the directors, a President, one or more Vice Presidents, a Secretary, a Treasurer, and a Controller. One person may hold any two offices. The Board may require any such officer to give security for the faithful performance of his duties.

Section 5.2 Election, Term of Office, Qualification. The principal officers of the Corporation shall be elected annually by the Board and each shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign, or until he shall have been removed in the manner hereinafter provided.

Section 5.3 Chairman and Vice Chairman of the Board. The Chairman or the Vice Chairman of the Board of Directors as shall be determined by the Board of Directors, shall be chief executive officer of the Corporation and, as such, shall have supervision of its policies, business, and affairs, and such other powers and duties as are commonly incident to the office of chief executive officer. The Chairman of the Board of Directors shall preside at the meetings of the Board and may call meetings of the Board and of any committee thereof, whenever he deems it necessary, and he shall call to order and preside at all meetings of the stockholders of the Corporation. In addition, he shall have such other powers and duties as the Board shall designate from time to time. The Chairman of the Board of Directors shall have power to sign all certificates of stock, bonds, deeds and contracts of the Corporation. The Vice Chairman of the Board shall, in the absence of the Chairman of the Board, perform all duties of the Chairman of the Board and any other duties assigned to him or for which he is designated by the Chairman of the Board. In addition, the Vice Chairman of the Board shall have such other powers and duties as the Board shall designate from time to time.

Section 5.4 Chief Executive Officer. The Chief Executive Officer of the Corporation shall have supervision of its policies, business, and affairs, and such other powers and duties as are commonly incident to the office of chief executive officer.

Section 5.5 President. The President shall, subject to the supervision of the Chairman of the Board, have the direction of, and responsibility for, the operating divisions of the Corporation. He shall also have such other powers and duties as the Chairman of the Board shall designate from time to time. The President shall have power to sign all certificates of stock, bonds, deeds and contracts of the Corporation.

Section 5.6 Vice Presidents. Each Vice President shall have such powers and perform such duties as the Board or the Chairman of the Board may from time to time prescribe. The Board may elect or designate one or more of the Vice Presidents as Executive Vice Presidents, Senior Vice Presidents or with such other title as the Board may deem appropriate.

Section 5.7 The Treasurer. The Treasurer shall keep, deposit, invest and disburse the funds and securities of the Corporation, shall keep full and accurate accounts of the receipts and disbursements of the Corporation, shall maintain insurance coverage on the Corporation's assets, and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Chairman or Vice Chairman of the Board, the Chief Executive Officer or the Board.

Section 5.8 The Secretary. The Secretary shall act as secretary of, and keep the minutes of, all meetings of the Board and of the stockholders, shall be custodian of the seal of the Corporation and shall affix and attest the seal to all documents the execution of which on behalf of the Corporation under its seal shall have been specifically or generally authorized by the Board, and, in general, shall perform all the duties incident to the office of Secretary and such other duties as may from time to time be assigned by the Chairman or Vice Chairman of the Board, the Chief Executive Officer or the Board.

Section 5.9 The Controller. The Controller shall be the chief accounting officer of the Corporation, shall have charge of its accounting department and shall keep or cause to be kept full and accurate records of the assets, liabilities, business and transactions of the Corporation.

Section 5.10 Additional Officers. The Board may elect or appoint such additional officers as it may deem necessary or advisable, and may delegate the power to appoint such additional officers to any committee or principal officer. Such additional officers shall have such powers and duties and shall hold office for such terms as may be determined by the Board or such committee or officer.

Section 5.11 Salaries. The Salaries of the officers of the Corporation shall be fixed from time to time in the manner prescribed by the Board.

Article VI

Removal, Resignations, Vacancies and Salaries

Section 6.1 Removal of Directors. Any director may be removed at any time, either with or without cause, by the affirmative vote of the holders of record of a majority of the stock of the Corporation entitled to vote at a special meeting of the stockholders called for the purpose, and the vacancy in the Board caused by any such removal may be filled by the stockholders at such meeting and, if not filled thereat, the vacancy caused by such removal may be filled by the directors as provided in Section 6.4 hereof.

Section 6.2 Removal of Officers. Any officer of the Corporation elected or appointed by the Board, or appointed by any committee or principal officer of the Corporation pursuant to authority delegated by the Board, may be removed at any time, either with or without cause, by resolution adopted by a majority of the whole Board at a regular meeting of the Board or at a special meeting thereof called for such purpose.

Section 6.3 Resignation. Any director or officer of the Corporation may at any time resign by giving written notice to the Board, the Chairman of the Board, the Vice Chairman of the Board, the Chief Executive Officer, or the Secretary. Any such resignation shall take effect at the time specified therein or, if no time shall be specified therein, at the time of the receipt thereof, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.4 Vacancies. Any vacancy in the Board caused by death, resignation, disqualification, an increase in the number of directors, or any other cause, may be filled by the majority vote of the remaining directors, though less than a quorum, at any regular meeting of the Board or any special meeting thereof called for the purpose, or by the stockholders of the Corporation at the next annual meeting or at any special meeting called for the purpose, and the directors so chosen shall hold office, subject to the provisions of these By-Laws, until the next annual meeting of stockholders for the election of directors and until his successor shall be duly elected and shall qualify. Any vacancy in any office, caused by death, resignation, removal, disqualification or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed in these By-Laws for regular election or appointment to such office.

Section 6.5 Compensation. Each director who shall not also be an executive officer of the Corporation or any of its subsidiary companies and receiving a regular salary for his services, in consideration of his serving as a director, shall be entitled to receive from the Corporation such fees for serving as a director as the Board shall from time to time determine, and each such director, who shall serve as a member of any committee of the Board, in consideration of his serving as a member of such committee, shall be entitled to such amount per annum or such fees for attendance at committee meetings as the Board shall from time to time determine. Nothing contained in this Section shall preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving compensation therefor.

Article VII

Contracts, Loans, Checks, Drafts, Deposits, Etc.

Section 7.1 Contracts and Loans. Except as authorized pursuant to a resolution of the Board or these By-Laws, no officer, agent or employee of the Corporation shall have any power or authority to bind the Corporation by any contract or engagement, to effect any loan on its behalf, to issue any negotiable paper in its name, to pledge its credit, to render it pecuniarily liable for any purpose or for any amount, or to pledge, hypothecate or transfer any securities or other property of the Corporation as security for any loans or advances.

Section 7.2 Checks, Drafts, etc. All checks, drafts, and other instruments or orders for the payment of monies out of the funds of the Corporation, and all notes or other evidences of indebtedness, bills of lading, warehouse receipts and insurance certificates of the Corporation shall be signed on behalf of the Corporation in such manner as shall from time to time be determined pursuant to a resolution of the Board. All checks, drafts and other instruments or orders for the payment of monies to or upon the order of the Corporation may be endorsed for deposit in such manner as shall be determined pursuant to a resolution of the Board.

Section 7.3 Proxies. Unless otherwise provided by resolution of the Chairman or Vice Chairman of the Board, the Chief Executive Officer, the President, or any Vice President or Secretary or Assistant Secretary designated by the Board, may from time to time appoint an attorney or attorneys or agent or agents of the Corporation to cast, in the name and on behalf of the Corporation, the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

Articles VIII

Shares, Dividends, Etc.

Section 8.1 Certificates. Certificates for shares of the capital stock of the Corporation shall be in such form as shall be approved by the Board. Each such certificate shall be signed in the name of the Corporation by the Chairman of the Board, the Vice Chairman of the Board, the President, or a Vice President, and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation; provided, however, that, where such certificate is signed (a) by a transfer agent or an assistant transfer agent or (b) by a transfer clerk acting on behalf of the Corporation, and a registrar, the signature of any such Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be a facsimile. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates shall be deemed to have been adopted by the Corporation and to have been issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures were used thereon had not ceased to be such officer or officers of the Corporation. Except as otherwise prescribed by statute, the Articles of Incorporation, or by these By-Laws, the person in whose name shares of stock shall be registered on the books of the Corporation shall be deemed to be the owner thereof for all purposes as regards the Corporation.

Section 8.2 Transfers. The Board may make such rules and regulations as it may deem expedient concerning the issue, registration and transfer of certificates representing shares of the capital stock of the Corporation and may appoint one or more transfer agents or clerks and registrars thereof.

Section 8.3 Closing of Transfer Books, Record Date. The Board may at any time by resolution direct the closing of the stock transfer books of the Corporation for a period of not exceeding fifty (50) days preceding the date of any meeting of stockholders, or the date for payment of any dividend, or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect or for a period of not exceeding sixty (60) days in connection with obtaining the consent of stockholders for any purpose; provided, however, that in lieu of closing the stock transfer books as aforesaid, the Board may fix in advance a date, not exceeding sixty (60) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment or rights, or exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid. Except where the stock transfer books of the Corporation shall have been closed or a date shall have been fixed as a record date for the determination of the stockholders entitled to vote, as hereinabove provided, no share of stock shall be voted on at any election of directors which shall have been transferred on the books of the Corporation within twenty (20) days next preceding such election of directors.

Section 8.4 Lost or Destroyed Certificates. In case of loss, theft, mutilation or destruction of any certificate evidencing shares of the capital stock of the Corporation, another may be issued in its place upon proof of such loss, theft, mutilation or destruction and upon the giving of an indemnity or other undertaking to the Corporation in such form and in such sum as the Board may direct.

Article IX

Seal, Fiscal Year, Waivers of Notice, Amendments

Section 9.1 Corporate Seal. The seal of the Corporation shall be circular in form and shall bear the name of the Corporation and the inscription "Corporate Seal, North Carolina". Said seal may be used by causing it or a facsimile thereof to be impressed or reproduced or otherwise.

Section 9.2 Fiscal Year. Each fiscal year of the Corporation shall end on the last Saturday of December.

Section 9.3 Waivers of Notice. Anything in these By-Laws to the contrary notwithstanding, notice of any meeting of the stockholders, the Board, or any committee constituted by the Board need not be given to any person entitled thereto, if such notice shall be waived by such person in writing or by telegraph, cable or wireless before, at or after such meeting, or if such person shall be present in person, or in the case of a meeting of the stockholders, be present in person or represented by proxy, at such meeting and without objecting to such lack of notice.

Section 9.4 Amendments. These By-Laws may be altered, amended or repealed or new By-Laws may be made either:

(a) by the affirmative vote of the holders of record of a majority of the outstanding stock of the Corporation entitled to vote thereon, at any annual or special meeting of the stockholders, provided that notice of the proposed alteration, amendment or repeal or of the proposed new By-Law or By-Laws be included in the notice of such meeting or waiver thereof, or

(b) by the affirmative vote of a majority of the whole Board at any regular meeting of the Board, or any special meeting thereof, provided that notice of the proposed alteration, amendment or repeal or of the proposed new By-Law or By-Laws be included in the notice of such special meeting or waiver thereof or all of the directors at the time in office be present at such special meeting.

provided, however, that no change of the time or place for the election of directors shall be made within sixty (60) days next before the day on which such election is to be held, and that in case of any change of such time or place, notice thereof shall be given to each stockholder in accordance with Section 2.4 hereof at least twenty (20) days before the election is held.

By-Laws made or amended by the Board may be altered, amended or repealed by the stockholders.

PEPSICO, INC
1987 Incentive Plan
(as amended and restated, effective October 1, 1999)

1. Purpose.

The purposes of the 1987 Incentive Plan (the "Plan") are to provide long-term incentives and rewards to those employees largely responsible for the success and growth of PepsiCo, Inc. and its subsidiaries and divisions ("PepsiCo"), to assist PepsiCo in attracting and retaining executives with experience and ability on a basis competitive with industry practices, and to associate the interests of such employees with those of PepsiCo's shareholders.

2. Effective Date.

The Plan shall become effective on the date it is approved by the holders of a majority of the Capital Stock of PepsiCo ("Capital Stock").

3. Administration of the Plan.

The Plan shall be administered by the Compensation Committee of the Board of Directors of PepsiCo (the "Committee"). The Committee shall be appointed by the Board of Directors and shall consist of three or more members of the Board who are not eligible to participate in the Plan and who have not, within one year prior to their appointment, participated in the Plan, any stock option plan or the 1979 Incentive Plan of PepsiCo.

The Committee shall have all the powers vested in it by the terms of the Plan, such powers to include exclusive authority (within the limitations described herein) to select the employees to be granted awards under the Plan, to determine the type, size and terms of awards to be made to each employee selected, to determine the time when awards will be granted and to establish objectives and conditions for earning awards and whether awards will be paid at the end of the award period. The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Plan and for the conduct of its business as the Committee deems necessary or advisable. The Committee's interpretations of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all parties concerned, including PepsiCo, its shareholders and any employee of PepsiCo.

4. Awards.

(a) Types. Awards under the Plan may include, but need not be limited to, stock options, performance shares, incentive stock rights and stock appreciation rights. The Committee may make any other type of award which it shall determine is consistent with the objectives and limitations of the Plan.

(b) Guidelines. The Committee may adopt from time to time written policies for its implementation of the Plan. Such policies may include, but need not be limited to, the type, size and term of awards to be made to eligible employees and the conditions for payment of such awards.

(c) Maximum Awards. An employee may be granted multiple awards under the Plan but no one employee may be granted, in the aggregate, awards which would result in his receiving more than 10% of the maximum number of shares available for award under the Plan.

5. Shares of Stock Subject to the Plan.

The shares that may be delivered or purchased under the Plan shall not exceed an aggregate of 18,000,000 shares of Capital Stock. Shares to be delivered or purchased under the Plan may be either shares of authorized but unissued Capital Stock or treasury shares.

6. Deferred Payments.

The Committee may determine that all or a portion of a payment to a participant under the Plan, whether it is to be made in cash, shares of Capital Stock or a combination thereof, shall be deferred. Deferrals shall be for such periods and upon such terms as the Committee may determine in its sole discretion.

7. Dilution and Other Adjustments.

In the event of any change in the outstanding shares of Capital Stock by reason of any split, stock dividend, recapitalization, merger, consolidation, combination or exchange of shares or other similar corporate change, such equitable adjustments shall be made in the Plan and the awards thereunder as the Committee determines are necessary and appropriate, including, if necessary, an adjustment in the maximum number or kind of shares subject to the Plan or which may be or have been awarded to any participant. Such adjustment shall be conclusive and binding for all purposes of the Plan.

8. Change in Control.

At the date of a "Change in Control" (as defined below), all outstanding and unvested stock options granted under the Plan shall immediately vest and become exercisable, and all stock options then outstanding under the Plan shall remain outstanding in accordance with their terms. In the event that any stock option granted under the Plan becomes unexercisable during its term on or after a Change in Control because: (i) the individual who holds such option is involuntarily terminated (other than for cause) within two (2) years after the Change in Control; (ii) such option is terminated or adversely modified; or (iii) PepsiCo Capital Stock is no longer issued and outstanding, or no longer traded on a national securities exchange, then the holder of such option shall immediately be entitled to receive a lump sum cash payment equal to the greater of (x) the gain on such option or (y) the Black-Scholes value of such option (as determined by a nationally recognized independent investment banker chosen by PepsiCo), in either case calculated on the date such option becomes unexercisable. For purposes of the preceding sentence, the gain on a stock option shall be calculated as the difference between the closing price per share of PepsiCo Capital Stock as of the date such option becomes unexercisable less the exercise price per share of such option.

Any amount required to be paid pursuant to this Section 8 shall be paid within twenty (20) days after the date such amount becomes payable.

"Change in Control" means the occurrence of any of the following events: (i) acquisition of 20% or more of the outstanding voting securities of PepsiCo, Inc. by another entity or group; excluding, however, the following (A) any acquisition by PepsiCo, Inc., or (B) any acquisition by an employee benefit plan or related trust sponsored or maintained by PepsiCo, Inc.; (ii) during any consecutive two-year period, persons who constitute the Board of Directors of PepsiCo, Inc. (the "Board") at the beginning of the period cease to constitute at least 50% of the Board (unless the election of each new Board member was approved by a majority of directors who began the two-year period); (iii) PepsiCo, Inc. shareholders approve a merger or consolidation of PepsiCo, Inc. with another company, and PepsiCo, Inc. is not the surviving company; or, if after such transaction, the other entity owns, directly or indirectly, 50% or more of the outstanding voting securities of PepsiCo, Inc.; (iv) PepsiCo, Inc. shareholders approve a plan of complete liquidation of PepsiCo, Inc. or the sale or disposition of all or substantially all of PepsiCo, Inc.'s assets; or (v) any other event, circumstance, offer or proposal occurs or is made, which is intended to effect a change in the control of PepsiCo, Inc., and which results in the occurrence of one or more of the events set forth in clauses (i) through (iv) of this paragraph.

9. Miscellaneous Provisions.

(a) Misconduct. If the Committee determines that a present or former employee has (i) used for profit or disclosed to unauthorized persons, confidential information or trade secrets of PepsiCo, or (ii) breached any contract with or violated any fiduciary obligation to PepsiCo, that employee shall forfeit all unpaid or undelivered portions of any awards under the Plan.

(b) Rights as Shareholder. A participant under the Plan shall have no rights as a holder of Capital Stock with respect to awards hereunder, unless and until certificates for shares of Capital Stock are issued to the participant.

(c) Assignment or Transfer. No awards under the Plan or any rights or interests therein shall be assignable or transferable by a participant except by will or the laws of descent and distribution. During the lifetime of a participant, awards hereunder are exercisable only by, and payable only to, the participant.

(d) Agreements. All awards granted under the Plan shall be evidenced by agreements in such form and containing such terms and conditions (not inconsistent with the Plan) as the Committee shall adopt.

(e) Requirements for Transfer. No shares of Capital Stock shall be issued or transferred under the Plan until all legal requirements applicable to the issuance or transfer of such shares have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any issuance of shares of Capital Stock made to any participant upon such participant's written undertaking to comply with such restrictions on his subsequent disposition of such shares as the Committee or PepsiCo shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and certificates representing such shares may be legended to reflect any such restrictions.

(f) Withholding Taxes. PepsiCo shall have the right to deduct from all awards hereunder paid in cash any federal, state, local or foreign taxes required by law to be withheld with respect to such awards and, with respect to awards paid in stock or upon exercise of stock options, to require the payment (through withholding from the participant's salary or otherwise) of any such taxes. The obligation of PepsiCo to make delivery of awards in cash or Capital Stock shall be subject to currency or other restrictions imposed by any government.

(g) No Rights to Awards. No employee or other person shall have any claim or right to be granted an award under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of PepsiCo.

(h) Costs and Expenses. The cost and expenses of administering the Plan shall be borne by PepsiCo and not charged to any award nor to any employee receiving an award.

(i) Funding of Plan. The Plan shall be unfunded. PepsiCo shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any award under the Plan.

10. Amendments and Termination.

(a) Amendments. The Committee may at any time terminate or from time to time amend the Plan in whole or in part, but no such action shall adversely affect any rights or obligations with respect to any awards theretofore made under the Plan.

Unless the holders of at least a majority of the outstanding shares of Capital Stock of PepsiCo shall have first approved thereof, no amendment of the Plan shall be effective which would increase the maximum number of shares which may be delivered under the Plan or to any one individual or extend the maximum period during which awards may be granted under the Plan.

With the consent of the employee affected, the Committee may amend outstanding agreements evidencing awards under the Plan in a manner not inconsistent with the terms of the Plan.

(b) Termination. No awards shall be made under the Plan after December 31, 1997.

PEPSICO, INC.
1994 Long-Term Incentive Plan
(as amended and restated, effective October 1, 1999)

1. Purpose.

The purposes of the 1994 Long-Term Incentive Plan (the "Plan") are to provide long-term incentives to those persons with significant responsibility for the success and growth of PepsiCo, Inc. and its subsidiaries, divisions and affiliated businesses ("PepsiCo"), to assist PepsiCo in attracting and retaining key employees on a competitive basis, and to associate the interests of such employees with those of PepsiCo's shareholders.

2. Administration of the Plan.

The Plan shall be administered by the Compensation Committee of the Board of Directors of PepsiCo (the "Committee"). The Committee shall be appointed by the Board of Directors and shall consist of two or more outside, disinterested members of the Board.

The Committee shall have all the powers vested in it by the terms of the Plan, such powers to include authority (within the limitations described herein) to select the persons to be granted awards under the Plan, to determine the type, size and terms of awards to be made to each employee selected, to determine the time when awards will be granted and any conditions which must be satisfied by employees before an award is made, to establish objectives and conditions for earning awards, to determine whether such conditions have been met and whether awards will be paid at the end of the award period, or when the award is exercised, or deferred, to determine whether payment of an award should be reduced or eliminated, and to determine whether such awards should qualify, regardless of their amount, as deductible in their entirety for federal income tax purposes.

The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Plan and for the conduct of its businesses the Committee deems necessary or advisable. The Committee's interpretations of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all parties concerned, including PepsiCo, its shareholders and any person receiving an award under the Plan.

3. Eligibility.

Key employees of PepsiCo and its divisions, subsidiaries and affiliates are eligible to be granted awards under the Plan. Executives of PepsiCo and its subsidiaries and divisions shall be granted awards of stock options and performance units and may, in the Committee's discretion, be granted other awards available under the Plan. The Committee, in its discretion, may also grant awards under the Plan to other employees of PepsiCo, its divisions, subsidiaries and affiliates who are in a position to contribute to the success of PepsiCo. Notwithstanding the foregoing, incentive stock options may only be granted to employees of PepsiCo or its divisions and subsidiaries.

4. Awards.

(a) Types. Awards under the Plan include stock options, performance units, incentive stock options, stock appreciation rights and restricted stock.

(i) Stock Options. Stock options are rights to purchase shares of PepsiCo Capital Stock ("Capital Stock") at a fixed price for a specified period of time. The purchase price per share of Capital Stock covered by a stock option awarded pursuant to this Plan, including any incentive stock options, shall be equal to or greater than the fair market value of a share of PepsiCo Capital Stock on the date the stock option is awarded.

(ii) Performance Units. Performance units are rights to receive up to 100% of the value of shares of Capital Stock as of the date of grant, which value may be paid in cash or Capital Stock, without payment of any amounts to PepsiCo. The full and/or partial payment of performance unit awards granted under this Plan will be made only upon certification by the Committee of the attainment by PepsiCo, over a four year period, of earnings per share targets which have been established by the Committee. No payment will be made if the minimum earnings per share target is not met. The established earnings per share targets will not be amended without shareholder approval.

(iii) Stock Appreciation Rights. Stock appreciation rights are rights to receive the difference between the fair market value of a share of PepsiCo Capital Stock on the grant date and the fair market value of a share of Capital Stock on the date the stock appreciation right is granted.

(iv) Restricted Stock. The full and/or partial vesting of any restricted stock award made under this Plan will occur only upon the attainment by PepsiCo of primary and secondary targets established by the Committee at the time the award is made. These targets may include one or more of the following: corporate earnings, return on investment, total shareholder return, division profits, market value added or economic value added.

(v) Variable Awards. Variable awards are rights to receive grants of either cash payments or stock options based upon the performance of PepsiCo business units during a three-year performance period. The election to receive cash or stock options is made by the participant at the beginning of the three-year performance period.

(b) Supplemental Awards. Participants who are newly hired or promoted during the vesting period for stock options or during the first two years of the award period for performance units will be granted supplemental pro rata grants of stock options and performance units.

(c) Negative Discretion. Notwithstanding the attainment by PepsiCo of any target specified under this Plan, the Committee has the discretion, by participant, to reduce some or all of an award that would otherwise by paid.

(d) Guidelines. The Committee shall adopt from time to time written policies for its implementation of the Plan. Such policies shall be consistent with the Plan and may include, but need not be limited to, the type, size and term of awards to be made, and the conditions for payment of such awards.

(e) Maximum Awards. An employee may be granted multiple awards under the Plan but no one employee may be granted, in the aggregate, awards which would result in his receiving, in the aggregate during the term of the Plan, more than 10% of the maximum number of shares available for award under the Plan. Solely for the purposes of determining whether this maximum is met, a performance unit shall be treated as entitling the holder thereof to one share of PepsiCo Capital Stock.

5. Shares of Stock Subject to the Plan.

The shares that may be delivered or purchased under the Plan shall not exceed an aggregate of 75,000,000 shares of Capital Stock, as adjusted, if appropriate, pursuant to Section 7 hereof.

6. Deferred Payments.

The Committee may determine that all or a portion of a payment to a participant under the Plan, whether it is to be made in cash, shares of Capital Stock or a combination thereof, shall be deferred. Deferrals shall be for such periods and upon such terms as the Committee may determine in its sole discretion.

7. Dilution and Other Adjustments.

In the event of any change in the outstanding shares of Capital Stock by reason of any split, stock dividend, recapitalization, merger, consolidation, combination or exchange of shares or other similar corporate change, such equitable adjustments shall be made in the Plan and the awards thereunder as the Committee determines are necessary and appropriate, including, if necessary, an adjustment in the maximum number or kind of shares subject to the Plan or which may be or have been awarded to any participant. Such adjustment shall be conclusive and binding for all purposes of the Plan.

8. Change in Control.

Upon a "Change in Control" (as defined below), the following shall occur:

(a) Options. At the date of such Change in Control, all outstanding and unvested stock options granted under the Plan shall immediately vest and become exercisable, and all stock options then outstanding under the Plan shall remain outstanding in accordance with their terms. In the event that any stock option granted under the Plan becomes unexercisable during its term on or after a Change in Control because: (i) the individual who holds such option is involuntarily terminated (other than for cause) within two (2) years after the Change in Control; (ii) such option is terminated or adversely modified; or (iii) PepsiCo Capital Stock is no longer issued and outstanding, or no longer traded on a national securities exchange, then the holder of such option shall immediately be entitled to receive a lump sum cash payment equal to the greater of (x) the gain on such option or (y) the Black-Scholes value of such option (as determined by a nationally recognized independent investment banker chosen by PepsiCo), in either case calculated on the date such option becomes unexercisable. For purposes of the preceding sentence, the gain on a stock option shall be calculated as the difference between the closing price per share of PepsiCo Capital Stock as of the date such option becomes unexercisable less the exercise price per share of such option.

(b) Variable Awards. Each variable award granted under the Plan that is outstanding on the date of the Change in Control shall immediately vest, and the holder of such award shall be entitled to a lump sum cash payment equal to 100% of the amount of such award payable at the end of the performance period as if 100% of the performance objectives have been achieved.

(c) Performance Shares. Each performance share granted under the Plan that is outstanding on the date of the Change in Control shall immediately vest, and the holder of such performance share shall be entitled to a lump sum cash payment equal to the amount of such award payable at the end of the performance period as if 100% of the performance objectives have been achieved.

Any amount required to be paid pursuant to this Section 8 shall be paid within twenty (20) days after the date such amount becomes payable.

"Change in Control" means the occurrence of any of the following events: (i) acquisition of 20% or more of the outstanding voting securities of PepsiCo, Inc. by another entity or group; excluding, however, the following (A) any acquisition by PepsiCo, Inc., or (B) any acquisition by an employee benefit plan or related trust sponsored or maintained by PepsiCo, Inc.; (ii) during any consecutive two-year period, persons who constitute the Board of Directors of PepsiCo, Inc. (the "Board") at the beginning of the period cease to constitute at least 50% of the Board (unless the election of each new Board member was approved by a majority of directors who began the two-year period); (iii) PepsiCo, Inc. shareholders approve a merger or consolidation of PepsiCo, Inc. with another company, and PepsiCo, Inc. is not the surviving company; or, if after such transaction, the other entity owns, directly or indirectly, 50% or more of the outstanding voting securities of PepsiCo, Inc.; (iv) PepsiCo, Inc. shareholders approve a plan of complete liquidation of PepsiCo, Inc. or the sale or disposition of all or substantially all of PepsiCo, Inc.'s assets; or (v) any other event, circumstance, offer or proposal occurs or is made, which is intended to effect a change in the control of PepsiCo, Inc., and which results in the occurrence of one or more of the events set forth in clauses (i) through (iv) of this paragraph.

9. Miscellaneous Provisions.

(a) Misconduct. If the Committee determines that a present or former employee has (i) used for profit or disclosed to unauthorized persons, confidential information or trade secrets of PepsiCo, or (ii) breached any contract with or violated any fiduciary obligation to PepsiCo, that employee shall forfeit his or her awards under the Plan.

(b) Rights as Shareholder. A participant in the Plan shall have no rights as a holder of Capital Stock with respect to awards hereunder, unless and until certificates for shares of Capital Stock are issued to the participant.

(c) Assignment or Transfer. Unless the Committee shall specifically determine otherwise, no award under the Plan or any rights or interests therein shall be assignable or transferable by a participant except by will or the laws of descent and distribution.

(d) Agreements. All awards granted under the Plan shall be evidenced by agreements in such form and containing such terms and conditions (not inconsistent with the Plan) as the Committee shall approve.

(e) Requirements for Transfer. No share of Capital Stock shall be issued or transferred under the Plan until all legal requirements applicable to the issuance or transfer of such shares have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any issuance of shares of Capital Stock made to any participant upon such participant's written undertaking to comply with such restrictions on his subsequent disposition of such shares as the Committee or PepsiCo shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and certificates representing such shares may be legended to reflect any such restrictions.

(f) Withholding Taxes. PepsiCo shall have the right to deduct from all awards hereunder paid in cash any federal, state, local or foreign taxes required by law to be withheld with respect to such awards and, with respect to awards paid in stock or upon exercise of stock options, to require the payment (through withholding from the participant's salary or otherwise) of any such taxes. The obligations of PepsiCo to make delivery of awards in cash or Capital Stock shall be subject to currency or other restrictions imposed by any government.

(g) No Rights to Awards. Except as set forth herein, no employee or other person shall have any claim or right to be granted an award under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of PepsiCo or any of its subsidiaries, divisions or affiliates.

(h) Costs and Expenses. The cost and expenses of administering the Plan shall be borne by PepsiCo and not charged to any award nor to any employee receiving an award.

(i) Funding of Plan. The Plan shall be unfunded. PepsiCo shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any award under the Plan.

10. Effective Date, Amendments and Termination.

(a) Effective Date. The Plan shall become effective on the date it is approved by PepsiCo's shareholders.

(b) Amendments. The Committee may at any time terminate or from time to time amend the Plan in whole or in part, but no such action shall adversely affect any rights or obligations with respect to any awards theretofore made under the Plan.

Unless the shareholders of PepsiCo shall have first approved thereof, no amendment of the Plan shall be effective which would increase the maximum number of shares of PepsiCo Capital Stock which may be delivered under the Plan or to any one individual, except to the extent such amendment is made pursuant to Section 7 hereof, extend the maximum period during which awards may be granted under the Plan, change the performance goal pursuant to which performance units are earned, or modify the requirements as to eligibility for participation in the Plan.

With the consent of the employee affected, the Committee may amend outstanding agreements evidencing awards under the Plan in a manner not inconsistent with the terms of the Plan.

(c) Termination. No awards of stock options, performance units, incentive stock options or stock appreciation rights shall be made under the Plan after December 31, 2004. No awards of restricted stock shall be made under the Plan after May 1, 1999.

EXHIBIT 12

PEPSICO, INC. AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
Years Ended December 25, 1999, December 26, 1998, December 27, 1997,
December 28, 1996 and December 30, 1995
(in millions except ratio amounts)

	1999	1998	1997	1996	1995
Earnings:					
Income from continuing operations before income taxes and cumulative effect of accounting changes.......	$3,656	$2,263	$2,309	$1,566	$2,091
Unconsolidated affiliates interests, net..................................	(68)	32	17	273	26
Amortization of capitalized interest..	7	5	6	4	6
Interest expense	363	395	478	565	629
Interest portion of net rent expense (a).................................	50	46	43	48	41
Earnings available for fixed charges..	$4,008	$2,741	$2,853	$2,456	$2,793
Fixed Charges:					
Interest expense.....................	$ 363	$ 395	$ 478	$ 565	$ 629
Capitalized interest.................	7	10	18	8	10
Interest portion of net rent expense (a).................................	50	46	43	48	41
Total fixed charges.............	$ 420	$ 451	$ 539	$ 621	$ 680
Ratio of Earnings to Fixed Charges(b).	9.54	6.08	5.29	3.95	4.11

(a) One-third of net rent expense is the portion deemed representative of the interest factor.

(b) Includes the impact of the 1999 gain on the bottling transactions of $1 billion (see Note 2) and asset impairment and restructuring charges of $65 million in 1999, $288 million in 1998, $290 million in 1997, $576 million in 1996 and $66 million in 1995 (see Note 4). Excluding the gain in 1999 and the charges for all years, the ratio of earnings to fixed charges would have been 7.32 in 1999, 6.72 in 1998, 5.83 in 1997, 4.88 in 1996 and 4.20 in 1995.

SUBSIDIARIES OF PEPSICO, INC. AS OF 12/25/99

COMPANY NAME	JURISDICTION OF INCORPORATION
25 Kwietnia S.A. w Likwidacji	Poland
3018525 Nova Scotia ULC	Canada
ABA Europe NV	Belgium
ABC Dispensing Technologies, Inc.	Florida
Administracion y Asesoria Metropolitana SA de CV	Mexico
Agral Arrendadora, S.A. de C.V.	Mexico
Agral Comisionista y Distribuidora, S.A. de C.V.	Mexico
Agral Inmobiliaria, S.A. de C.V.	Mexico
Ahmedabad Advertising and Marketing Consultants Ltd.	India
Ainwick Corporation	Oregon
Alimentos Barcel Chile S.R.L.	Chile
Alimentos del Istmo S.A.	Panama
Alimentos del Valle, S.A.	Spain
Alkan Bugshan	Egypt
Alliance Canners	Canada
Alpac Corporation	Washington
Anderson Hill Insurance Limited	Bermuda
Angkor Beverages Company Ltd.	Cambodia
Aradhana Beverages & Foods Company Limited	India
Aradhana Snack Food Company	India
Aradhana Soft Drinks Company	India
Asian Trade Limited	Delaware
B&H Project, Inc.	Florida
Beaman Bottling Company	Delaware
Bebidas Purificadas de Durango, S.A. de C.V.	Mexico
Bebidas Purificadas De La Frontera, S.A.	Mexico
Bebidas Purificadas de Michoacan S.A. de C.V.	Mexico
Bebidas Purificadas de Occidente, S.A. de C.V.	Mexico
Bebidas Purificadas de Quintana Roo, SA de CV	Mexico
Bebidas Purificadas de Zacatecas, S.A. de C.V.	Mexico
Bebidas Purificadas del Centro, S.A. de C.V.	Mexico
Bebidas Purificadas del Cupatitzio, S.A. de C.V.	Mexico
Bebidas Purificadas del Sureste, Sa de CV	Mexico
Bebidas Purificados de Acapulco, SA de CV	Mexico
Beijing Pepsi-Cola Beverage Company Ltd.	China
Bell Taco Funding Syndicate	Australia
Belpak	Belurussia
Beverage Services, Inc.	Delaware
Beverages, Foods & Service Industries, Inc.	Delaware
Blanchard, S.A.	France
Boquitas Fiestas LLC	Delaware
Boquitas Fiestas S.R.L	Honduras
Border Properties, Inc.	New York
Bottling Investment Chile	Bahamas
Bramshaw Limited	Ireland
Breckenridge, Inc.	Delaware
Britvic Holdings Limited	United Kingdom
Britvic Soft Drinks Limited	United Kingdom
BUG de Mexico, S.A. de C.V.	Mexico
Capital Services Associates N.V.	Netherlands Antilles
Cawston Vale Limited	United Kingdom
Central de La Industria Escorpion, SA de CV	Mexico
Changchun Pepsi-Cola Beverage Company	China
Chipima, Sociedade De Productos Alimentares, SA	Portugal
Chitos International y Cia Ltd.	Guatemala
Chongqing Hua Mei Food & Beverage Company Limited	China
Chongqing Tianfu Yulong Foodstuff and Beverage Company	China
Chongqing Tianfu-Pepsi Beverage Co. Ltd.	China
CMC Investment Company	Bermuda
Comercializadora de Bebidas y Refrescos del Vallede Tolu	Mexico
Comercializadora Jacks S.R.L.	Venezuela
Comercializadora Nacional SAS, Ltda	Columbia
Comercio Integral Mexicano, SA de CV	Mexico
Constar Ambalaj Sanayi Ve Ticaret AS	Turkey
Copella Fruit Juice, Ltd.	United Kingdom
Copper Beach LLC	Delaware
Core, Comisiones y Representaciones, S.A. de C.V.	Mexico
Corina Snacks	Cyprus
Corporativo International S.A. de C.V.	Mexico
CPK Acquisition Corp.	California
Crispflow Limited	United Kingdom

Davlyn Realty Corporation	Delaware
Desarrollo Inmobiliario Gamesa, S.A. de C.V.	Mexico
Dhillon Kool Drinks & Beverages Ltd.	India
Distribuidora de Aguas Envasadas DEK, SA de CV	Mexico
Distribuidora de Agus, Refrescos y Bebidas Purificadas S.	Mexico
Distribuidora Disa de Michoacan S.A. de C.V.	Mexico
Distribuidora Disa de Uruapan, S.A. de C.V.	Mexico
Distribuidora Disa del Centro, S.A. de C.V.	Mexico
Distribuidora Garci-Crespo Sa de CV	Mexico
Distribuidora Interestatal, S.A. de C.V.	Mexico
Distribuidora Savoy Guatemala S.A.	Guatemala
Diversified Packages of Puerto Rico, Inc.	Delaware
Domaine De Carquefou SCI	France
Dormant PC Ltd.	United Kingdom
Dormant PWT Ltd.	United Kingdom
D'ORO - Sociedade de Productos Alimentares, S.A.	Portugal
Duo Juice Company	Delaware
Duo Juice Company BV	Netherlands
Earthposed Limited	United Kingdom
Egyptian Bottling Company	Egypt
EIEIO Beverage Company	Delaware
Elabradora Venezolana, C.A.	Delaware
Electropura, SA de CV	Mexico
Elite Foods Ltd.	Israel
Embotellador Garci-Crespo, SA de CV	Mexico
Embotelladora Agral de la Laguna, S.A. de C.V.	Mexico

Embotelladora Agral Regiomontana, S.A. de C.V.	Mexico
Embotelladora Buen Agua, S.A. de C.V.	Mexico
Embotelladora Campechana, Sa de CV	Mexico
Embotelladora de Occidente S.A. de C.V.	Mexico
Embotelladora de Refrescos Mexicanos S.A. de C.V.	Mexico
Embotelladora Del Bravo, S.A. De C.V.	Mexico
Embotelladora Metropolitana, SA de CV	Mexico
Embotelladora Moderna, S.A. de C.V.	Mexico
Embotelladora Potosi, S.A. de C.V.	Mexico
Embotelladora San Marcos, S.A. De C.V.	Mexico
Embotelladora Santa Catarina, S.A. de C.V.	Mexico
Embotelladores Mexicanos de Pepsi-Cola S.A. de C.V.	Mexico
Empaques Constar, SA de CV	Mexico
Empaques Sewell, SA de CV	Mexico
Empresas Gamesa, S.A. de C.V.	Mexico
Encorp Atlantic, Inc.	Canada
Equipos para Embotelladoras y Cervecerias, S.A. de C.V.	Mexico
Equipos Y Deportes Exclusivos, S.A. De C.V.	Mexico
Esteemview Ltd.	United Kingdom
Evercrisp Snack Productos de Chile S.A.	Chile
Export Development Corp.	Delaware
Fabrica de Productos Alimenticios Rene y Compania SCA	Guatemala
Fabrica de Productos Rene LLC	Delaware
Farm Produce (Australia) Pty. Ltd.	Australia
Finanzas Corporativas, S.A. de C.V.	Mexico
Finvmex, S.A. de C.V.	Mexico
FL Holding, Inc.	Delaware
FLI Andean LLC	Delaware
FLI Columbia, LLC	Delaware
FLI Snacks Andean, GP, LLC	Delaware
Florida Boy International	Germany
FLRC, Inc.	California
Fomentadora Urbana del Sureste, SA de CV	Mexico
Fomentadora Urbana Metroplitana, SA de CV	Mexico
Frito-Lay Australia, LLC	Delaware
Frito-Lay Columbia Ltda.	Columbia
Frito-Lay Deutschland	Germany
Frito-Lay Distribution OOO	Russia
Frito-Lay Dominicana S.A.	Dominican Republic
Frito-Lay Ecuador Cia Ltda.	Ecuador
Frito-Lay Foods Limited	United Kingdom
Frito-Lay France SA	France
Frito-Lay France SARL	France
Frito-Lay Holdings Limited	United Kingdom
Frito-Lay India	India
Frito-Lay Manufacturing OOO	Russia
Frito-Lay Peru, S. de R.L.	Peru
Frito-Lay Poland Sp.zo.o.	Poland
Frito-Lay Trading Company (Europe) Gmbh	Switzerland
Frito-Lay Trading Company Gmbh	Switzerland
Frito-Lay Venezuela S.A.	Venezuela
Frito-Lay, Inc.	Delaware

Fruko Mesrubat Sanayi A.S.	Turkey
Fuzhou Pepsi-Cola Beverage Company Limited	China
Galletas y Pastas Tepeyac	Mexico
Galletera Palma, S.A. de C.V.	Mexico
Gamesa, S.A. de C.V.	Mexico
General Cinema Beverages, Inc.	Delaware
Granja Buenagua, SA de CV	Mexico
Green Hemlock LLC	Delaware
Greenville Holding Corp.	New Jersey
Grupo Embotellador de Mexico, SA de CV	Mexico
Grupo Gamesa, S.A. de C.V.	Mexico
Grupo Seser, SA de CV	Mexico
Guangzhou Flavours Development Corporation	China
Guangzhou Pepsi-Cola Beverage Co. Ltd.	China
Guangzhou Tropicana Beverages Co., Ltd.	China
Guilin Pepsi-Cola Beverage Company, Ltd.	China
Gujarat Bottling Company	India
Harinera Monterrey, S.A. de C.V.	Mexico
Heathland, Inc.	Delaware
Hennika Limited	Ireland
Hillbrook Insurance Company, Inc.	Vermont
Homefinding Company of Texas	Texas
Hostess-FL NRO Ltd.	Canada
Impulse Action Ltd.	United Kingdom
Industria de Refrescos de Acapulco	Mexico
Industria de Refrescos, SA de CV	Mexico
Inmobiliaria Guesa S.A. de C.V.	Mexico
Inmobiliaria Interamericana, S.A. De C.V.	Mexico
Inmobiliaria La Bufa, S.A. de C.V.	Mexico
Inmobiliaria La Cantera, SA de CV	Mexico
Inmobiliaria Los Gallos	Mexico
Inmobiliaria Operativa, SA de CV	Mexico
Integrated Beverage Services (Bangladesh) Ltd.	Bangladesh
International Beverage Company	Vietnam
International Bottlers Almaty Ltd	Russia
International Kas AG	Liechtenstein
Inversiones PFI Chile Limitada	Chile
Inversiones Santa Coloma S.A. (Columbia)	Columbia
Inversiones Santa Coloma S.A.(Venezuela)	Venezuela
Inversiones Savoy Argentina S.A.	Argentina
Japan Frito-Lay Ltd.	Japan
JFS Enterprises, Inc.	Florida
Jungla Mar del Sur	Costa Rica
Kawthar E Murada Italia S.R.L.	Italy
Kentucky Fried Chicken Nederland, B.V.	Netherlands
KFC Canada (NRO) Ltd.	Canada
Kirin-Tropicana, Inc.	Japan
Kyle Receivables Ltd.	Ireland
Larragana, S.L.	Spain
Latin American Holdings Ltd.	Cayman Islands
Latin Foods LLC	Delaware
Latvia Snacks Ltd.	Latvia

L'Igloo, S.A.	France
Lithuanian Snacks Ltd.	Lithuania
Long Bay, Inc.	Delaware
Looza (UK) Ltd.	United Kingdom
Looza NV	Belgium
Looza USA, Inc.	Delaware
L-P Investment LLC	Delaware
Matutano, S.A.	Portugal
Mexhut, Inc.	Delaware
Mexican Trust Company	Mexico
Mexichip, Inc.	Delaware
Mexsport, Inc.	Delaware
Midland Bottling Co.	Delaware
Mountain Dew Marketing, Inc.	Delaware
Nanchang Pepsi-Cola Beverage Company Ltd.	China
Nanjing Pepsi-Cola Beverage Company Limited	China
Nasser	Ireland
National Beverages, Inc.	Florida
New Age Beverages Investments Limited	South Africa
New Age Beverages Ltd	South Africa
New Century Beverage Company	California
New Generation Beverages Pty. Ltd.	Australia
North Pacific Territories Holding Company	Washington
Nueva Santa Cecilia S.A. de C.V.	Mexico
OldCo 1 Sp. z o.o.	Poland
OldCo 2 Sp. z o.o.	Poland
Ole Springs	Sri Lanka
Opco Holding, Inc.	Delaware
Orion Frito-Lay Corporation	Korea
P.T. Indofood Frito-Lay Corp.	Indonesia
P.T. Pepsi-Cola IndoBeverage	Indonesia
Pagam Corporation	Delaware
Panagarh Marketing Company Limited	India
Panimex, Inc.	Mauritius
Papas Chips	Uruguay
Pasteleria Vienesa, C.A.	Venezuela
PCBL, LLC	Delaware
PCI Bahamas Investment Co.	Delaware
PEI e Companhia	Portugal
PEI N.V.	Netherlands Antilles
Peninsular Beverage Service Sdn. Bhd.	Malaysia
Pepsi Bottling Holdings, Inc.	Delaware
Pepsi Foods Ltd.	India
Pepsi India Exports	India
Pepsi International Bottlers LLC	Delaware
Pepsi International Bottling System, Inc.	Delaware
Pepsi Snacks Argentina S.A.	Argentina
Pepsi Stuff, Inc.	Delaware
Pepsi-Asia Beverage Co. Ltd.	China
Pepsi-BeiBing Yang Beverage Co. Ltd.	China
PepsiCo & Cia	Brazil
PepsiCo (China) Ltd.	China

PepsiCo (India) Holdings	India
PepsiCo (Ireland) Limited	Ireland
PepsiCo Australia Holdings Pty Ltd	Australia
PepsiCo Canada Finance LLC	Delaware
PepsiCo Captive Holdings, Inc.	Delaware
PepsiCo Comercial Exportadora	Brazil
PepsiCo de Mexico S.A. de C.V.	Mexico
PepsiCo do Brasil Ltda.	Brazil
PepsiCo do Brazil Holdings Ltda.	Brazil
PepsiCo Espana Inversiones S.L.	Spain
PepsiCo Estonia	Estonia
PepsiCo Europe Holdings B.V.	Netherlands
PepsiCo Finance (Antilles B) N.V.	Netherlands Antilles
PepsiCo Finance (South Africa) (Proprietary) Ltd.	South Africa
PepsiCo Finance (U.K.) Ltd.	United Kingdom
PepsiCo Fleet Services Limited	United Kingdom
PepsiCo Food Service Training, Inc.	Delaware
PepsiCo Foods & Beverages International Limited	United Kingdom
PepsiCo Foods (China) Co. Ltd.	China
PepsiCo Foods Hellas	Greece
PepsiCo Foods International Holdings, Inc.	Delaware
PepsiCo Foods International Pte Ltd.	Singapore
PepsiCo Foreign Sales Corporation	Barbados
PepsiCo France SNC	France
PepsiCo Global Investments B.V.	Netherlands
PepsiCo Global Investments II BV	Netherlands
PepsiCo Holdings	United Kingdom
PepsiCo International Ltd.	United Kingdom
PepsiCo International Trading (Shanghai) Ltd.	China
PepsiCo Investment (China) Ltd.	China
PepsiCo Investments (Europe) I B.V.	Netherlands
PepsiCo Investments (Europe) II B.V.	Netherlands
PepsiCo Investments Denmark Ltd I ApS	Denmark
PepsiCo Light BV	Netherlands
PepsiCo Mauritius Holdings Inc.	Mauritius
PepsiCo Max BV	Netherlands
PepsiCo Nigeria Ltd.	Nigeria
PepsiCo Nordic Denmark A/S	Denmark
PepsiCo Nordic Finland OY	Finland
PepsiCo Nordic Norway A/S	Norway
PepsiCo Nordic Sweden AB	Sweden
PepsiCo Overseas Corporation	Delaware
PepsiCo Pacific Trading Company, Limited	Hong Kong
PepsiCo Pension Management Services, Ltd.	Delaware
PepsiCo Products B.V.	Netherlands
PepsiCo Property Management Limited	United Kingdom
PepsiCo Puerto Rico, Inc.	Delaware
PepsiCo Russia Holdings GmbH	Germany
PepsiCo Services International Inc.	Delaware
PepsiCo U.K. Pension Trust Limited	United Kingdom
PepsiCo Ukraine Ltd.	Ukraine
PepsiCo World Trading Company, Inc.	Delaware

PepsiCo Worldwide Holdings	Netherlands Antilles
Pepsi-Cola (Bahamas) Bottling Company	Bahamas
Pepsi-Cola (Bermuda) Limited	Bermuda
Pepsi-Cola (Thai) Trading Company Limited	Thailand
Pepsi-Cola 7-Up Bottlers (NZ) Limited	New Zealand
Pepsi-Cola A/O	Russia
Pepsi-Cola Argentina S.A.C.I.	Argentina
Pepsi-Cola Belgium S.A.	Belgium
Pepsi-Cola Bottlers Australia	Australia
Pepsi-Cola Bottlers Holding, C.V.	Netherlands
Pepsi-Cola Bottlers New Zealand	New Zealand
Pepsi-Cola Bottling Co. of Bend	Oregon
Pepsi-Cola Bottling Co. of Los Angeles	California
Pepsi-Cola Bottling Company of Ohio, Inc.	Delaware
Pepsi-Cola Bottling Company Of St. Louis, Inc.	Missouri
Pepsi-Cola Bottling International Inc.	Nevada
Pepsi-Cola Canada (NRO) Ltd.	Canada
Pepsi-Cola Canada Beverages (West)	Canada
Pepsi-Cola Canada Ltd.	Canada
Pepsi-Cola Chile Consultores Limitada	Chile
Pepsi-Cola Company	Delaware
Pepsi-Cola CR SPOL SRO	Czech Republic
Pepsi-Cola De France S.A.R.L.	France
Pepsi-Cola East Africa Ltd.	United Kingdom
Pepsi-Cola Engarrafadora Ltda	Brazil
Pepsi-Cola Equipment Corp.	New York
Pepsi-Cola Far East Trade Development Co., Inc.	Philippines
Pepsi-Cola France SNC	France
Pepsi-Cola Gesellschaft M.B.H.	Austria
Pepsi-Cola Gmbh	Germany
Pepsi-Cola Gmbh, Offenbach, Commercial Register Hrb 2124	Germany
Pepsi-Cola India Marketing Company	India
Pepsi-Cola Industrial Da Amazonia Ltda.	Brazil
Pepsi-Cola Interamericana de Guatemala S.A.	Guatemala
Pepsi-Cola International (Cyprus) Limited	Cyprus
Pepsi-Cola International (PVT) Limited	Pakistan
Pepsi-Cola International Limited	Bermuda
Pepsi-Cola International Limited (U.S.A.)	Delaware
Pepsi-Cola International Tanitim Ltd.	Turkey
Pepsi-Cola International, Cork	Ireland
Pepsi-Cola Jordan Ltd.	Jordan
Pepsi-Cola Kft. Hungary	Hungary
Pepsi-Cola Korea, Co. Ltd.	Korea
Pepsi-Cola Magreb	Morocco
Pepsi-Cola Mamulleri Limited Sirketi	Turkey
Pepsi-Cola Manufacturing (Ireland)	Ireland
Pepsi-Cola Manufacturing (Mediterranean) Limited	Bermuda
Pepsi-Cola Manufacturing Company Of Uruguay S.A.	Uruguay
Pepsi-Cola Manufacturing Company Of Uruguay S.R.L.	Uruguay
Pepsi-Cola Manufacturing Limited	Bermuda
Pepsi-Cola Marketing Corp. Of P.R., Inc.	Puerto Rico
Pepsi-Cola Metropolitan Bottling Company, Inc.	New Jersey

Pepsi-Cola Metropolitan LLC	Metropolitan
Pepsi-Cola Mediterranean, Ltd.	Delaware
Pepsi-Cola Mexicana, S.A. de C.V.	Mexico
Pepsi-Cola Operating Company Of Chesapeake And Indianapolis	Delaware
Pepsi-Cola Panamericana, Inc.	Delaware
Pepsi-Cola Panamericana, S.A.	Venezuela
Pepsi-Cola Products Philippines, Inc.	Philippines
Pepsi-Cola S.A.	Switzerland
Pepsi-Cola Servis ve Dagitim A.S.	Turkey
Pepsi-Cola Tea Company	Delaware
Pepsi-Cola U.K. limited	United Kingdom
PFI Agriculture Europe Ltd.	United Kingdom
PFI Italia S.R.L.	Italy
PGCC, Inc.	Delaware
Pine International LLC	Delaware
Pizza Hut, Inc.	Delaware
Planters UK Limited	United Kingdom
PlayCo, Inc.	Delaware
Praga 45, Inc.	Delaware
President Pepsi Food Corporation	Taiwan
Prestwick, Inc.	Delaware
Procesos Plasticos, SA de CV	Mexico
Productos Industrializados Saltillo, S.A.	Mexico
Productos S.A.S. C.V.	Netherlands
Productos SAS Management B.V.	Netherlands
Productos SAS Management BV	Netherlands
Productos Victoria, S.A. De C.V.	Mexico
Progress Service, Inc.	Florida
Promocion y Distribucion Alimenticia	Mexico
Promotora De Empresas, S.A. De C.V.	Mexico
PRS, Inc.	Delaware
Punch N.V.	Netherlands Antilles
Purificadora de Agua Cancun, SA de CV	Mexico
Purificadora de Agua Los Reyes, SA de CV	Mexico
Putnam Holdings, Inc.	Delaware
Rabapet Kft.	Hungary
Radenska	Slovenia
Recot, Inc.	Delaware
Red Dot A.G.	Switzerland
Red Maple LLC	Delaware
Refrescos de Iguala, SA de CV	Mexico
Refrescos y Bebidas de Aguascalientes, S.A. de C.V.	Mexico
Regia-Comercial E Publicidade Ltda.	Brazil
Rio Grande Snack Company	Delaware
Ruscan, Inc.	New York
S.V.E. (Hungary) Trading and Manufacturing Limited	Hungary
S.W. Frito-Lay, Ltd	Texas
Sabritas de Costa Rica, S. de R.L.	Costa Rica
Sabritas de Panama, SA	Panama
Sabritas y Compania, SCA	El Salvador
Sabritas, LLC	Delaware
Sabritas, S.A. De C.V.	Mexico

Saudi Snack Foods Company Limited	Saudi Arabia
Savoy Brands Columbia S.A.	Columbia
Savoy Brands Peru S.R.L	Peru
Savoy Brands Venezuela S.R.L.	Venezuela
Senrab Limited	Ireland
Serm Suk Public Company Limited	Thailand
Servi Agua, SA de CV	Mexico
Servicios Administrativos Suma, SA de CV	Mexico
Servicios Calificados, S.A. de C.V.	Mexico
Servicios Corporativos GEMEX, SA de CV	Mexico
Servi-Facil, S.A.	Mexico
Seven-Up Andino, S.A.	Ecuador
Seven-Up Asia, Inc.	Missouri
Seven-Up Europe Ltd	United Kingdom
Seven-Up Great Britain	Missouri
Seven-Up International, Inc.	Delaware
Seven-Up Ireland Limited	Ireland
Seven-Up Light BV	Netherlands
Seven-Up Marketing, S.A.	Delaware
Seven-Up Nederland B.V.	Netherlands
Seven-Up Southern Hemisphere, Inc.	Missouri
Shanghai PepsiCo Snacks Company Limited	China
Shanghai Pepsi-Cola Beverage Company Ltd.	China
Shanghai Tropicana Beverages Co., Ltd.	China
Shelbyville Bottling Company, Inc.	Tennessee
Shenzhen Pepsi-Cola Beverage Co. Ltd.	China
Sichuan Pepsi-Cola Beverage Co. Ltd.	China
SIH International LLC	Delaware
Sika Silk Company Limited	China
Simba	South Africa
Smartfoods, Inc.	Delaware
Smiths Crisps Limited	United Kingdom
Smiths Food Group, B.V.	Netherlands
Snack Food Belgium S.A.	Belgium
Snack Ventures Europe SCA	Belgium
Snack Ventures Inversiones, S.L.	Spain
Snacks Ventures S.A.	Spain
Sociedad Productora de Refrescos y Sabores, C.A.	Venezuela
Sottano S.A.	Argentina
Special Edition Beverages Limited	New Zealand
Special Editions Enterprises Ltd.	New Zealand
Spint de Mexico, S.A. de C.V.	Mexico
Sportmex Internacional, S.A. De C.V.	Mexico
Staircase Properties, Inc.	Delaware
Stuff Comercial de Mexico, S.A. de C.V.	Mexico
SVE France SAS	France
SVE Italia	Italy
Syrena Sodycze Sp. z o.o.	Poland
Taco Bell de Mexico S.A. de C.V.	Mexico
Tanurin, S.A. de C.V.	Mexico
Tastes of Adventures Pty. Ltd.	Australia
Tasty Foods Bulgaria	Bulgaria

Tasty Foods Egypt SAE	Egypt
Tasty Foods S.A.	Greece
TFL Holdings, Inc.	Delaware
TFL, Inc.	Delaware
The Beverage S.R.L.	Italy
The Concentrate Manufacturing Company Of Ireland	Ireland
The Original Pretzel Company Pty. Ltd.	Australia
The Pepsi Bottling Group, Inc.	Delaware
The Smiths Snackfood Company Pty. Ltd.	Australia
Tianjin PepsiCo Foods Co. Ltd.	China
TPI Urban Renewal Corporation	New Jersey
Tricon Global Inmobiliaria, S.A. de C.V.	Mexico
Tricon Global PHM, S.A. de C.V.	Mexico
Tropicana Beverages Company	India
Tropicana Beverages Greater China Limited	Hong Kong
Tropicana Beverages Hong Kong Ltd.	Hong Kong
Tropicana Beverages Ltd.	Hong Kong
Tropicana China Beihai Food Company Ltd.	China
Tropicana China Investments Ltd.	Hong Kong
Tropicana Europe NV (Belgium)	Belgium
Tropicana Europe S. A.	France
Tropicana France S. A.	France
Tropicana France S. A. (France)	France
Tropicana Holdings, S.L.	Spain
Tropicana Industrial Glass Co.	Florida
Tropicana Payroll, Inc.	Florida
Tropicana Products (Europe) GmbH	Germany
Tropicana Products, Inc.	Delaware
Tropicana Products, Ltd.	Canada
Tropicana Products Sales, Inc.	Delaware
Tropicana Transportation Corporation	Delaware
Tropicana United Kingdom Ltd.	United Kingdom
Twinpack Atlantic Inc.	Canada
Ukranian Developmental Corp.	Ukraine
United Foods Company S.A.	Brazil
United Soft Drinks Limited	Hong Kong
Uzay Gida Sanayi Ve Ticaret A.S.	Turkey
Valores Mapumar	Venezuela
Vending LLC	Delaware
Veurne Snackfoods BVBA	Belgium
Walkers Crisps Limited	United Kingdom
Walkers Distribution Ltd.	United Kingdom
Walkers Snack Foods Limited	United Kingdom
Walkers Snacks Ltd.	United Kingdom
Weinkellerei Franz Weber Gmbh, Nierstein	Germany
Wetter Beverage Company	Delaware
Whitman International BV	Netherlands
Wilson International Sales Corporation	Delaware
Wuhan Pepsi-Cola Beverage Co. Ltd.	China

EXHIBIT 23

Report and Consent of Independent Auditors

The Board of Directors
PepsiCo, Inc.

The audits referred to in our report dated February 9, 2000, included the related financial statement schedule as of December 25, 1999, and for each of the years in the three-year period ended December 25, 1999 listed in the accompanying index at Item 14(a)2. The financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We consent to the use of our reports which are incorporated herein by reference in the following Registration Statements on:

Description	Registration Statement Number
Form S-3	
PepsiCo SharePower Stock Option Plan for PCDC Employees	33-42121
$32,500,000 Puerto Rico Industrial, Medical and Environmental Pollution Control Facilities Financing Authority AdjustableRate Industrial Revenue Bonds	33-53232
Extension of the PepsiCo SharePower Stock Option Plan to Employees of Snack Ventures Europe, a joint venture between PepsiCo Foods International and General Mills, Inc.	33-50685
$4,587,000,000 Debt Securities and Warrants	33-64243
Form S-8	
PepsiCo SharePower Stock Option Plan	33-35602, 33-29037, 33-42058, 33-51496, 33-54731& 33-66150
1988 Director Stock Plan	33-22970
1979 Incentive Plan and the 1987 Incentive Plan	33-19539
1994 Long-Term Incentive Plan	33-54733
1995 Stock Option Incentive Plan	33-61731 & 333-09363
1979 Incentive Plan	2-65410
PepsiCo, Inc. Long Term Savings Program	2-82645, 33-51514 & 33-60965
PepsiCo 401(K) Plan	333-89265

KPMG LLP

New York, New York
March 21, 2000

POWER OF ATTORNEY

PepsiCo, Inc. ("PepsiCo") and each of the undersigned, an officer or director, or both, of PepsiCo, do hereby appoint Robert F. Sharpe, Jr. and Lawrence F. Dickie, and each of them severally, its, his or her true and lawful attorney-in-fact to execute on behalf of PepsiCo and the undersigned the following documents and any and all amendments thereto (including post-effective amendments):

(i) Registration Statements No. 33-53232 and 33-64243 relating to the offer and sale of PepsiCo's Debt Securities and Warrants, and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the offer and sale of debt securities or warrants by PepsiCo or guarantees by PepsiCo of any of its subsidiaries' debt securities or warrants;

(ii) Registration Statements No. 33-4635, 33-21607, 33-30372, 33-31844, 33-37271, 33-37978, 33-47314 and 33-47527 all relating to the primary and/or secondary offer and sale of PepsiCo Capital Stock issued or exchanged in connection with acquisition transactions, and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the primary and/or secondary offer and sale of PepsiCo Capital Stock issued or exchanged in acquisition transactions;

(iii) Registration Statements No. 33-29037, 33-35602, 33-42058, 33-51496, 33-54731 33-42121, 33-50685 and 33-66150 relating to the offer and sale of shares of PepsiCo Capital Stock under the PepsiCo SharePower Stock; and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the offer and sale of shares of PepsiCo Capital Stock under the PepsiCo SharePower Stock Option Plan to employees of PepsiCo or otherwise;

(iv) Registration Statements No. 2-82645, 33-51514; 33-60965 and 333-89265 covering the offer and sale of shares of PepsiCo Capital Stock under the Long Term Savings Program of PepsiCo, and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the offer and sale of shares of PepsiCo Capital Stock under the long term savings programs of any other subsidiary of PepsiCo;

(v) Registration Statements No. 33-61731 and No. 333-09363 pertaining to the offer and sale of PepsiCo Capital Stock under PepsiCo's 1995 Stock Option Incentive Plan, Registration Statement No. 33-54733, relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's 1994 Long-Term Incentive Plan, Registration Statement No. 33-19539 relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's 1987 Incentive Plan and resales of such shares by officers of PepsiCo, and Registration Statement No. 2-65410 relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's 1979 Incentive Plan, 1972 Performance Share Plan, as amended, and various option plans, and resales of such shares by officers of PepsiCo;

(vi) Registration Statement No. 33-22970 relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's 1988 Director Stock Plan;

(vii) all other applications, reports, registrations, information, documents and instruments filed or required to be filed by PepsiCo with the Securities and Exchange Commission, any stock exchanges or any governmental official or agency in connection with the listing, registration or approval of PepsiCo Capital Stock, PepsiCo debt securities or warrants, other securities or PepsiCo guarantees of its subsidiaries' debt securities or warrants, or the offer and sale thereof, or in order to meet PepsiCo's reporting requirements to such entities or persons;

and to file the same, with all exhibits thereto and other documents in connection therewith, and each of such attorneys shall have the power to act hereunder with or without the other.

IN WITNESS WHEREOF, the undersigned has executed this instrument on March 21, 2000.

PepsiCo, Inc.

By: /S/ Robert F. Sharpe, Jr.
Robert F. Sharpe, Jr.
Senior Vice President, General
Counsel and Secretary

/S/ ROGER A. ENRICO
Roger A. Enrico
Chairman of the Board and
Chief Executive Officer

/S/ JOHN J. MURPHY
John J. Murphy
Director

/S/ LIONEL L. NOWELL III
Lionel L Nowell III
Senior Vice President and Controller
(Chief Accounting Officer)

/S/ FRANKLIN D. RAINES
Franklin D. Raines
Director

/S/ INDRA K. NOOYI
Indra K. Nooyi
Chief Financial Officer

/S/ STEVEN S REINEMUND
Steven S Reinemund
President and Chief Operating
Officer And Director

/S/ JOHN F. AKERS
John F. Akers
Director

/S/ SHARON PERCY ROCKEFFELLER
Sharon Percy Rockefeller
Director

/S/ ROBERT E. ALLEN
Robert E. Allen
Director

/S/ FRANKLIN A. THOMAS
Franklin A. Thomas
Director

/S/ PETER FOY
Peter Foy
Director

/S/ P. ROY VAGELOS
P. Roy Vagelos
Director

/S/ RAY L. HUNT
Ray L. Hunt
Director

/S/ KARL M VON DER HEYDEN
Karl M. von der Heyden
Vice Chairman of the Board

/S/ ARTHUR C. MARTINEZ
Arthur C. Martinez
Director

/S/ ARNOLD R. WEBER
Arnold R. Weber
Director

POWER OF ATTORNEY

The undersigned, a director of PepsiCo, Inc. ("PepsiCo") does hereby appoint Robert F. Sharpe, Jr. and Lawrence F. Dickie, and each of them severally, his true and lawful attorney-in-fact, to execute on behalf of the undersigned the following documents and any and all amendments thereto (including post-effective amendments):

(i) Registration Statements No. 33-53232 and 33-64243 relating to the offer and sale of PepsiCo's Debt Securities and Warrants, and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the offer and sale of debt securities or warrants by PepsiCo or guarantees by PepsiCo of any of its subsidiaries' debt securities or warrants;

(ii) Registration Statements No. 33-4635, 33-21607, 33-30372, 33-31844, 33-37271, 33-37978, 33-47314 and 33-47527 all relating to the primary and/or secondary offer and sale of PepsiCo Capital Stock issued or exchanged in connection with acquisition transactions, and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the primary and/or secondary offer and sale of PepsiCo Capital Stock issued or exchanged in acquisition transactions;

(iii) Registration Statements No. 33-29037, 33-35602, 33-42058, 33-51496, 33-54731, 33-42121, 33-50685, and 33-66150 relating to the offer and sale of shares of PepsiCo Capital Stock under the PepsiCo SharePower Stock; and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the offer and sale of shares of PepsiCo Capital Stock under the PepsiCo SharePower Stock Option Plan to employees of PepsiCo or otherwise;

(iv) Registration Statements No. 2-82645, 33-51514, 33-60965 and 333-89265 covering the offer and sale of shares of PepsiCo Capital Stock under the Long Term Savings Program of PepsiCo, and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the offer and sale of shares of PepsiCo Capital Stock under the long term savings programs of any other subsidiary of PepsiCo;

(v) Registration Statements No. 33-61731 and 333-09363 pertaining to the offer and sale of PepsiCo Capital Stock under PepsiCo's 1995 Stock Option Incentive Plan, Registration Statement No. 33-54733, relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's 1994 Long-Term Incentive Plan, Registration Statement No. 33-19539 relating to the offer and sale of shares of PepsiCo Capital Stock Under PepsiCo's 1987 Incentive Plan and resales of such shares by officers of PepsiCo, and Registration Statement No. 2-65410 relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's 1979 Incentive Plan, 1972 Performance Share Plan, as amended, and various option plans, and resales of such shares by officers of PepsiCo;

(vi) Registration Statement No. 33-22970 relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's Director Stock Plan;

(vii) All other applications, reports, registrations, information, documents and instruments filed or required to be filed by PepsiCo with the Securities and Exchange Commission, any stock exchanges or any governmental official or agency in connection with the listing, registration or approval of PepsiCo Capital Stock, PepsiCo debt securities or warrants, other securities or PepsiCo guarantees of its subsidiaries' debt securities or warrants, or the offer and sale thereof, on in order to meet PepsiCo's reporting requirements to such entities or persons;

and to file the same, with all exhibits thereto and other documents in connection therewith, and each of such attorneys shall have the power to act hereunder with or without the other.

IN WITNESS WHEREOF, the undersigned has executed this instrument as of January 27, 2000.

/S/ CYNTHIA M. TRUDELL
Cynthia M. Trudell

POWER OF ATTORNEY

The undersigned, a director of PepsiCo, Inc.("PepsiCo")does hereby appoint Robert F. Sharpe, Jr. and Lawrence F. Dickie, and each of them severally, his true and lawful attorney-in-fact, to execute on behalf of the undersigned the following documents and any and all amendments thereto including post-effective amendments):

(i) Registration Statements No. 33-53232 and 33-64243 relating to the offer and sale of PepsiCo's Debt Securities and Warrants, and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the offer and sale of debt securities or warrants by PepsiCo or guarantees by PepsiCo of any of its subsidiaries' debt securities or warrants;

(ii) Registration Statements No. 33-4635, 33-21607, 33-30372, 33-31844, 33-37271, 33-37978, 33-47314 and 33-47527 all relating to the primary and/or secondary offer and sale of PepsiCo Capital Stock issued or exchanged in connection with acquisition transactions, and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the primary and/or secondary offer and sale of PepsiCo Capital Stock issued or exchanged in acquisition transactions;

(iii) Registration Statements No. 33-29037, 33-35602, 33-42058, 33-51496, 33-54731, 33-42121, 33-50685, and 33-66150 relating to the offer and sale of shares of PepsiCo Capital Stock under the PepsiCo SharePower Stock; and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the offer and sale of shares of PepsiCo Capital Stock under the PepsiCo SharePower Stock Option Plan to employees of PepsiCo or otherwise;

(iv) Registration Statements No. 2-82645, 33-51514, 33-60965 and 333-89265 covering the offer and sale of shares of PepsiCo Capital Stock under the Long Term Savings Program of PepsiCo, and any registration statements deemed by any such attorney-in-fact to be necessary or appropriate to register the offer and sale of shares of PepsiCo Capital Stock under the long term savings programs of any other subsidiary of PepsiCo;

(v) Registration Statements No. 33-61731 and 333-09363 pertaining to the offer and sale of PepsiCo Capital Stock under PepsiCo's 1995 Stock Option Incentive Plan, Registration Statement No. 33-54733, relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's 1994 Long-Term Incentive Plan, Registration Statement No. 33-19539 relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's 1987 Incentive Plan and resales of such shares by officers of PepsiCo, and Registration Statement No. 2-65410 relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's 1979 Incentive Plan, 1972 Performance Share Plan, as amended, and various option plans, and resales of such shares by officers of PepsiCo;

(vi) Registration Statement No. 33-22970 relating to the offer and sale of shares of PepsiCo Capital Stock under PepsiCo's Director Stock Plan;

(vii) All other applications, reports, registrations, information, documents and instruments filed or required to be filed by PepsiCo with the Securities and Exchange Commission, any stock exchanges or any governmental official or agency in connection with the listing, registration or approval of PepsiCo Capital Stock, PepsiCo debt securities or warrants, other securities or PepsiCo guarantees of its subsidiaries' debt securities or warrants, or the offer and sale thereof, on in order to meet PepsiCo's reporting requirements to such entities or persons;

and to file the same, with all exhibits thereto and other documents in connection therewith, and each of such attorneys shall have the power to act hereunder with or without the other.

IN WITNESS WHEREOF, the undersigned has executed this instrument as of January 27, 2000.

/S/ SOLOM D. TRUJILLO
Solomon D. Trujillo

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PEPSICO, INC. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED DECEMBER 25, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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PepsiCo, Inc.
1,000,000

Year
Dec-25-1999
Dec-25-1999
964
92
1,789
85
899
4,173
8,816
3,550
17,551
3,788
2,812
0
0
29
6,852
17,551
20,367
20,367
8,198
8,198
0
26
363
3,656
1,606
2,050
0
0
0
2,050
1.40
1.37