SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

February 5, 2001
Date of Report (Date of earliest event reported)

PepsiCo, Inc.
(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction of incorporation)

1-1183	13-1584302
(Commission File Number)	(IRS Employer Identification No.)

700 Anderson Hill Road, Purchase, New York 10577
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (914) 253-2000

Item 5. Other Information

The information in Exhibit 99.1 is incorporated herein by reference.

"Forward-looking statements", within the meaning Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, are made in this document. These forward-looking statements are based on currently available competitive, financial and economic data and our operating plans and are subject to risks, uncertainties and assumptions. As a result, the forward-looking events discussed in this document and the exhibit hereto could turn out to be significantly different from expectations or may not occur.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits

99.1 Press Release, dated February 5, 2001, issued by PepsiCo, Inc.
99.2 Prepared statements by management of PepsiCo, Inc.

Item 9.Regulation FD Disclosure

On February 5, 2001, a telephone conference call regarding PepsiCo's year-end earnings was broadcast. The prepared comments for the Registrant's telephone conference call are attached to this report as Exhibit 99.2.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 5, 2001

PepsiCo, Inc.

By: /s/ LAWRENCE F. DICKIE

Lawrence F. Dickie
Vice President, Associate General
Counsel and Assistant Secretary

INDEX TO EXHIBITS

Exhibit Number	Description
99.1	Press release from PepsiCo, Inc. dated February 5, 2001
99.2	Prepared Comments by management of PepsiCo, Inc. for telephone conference call on February 5, 2001

PEPSICO DELIVERS FIFTH QUARTER OF DOUBLE-DIGIT EARNINGS GROWTH CAPPING STRONG YEAR 2000; EXPRESSES CONFIDENCE IN 2001 OUTLOOK

- o EPS grows 15% in the 16-week quarter to 38 cents, and 17% for the 52-week year to $1.45
- o Each division boosts Q4 volume, and gains market share for the year
- o Net sales advance 8% to over $6 billion for the quarter, annual sales grow 8% and exceed $20 billion
- o Every division posts double-digit operating profit growth in the quarter, annual operating profits advance 13% to $3.5 billion
- o Operating cash flow grows 33% to $2.7 billion
- o Return on invested capital (ROIC) improves to 23% -- a 250 basis point increase o 2001 outlook for continued double-digit earnings growth

PURCHASE, NY (February 5, 2001)--PepsiCo reported its fifth consecutive quarter of solid, double-digit earnings growth, with earnings per share for the fourth quarter of 2000 up 15% to 38 cents, excluding the impact of the extra week in the quarter.

Net sales grew 8% to $6.1 billion for the quarter, while division operating profit rose 12% to $984 million and net income grew 15% to $567 million. For the full year, net income grew 16% to over $2.1 billion, net sales advanced 8% to $20.1 billion and total division operating profits grew 13% to $3.5 billion.

When included, the 53rd week increased net sales by $294 million, operating profits by $62 million and net income by $44 million for an additional 3 cents in earnings per share. Information in the balance of this release will be presented on a comparable basis, comparing 2000 to 1999 on a 16-week to 16-week and 52-week to 52-week basis, and ignoring the upside impact of the 53rd week. (See the note on presentation at the end of this release.)

Chairman and Chief Executive Officer Roger Enrico said: "PepsiCo delivered another solid quarter and capped an outstanding year. By every measure -- EPS, revenue, profits, return on capital and cash flow -- 2000 was an outstanding year with a performance unmatched by virtually any other consumer product company.

Enrico added: "Our strength was broad-based with solid earnings growth across every business, domestic and international. Our sharp focus on convenient food and beverages is paying off and we expect consistently healthy results to continue throughout 2001."

Frito-Lay North America (FLNA)
(in millions)

	Sixteen Weeks			Fifty-Two Weeks		
	2000	1999	% change	2000	1999	% change
Net Sales	$2,484	$2,333	6.5%	$8,398	$7,865	7%
Operating Profit	$ 539	$ 490	10%	$1,811	$1,645	10%

4th Quarter 2000

FLNA's performance in the fourth quarter of 2000 continued to be excellent, with robust growth consistent with the rest of the year. Pound growth advanced 4%, led by strong growth in Tostitos and Lay's. Revenues grew 6.5% to $2.5 billion and, combined with productivity based margin enhancements, delivered a 10% increase in operating profits. This was FLNA's eighth consecutive quarter of double-digit operating profit growth.

Full Year 2000

FLNA's fourth quarter results added to a strong year that saw pound growth move up 4%, driven by growth across core brands. Frito-Lay gained nearly 2 share points, bringing its share of the measured U.S. retail salty snack market to over 58%. Revenues grew 7% to $8.4 billion and operating profit for the year rose 10% to $1.8 billion. Profit margins improved by over half a point, reflecting higher volume, higher effective net pricing and reduced commodity costs.

2001 Outlook

FLNA's strong performance is expected to continue in 2001, and early results in the first quarter are solidly on track. Topline momentum will be driven by:

|X| Continued growth in core products, driven by new flavors and forms such as reformulated Nacho Cheesier Doritos and Four Cheese Doritos, Ruffles Flavor Rush Ultimate Cheddar and Salsa, Rold Gold Nuggets and Cheetos Whirlz;

|X| Aggressive new product innovation, such as Lay's Bistro, Fritos Flavor

Twists, Cheddar Snack Mix and Obertos Beef Steak; and

|X| A strong marketing calendar, with promotions tied to big events like the Superbowl and the Daytona 500, and ESPN College Basketball.

In 2001, FLNA revenues are expected to continue to grow in the 5-7% range, consistent with 2000 and prior years. The gap between revenue growth and pound growth, which has been between 2-3%, is expected to widen to a difference of 3-4% as a result of a weight-out action implemented at the end of 2000. In 2001, solid unit growth, strong productivity and weight related pricing are expected to continue FLNA's 10% profit growth rate.

Frito-Lay International (FLI)
(in millions)

	Sixteen Weeks			Fifty-Two Weeks		
	2000	1999	% change	2000	1999	% change
Net Sales	$1,348	$1,227	10%	$4,258	$3,750	14%
Operating Profit	$ 155	$ 138	11%	$ 483	$ 406	19%

4th Quarter 2000

FLI also continued to show excellent results in the fourth quarter, with salty kilos growing 12%. Volume growth was broad based, coming from Sabritas, Walkers and our joint ventures in Latin America and Europe. FLI gained share in virtually every market where it operates. Revenues advanced 10%, reflecting strong marketing such as the highly successful Pokemon promotion, and higher pricing at Sabritas and Gamesa in Mexico. Despite foreign currency pressures, particularly in Europe, FLI's operating profits grew a robust 11% to $155 million.

Full Year 2000

The fourth quarter's contribution to full year results saw FLI ending 2000 with salty kilo growth of 13%. Revenues accelerated a solid 14% to $4.3 billion, led by double-digit increases at Sabritas and Gamesa. Full year operating profits grew an impressive 19% to $483 million, despite a 2 percentage point squeeze on net sales and operating profits due to weaker foreign currencies.

2001 Outlook

FLI is one of PepsiCo's key growth engines and is expected to deliver mid-teen profit growth in 2001. Strong marketing calendars are planned at Sabritas and Walkers, and Gamesa will continue to aggressively introduce innovative new products. In addition, FLI continues to find opportunities around the world to improve scale and increase market share, like the acquisitions in India and Taiwan that closed at the end of 2000 and the transactions in Egypt and Saudi Arabia that are expected to close in the first quarter of 2001.

Pepsi-Cola North America
(in millions)

	Sixteen Weeks			Fifty-Two Weeks		
	2000	1999	% change	2000	1999	% change
Net Sales	$995	$867	15%	$3,253	$3,005	8%
Operating Profit	$227	$200	13%	$ 820	$ 751	9%

4th Quarter 2000

The fourth quarter marked PCNA's return to improved levels of profitability as the division continued to pursue its strategy that began in 1999 to generate balanced growth. Net sales increased a strong 15% due to healthy volume gains and higher concentrate pricing. Operating profits were also up in the quarter, rising 13% even as investments were made behind Sierra Mist, our new lemon-lime carbonated soft drink, and the roll out of the new Dole juice drinks.

Concentrate shipments were up 2.7%, driven by growth across most brands and the Sierra Mist introduction. Bottler case sales increased over 1% for the quarter, less than expected due to severe competitive pricing actions. BCS growth is expected to return to a 3% level in 2001, driven by aggressive innovation and marketing.

Full Year 2000

As a result of the year's steady and profitable finish, PCNA net sales grew more than 8% and profits climbed a strong 9%. BCS were up 1% for the year, in spite of significant price increases at retail, and concentrate shipments were in line.

2001 Outlook

PCNA's outlook in 2001 is excellent. Strong new product innovation, the addition of SoBe Beverages, an aggressive marketing plan and strong retail support will create an unparalleled marketing calendar. New product launches will include Pepsi Lemon Twist, Code Red (the first flavor extension ever behind Mountain Dew), and the Dole juices. The acquisition of SoBe Beverages, concluded in

January, represents PepsiCo's latest step to build leadership in non-carbonated beverages, a strategy started in the early 1990's. Investment will also be made behind high growth brands such as Aquafina and Wild Cherry Pepsi, expansion of the "Pepsi Challenge" and "Pepsi Stuff" programs, continued cold bottle development, and promotional activity tied to big events (including first quarter events around the Superbowl, Daytona 500 and March Madness).

Pepsi-Cola International
(in millions)

	Sixteen Weeks			Fifty-Two Weeks		
	2000	1999	% change	2000	1999	% change
Net Sales	$528	$549	(4%)	$1,842	$1,793	3%
Operating Profit	--	$(7)	nm*	$ 148	$ 108	37%

(*not meaningful)

4th Quarter 2000

Pepsi-Cola International posted a solid fourth quarter performance with bottler case sales rising 4%, led by a doubling of volume in Russia, and double-digit growth in China, India, Brazil, Thailand, Egypt and Pakistan. Net sales, however, decreased 4% in the quarter, reflecting a 5 percentage point impact from adverse foreign currency exchange rates. Quarterly operating profit was breakeven, which is a $7 million improvement over 1999 -- a strong finish in this seasonally low quarter, especially given the adverse currency impact.

Full Year 2000

For the full year, PCI's 2000 results were consistently healthy. Bottler case sales were up 5% and the division grew market share in most of its top 25 markets. Net sales rose 3% to $1.8 billion on volume gains and higher pricing. Operating profits for the year increased 37% to $148 million, driven by the increased volume and pricing. The PCI bottler network continues to strengthen, reflecting consolidation in Mexico and Argentina and the re-franchising of bottlers in Australia and New Zealand.

2001 Outlook

Continued growth across PCI's key markets is expected in 2001 with profits growing in the mid-teens. Volume trends in Russia, China and India remain strong. More importantly, PCI has the infrastructure in place to drive improving margins as incremental revenues leverage fixed costs.

Tropicana
(in millions)

	Sixteen Weeks			Fifty-Two Weeks		
	2000	1999	% change	2000	1999	% change
Net Sales	$761	$704	8%	$2,393	$2,253	6%
Operating Profit	$ 63	$ 54	16%	$ 220	$ 170	30%

4th Quarter 2000

Tropicana continued its powerful momentum, posting another quarter of strong volume growth and finishing a very successful 2000. Equivalent case volume grew 11%, led by ongoing double-digit growth in Pure Premium nutritionals and blends and the new 128-ounce Pure Premium package. Consumer awareness of Pure Premium improved when clinical trials allowed Tropicana to make its heart health claims based on the potassium naturally found in fresh squeezed orange juice. Net sales increased 8% to $761 million, and operating profit accelerated more than 16%.

Full Year 2000

For the full year, Tropicana grew volume a robust 8%, more than double the growth rate of the prior year, and U.S. market share rose to 35%. Net sales increased 6% and operating profit rose a dramatic 30% due to the large volume gains, favorable fruit costs, supply chain productivity and accelerated profit growth outside the U.S. For the full year, operating profits would have been 4 points higher, but were impacted by unfavorable foreign currency exchange rates. Combined with operating profit growth of over 55% in 1999, Tropicana operating profits have doubled in the two years since the PepsiCo acquisition.

2001 Outlook

As with PepsiCo's other divisions, the outlook for Tropicana remains strong. Continued focus on Pure Premium nutritionals, including continued marketing support for the heart healthy benefits of potassium, the introduction of new sizes, and improvements to the Homestyle and Grovestand pulp products, will drive the brand's momentum. Growth in the balance of the portfolio will be supported by new plastic packaging for the Season's Best single serve line, Twister line extensions, and the regional introduction of Tropicana Smoothies. Tropicana is also focused on continuing to expand penetration outside its core markets. These initiatives are expected to grow profits in the mid-teens.

Corporate Items

Equity Income. For the 52-week year, equity income grew 52% to $125 million, contributing to the strong growth in earnings per share. This growth was driven in particular by the outstanding performance delivered by The Pepsi Bottling Group. The merger of Whitman Corporation into Pepsi Americas, a combination of Pepsi-Cola's second and third largest bottlers, is expected to further improve the effectiveness of Pepsi's domestic bottler network.

Net Interest. Net interest expense for the 52-week 2000, declined 12% over the pro forma prior year to $142 million, reflecting significantly lower average debt levels, partially offset by higher average interest rates.

Operating Cash Flow. Operating cash flow, defined as net income plus depreciation and amortization, plus changes in working capital, less capital spending and other balance sheet changes, grew 33% to $2.7 billion for the 53-week year ended December 30, 2000.

ROIC. For the 52-week year, PepsiCo's return on invested capital (ROIC) reached 23% -- a 250 basis point increase.

Share Repurchases. In early December, we rescinded our share repurchase program in connection with our acquisition of The Quaker Oats Company. During 2000, the company purchased just over 38 million shares at a total cost of approximately $1.4 billion, bringing our weighted average shares outstanding at year end to 1,475 million.

Cash EPS. Cash earnings per share, computed on a 16-week basis using net income before amortization of intangibles and shares outstanding assuming dilution, grew 13% in the fourth quarter to $.41, compared to $.37 in the year-earlier quarter.

Miscellaneous
- -------------
Note on Presentation

PepsiCo's fiscal year ends on the last Saturday in December. Every 5 or 6 years, our fiscal year contains 53 instead of 52 weeks and our 4th quarter contains 17 instead of 16 weeks. In order to help investors compare our performance in 2000 to our performance in 1999, the information in this release was presented on a "comparable" basis. Specifically, we have:

X Compared fourth quarter 2000 to 1999 on a 16-week to 16-week and full year 2000 to 1999 on a 52-week to 52-week basis, ignoring the benefit of the extra week in 2000; and

X Presented results for 1999 on a pro forma basis assuming the transactions involving The Pepsi Bottling Group, PepsiAmericas and PepCom occurred on the first day of fiscal 1998 and excluding unusual items reported in 1999.

Conference Call

At 11:00 a.m. (Eastern time) today, management will host a conference call with investors to discuss fourth quarter results. For details, visit our site on the internet at www.pepsico.com.

Cautionary Statement

This release may discuss expectations regarding PepsiCo's future performance. Any forward-looking statements based on current expectations and projections about future events are subject to risks, uncertainties and assumptions. As a result, forward-looking statements discussed in this release could turn out to be significantly different from expectations or may not occur. In addition, the pro forma condensed consolidated information does not purport to represent what PepsiCo's results would have been had the transactions referred to in this release been completed as of the beginning of 1998, nor does it give effect to any other events.

PepsiCo, Inc. and Subsidiaries
PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION (a)
($ in millions except per share amounts, unaudited)

	16 Weeks Ended		52 Weeks Ended	
	12/30/00 (b)	12/25/99	12/30/00 (b)	12/25/99(c))
Net Sales				
Frito-Lay				
- -North America..................................	$2,484	$2,333	$ 8,398	$ 7,865
- -International..................................	1,348	1,227	4,258	3,750
	3,832	3,560	12,656	11,615
Pepsi-Cola				
- -North America..................................	995	867	3,253	3,005
- -International..................................	528	549	1,842	1,793
	1,523	1,416	5,095	4,798
Tropicana.......................................	761	704	2,393	2,253
Total Net Sales.................................	$6,116	$5,680	$20,144	$18,666

Operating Profit				
Frito-Lay				
- -North America	$ 539	$ 490	$ 1,811	$ 1,645
- -International	155	138	483	406
	694	628	2,294	2,051
Pepsi-Cola				
- -North America	227	200	820	751
- -International	-	(7)	148	108
	227	193	968	859
Tropicana	63	54	220	170
Combined Segments	984	875	3,482	3,080
Corporate Unallocated	(111)	(111)	(319)	(278)
Pro Forma Operating Profit	873	764	3,163	2,802
Bottling equity income(d)	(10)	-	125	82
Interest expense, net	(29)	(37)	(142)	(163)
Income Before Income Taxes	834	727	3,146	2,721
Provision for Income Taxes	267	233	1,007	871
Net Income	$ 567	$ 494	$ 2,139	$ 1,850
Income Per Share - Assuming Dilution	$ 0.38	$ 0.33	$1.45	$ 1.24
Average Shares Outstanding	1,480	1,481	1,475	1,496

See accompanying notes.

Notes to the pro forma information for the 16 and 52 weeks ended December 30, 2000 and December 25, 1999:

(a) Percentage changes in text are based on unrounded amounts.

(b) PepsiCo's fiscal year ends on the last Saturday in December and, as a result, a fifty-third week is added every 5 or 6 years. The fiscal year ended December 30, 2000 consisted of fifty-three weeks. For comparative purposes, the proforma condensed consolidated financial information for 2000 excludes the impact of the fifty-third week.

(c) The pro forma condensed consolidated financial information for 1999 also gives effect to the initial public offering of The Pepsi Bottling Group (PBG), the merger of PepsiCo Bottling Operations with the Whitman Corporation and the contribution of PepsiCo bottling franchises to a business venture with PepCom Industries, Inc. (PepCom) as if the transactions occurred at the beginning of PepsiCo's 1998 fiscal year. In addition, the pro forma results exclude the Frito-Lay first quarter 1999 impairment and restructuring charge, the first quarter 1999 gain on the sale of a chocolate business in Poland, the second quarter 1999 net gain on the PBG and Whitman bottling transactions and the third quarter 1999 income tax provision related to the PepCom transaction. The pro forma condensed consolidated financial information does not purport to represent what PepsiCo's results of operations would have been had such transactions been completed as of the date indicated nor does it give effect to any other events.

(d) Represents PepsiCo's interest in the pro forma income of PBG, Whitman and PepCom as well as the equity income or loss of other unconsolidated bottling affiliates and other adjustments related to these investments.

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

	17 Weeks Ended 12/30/00 (a)	16 Weeks Ended 12/25/99	53 Weeks Ended 12/30/00 (a)	52 Weeks Ended 12/25/99
Net Sales				
New PepsiCo	$6,410	$5,680	$20,438	$18,244
Bottling operations (b)	-	-	-	2,123
Total Net Sales	6,410	5,680	20,438	20,367
Cost and Expenses				
Cost of sales	2,510	2,253	7,943	8,198
Selling, general and administrative expenses	2,923	2,620	9,132	9,103
Amortization of intangible assets	42	43	138	183
Impairment and restructuring charge (c)	-	-	-	65
Total Costs and Expenses	5,475	4,916	17,213	17,549
Operating Profit				
New PepsiCo	935	764	3,225	2,765
Bottling operations and equity investments (b)	-	-	-	53
Total Operating Profit	935	764	3,225	2,818
Bottling equity income, net (d)	(5)	-	130	83
Gain on bottling transactions (e)	-	-	-	1,000
Interest expense	(65)	(63)	(221)	(363)
Interest income	33	22	76	118
Income Before Income Taxes	898	723	3,210	3,656
Provision for Income Taxes(e) (f)	287	233	1,027	1,606
Net Income	$ 611	$ 490	$ 2,183	$ 2,050
Income Per Share - Basic	$ 0.42	$ 0.34	$ 1.51	$ 1.40
Average Shares Outstanding - Basic	1,446	1,456	1,446	1,466
Income Per Share - Assuming Dilution	$ 0.41	$ 0.33	$ 1.48	$ 1.37
Average Shares Outstanding - Assuming Dilution	1,480	1,481	1,475	1,496

See accompanying notes.

Notes to the 17 and 53 weeks ended December 30, 2000 and 16 and 52 weeks ended December 25, 1999:

(a) PepsiCo's fiscal year ends on the last Saturday in December and, as a result, a week is added every 5 or 6 years. The fiscal year ended December 30, 2000, consisted of fifty-three weeks. The fifty-third week increased the 2000 fourth quarter and full year net sales by an estimated $294 million, operating profit by an estimated $62 million and net income by an estimated $44 million or $0.03 per share assuming dilution.

(b) Through the applicable transaction closing dates in 1999, includes the results of those previously wholly-owned bottling operations in which we now own an equity interest. In addition, the equity income or loss of unconsolidated bottling affiliates for the first quarter of 1999 is presented in operating profit.

(c) For the 52 weeks in 1999, includes an asset impairment and restructuring charge of $65 million ($40 million after-tax or $0.03 per share assuming dilution) for Frito-Lay North America related to the consolidation of U.S. production in our most modern and efficient plants and streamlining logistics and transportation systems.

(d) From the applicable transaction closing dates in 1999, includes the equity income of those previously wholly-owned bottling operations in which we now own an equity interest. Also includes equity income or loss of other unconsolidated bottling affiliates for 2000 and the second, third and fourth quarters of 1999.

(e) In 1999, reflects the gain of $1.0 billion ($270 million after-tax or $0.18 per share assuming dilution) on the second quarter PBG and Whitman bottling transactions. There was no gain or loss resulting from the third quarter PepCom transaction which was treated 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.

(f) For the fourth quarter and full year in 2000, the effective tax rate is 32.0%. In 1999, effective tax rate for the fourth quarter is 32.2% and for the full year is 43.9%. For the full year in 1999, excluding the effects of the bottling transactions and the asset impairment and restructuring charge, the effective tax rate is 32.2%.

EARNINGS CONFERENCE CALL SCRIPT
(February 5, 2000, 11:00am)

KATHLEEN LUKE

Thank you, operator. And thanks to everyone for joining us this morning.

With me are Steve Reinemund, President and Chief Operating Officer of PepsiCo, and Indra Nooyi, our Chief Financial Officer.

We have a lot of great news to report across all of our divisions both for the fourth quarter and the full year 2000. Steve will start by talking about the fine performances turned in across all our businesses and why we expect that performance to continue. Indra will then roll up the financials and give you the corporate algorithm. After that Steve and Indra will take your questions.

Before we begin, I'd like to repeat some information about this call, which is also being webcast and can be accessed at www.pepsico.com. The call will be archived for 90 days at the following websites: www.ccbn.com and www.vcall.com. A taped replay will be available until the close of business Wednesday by dialing 800-633-8625. International callers should dial 858-812-6450. The reservation number is 17648339.

Let me also take a moment to point out that PepsiCo's fiscal year ends on the last Saturday in December, so every 5 or 6 years our fiscal year includes 53 instead of 52 weeks, and our fourth quarter contains 17 instead of 16 weeks. The year 2000 was one of those years and so, in order to help you compare our performance in 2000 to our performance in 1999, we are presenting information on a "comparable" basis. Specifically, we have ignored the incremental impact of the extra week for both the quarter and the full year. We also presented results for 1999 on a pro forma basis assuming that the transactions involving bottling operations occurred in 1998 and excluding unusual items reported in 1999.

Finally, I'd like to read our Safe Harbor Statement.

This conference call may include forward-looking statements based on our current expectations and projections about future events. Our actual results could differ materially from those anticipated in any forward-looking statements, but we undertake no obligation to update any such statements. In addition, the pro forma results do not necessarily represent what our results would have been had certain transactions been completed as of the dates indicated, nor do they give effect to any other events. For a review of risk factors, please refer to our statements filed at the Securities and Exchange Commission.

Now it's my pleasure to introduce Steve Reinemund.

STEVE REINEMUND

Good morning everybody and thanks for joining us. I'm pleased to report we had a terrific year. 2000 was PepsiCo's best in recent memory, and actually the strongest I've seen in my 16 years with the company. I say that not just because of the overall results, which I do believer were excellent, but because every single one of our businesses consistently contributed to our success--in the U.S. and internationally.

I also say that because we've delivered on our promises. We have the right strategies as a convenient food and beverage company and are focused on executing consistently against them. We've stayed focused even while executing last year's M&A program that included Quaker and SoBe.

That's why we're so excited about the future. Our businesses are well-positioned to take advantage of the consumer trend toward convenient consumption, and our major platforms for growth make us confident that we'll be successful in meeting our goal to continue to report this kind of solid financial performance in 2001 and the years to come.

Now let me give you some highlights of our excellent performance in the 4th quarter and for all of last year.

Let's start with the fourth quarter:

o Earnings per share grew 15% to 38 cents a share on a 16-week basis. This was our fifth consecutive quarter of double-digit earnings growth, demonstrating the strength of our underlying businesses.

o Including the impact of the extra 53rd week, we would have added three more cents to 41 cents per share. o Every division gained volume, which drove net sales up 8% to over $6.1 billion. o Operating profits also grew very strongly across all divisions, increasing over 12% to $984 million. o And finally, net income grew 15% to $567 million.

The strong quarter contributed to a terrific full year.

o On a 52-week basis, EPS grew a strong 17% to $1.45, compared to $1.24 in 1999. And with the 53rd week, EPS was $1.48.

o Net sales grew 8% to over $20 billion.

o Operating profits grew 13% to $3.5 billion.

o And ROIC improved even more than expected by 250 basis points to 23%.

Again, we're particularly proud of the fact that these strong results came from excellent performances by each of our operating divisions. Let's look at each of them, starting with Frito-Lay North America.

FLNA achieved double-digit profit growth for the eighth consecutive quarter, on increased revenues of 6.5% and 4% volume growth. Fourth quarter profits came in at $539 million and revenues were $2.5 billion.

For the year, FLNA's revenues rose 7% to $8.4 billion and profits were up 10% to $1.8 billion.

Frito-Lay is an exceptional business, and we expect their strong performance to continue throughout 2001. We're comfortable that operating profits will continue growing at around 10% for the year, based on revenue growth in the range of 5-7%.

Let me come back to volume for a minute -- specifically the impact of FLNA's weight-out action. It's simple, but also complicated, and I've asked to Indra walk you through the details.

INDRA NOOYI

Thanks Steve,

First, let me reiterate: we expect 5% - 7% revenue growth and 10% profit growth from FLNA in 2001.

By way of background, remember: FLNA has a portfolio of products that includes salty snacks in both "take home" and "single-serve" sizes, dips, meat snacks, cookies and crackers. Our business is not only the DSD business in the U.S., it includes Canada and a vend/food service business.

In the snack business we have key "magical" price points, for example 99 cents for single serve, and $1.99 or 2-for-$5 for take-home size promotions. These price points appeal to consumers and we want to maintain them. When we take "visual" pricing we either lose the appealing price point or, in the case of promoted price points, end up giving the price increase back through allowances to get to our customary promoted price points. So we need to be very careful about taking visual pricing actions.

Now the weight out:

- When you think about our weight out action, think of it as a cost reduction that we are using to offset inflation.

- The weight out was not across-the-board. The weight out affected only specific SKUs -- mostly larger salty snack take home sizes. It impacts the single serve up and down the street business to a much lesser degree and does not impact any of our Canadian business or vend/foodservice.

- Therefore, it can be a little difficult to explain.

With all that said, here are some rules of thumb to use going forward:

- There is typically a difference between our revenue growth and pound growth resulting from product mix changes, price changes, and promotional changes.

- For 2001, for FLNA as a whole, you should expect revenue growth to exceed pound growth by 3 to 4 pts as the result of the weight out. This is up from the 2 to 3 points we usually report. Any change beyond that will be attributable to product mix changes, promotional changes, or size mix changes, all of which would be very hard to forecast at this point.

- When you look at IRI data, revenue will likely exceed lb growth by 4 to 5 pts as a result of the weight out,

- This is because the channels read by IRI, which are less than 50% of our business, have a higher mix of take home sizes, where the weight out had a bigger impact; and

- The IRI numbers don't capture the UDS channel and our products not impacted by the weight out, such as Obertos meats, crackers, cookies and nuts. As Steve said, it's simple but complicated, and hopefully, with these rules of thumb, there won't be confusion going forward. Now let me turn it back to Steve.

STEVE REINEMUND

Thanks, Indra.
Let me just say one more time how proud we are of FLNA's performance, and how comfortable we are they will continue to deliver consistent, excellent performance.

Moving beyond North America, Frito Lay International also had another terrific quarter and continued to grow its salty volume at double-digits. Salty volume was up 12%, with that growth coming across all its regions. In fact we gained market share in virtually every single market.

For the fourth quarter, revenues grew almost 10% to $1.3 billion with operating profits up 11% to $155 million. Profits would have been four points higher, but for the adverse impact of unfavorable foreign currency exchange rates.

For the full year, revenues accelerated a solid 14% to $4.3 billion, with profits up 19% to $483 million.

Sabritas and Gamesa continue to perform well.

Volume at Walkers grew 9% for the year and they gained 3 share points. Walker's profits were up 12% in local currency terms, but unfortunately profits were impacted by unfavorable FOREX.

After the big three, our businesses performed well around the world. For example, our European and Latin American JV's saw double digit volume increases last quarter, Turkey had extraordinary volume gains, Elma in Brazil initiated its value strategy in Q4, and Australia continued to build momentum in the grocery and vending channels.

The outlook for FLI continues to be quite strong. For the full-year 2001, we expect operating profits to grow in the mid-teens.

Now, let's look at Pepsi-Cola North America.

PCNA finished a successful 2000 with a very strong performance in the quarter. Revenues were up 15% and profits over 13% for the quarter, in each case easily exceeding our high single-digit guidance.

Concentrate shipments rose 2.7% for the fourth quarter, driven by the introduction of Sierra Mist. Bottler case sales were not as strong as expected, due to severe competitor pricing actions in December, but BCS did advance more than 1%. As you look at BCS, I'd like to remind you for comparison's sake, that our reported BCS volume does not reflect any sales of Tropicana products.

For the full year, PCNA's net sales increased 8% to $3.3 billion and profits were up 9% to $820 million.

We are confident that PCNA will continue to produce balanced growth in 2001: |X| We see building momentum in CSD's. |X| Aquafina is continuing to show strong growth.

|X| We have new products lined up, such as Pepsi Lemon Twist and the new Mountain Dew entry we're calling Code Red.
|X| We're looking forward to the sell in of Dole.
|X| And we have a strong promotional calendar.

Based on all of this, we see bottler case sales growing approximately 3% for the year.

Our profit outlook for the full year is high single digit growth. The impact of the SoBe acquisition should add about a point to that.

Now let me turn to another division that delivered a fine performance for the quarter by single-mindedly pursuing its strategy. Pepsi-Cola International volume was up 4% for the quarter, led by strong performances in key countries like India, China and Russia, to name a few. Revenues in the quarter were down 4%, reflecting the negative impact of weaker foreign currencies and competitive pricing issues in some markets. Operating profits broke even--a big win in this seasonally low quarter and $7 million better than last year.

For the full year, bottler case sales were up 5%, reflecting strong performances around the world. Net sales were up 3% for the full year to $1.8 billion, primarily due to volume gains and higher pricing. Operating profits for the full year increased 37% to $148 million, due to the higher pricing and increased volume. As you can see, Pepsi-Cola International continues to make tremendous progress.

And the outlook for 2001 remains strong. Consistent with our guidance for last year, we expect PCI's volume and revenues to grow in the mid-single digits, with profits growing in the mid-teens.

Now, let me turn your attention to Tropicana.

Trop's phenomenal growth story continued as they posted another quarter of strong volume gains. Equivalent case volume grew 11% for the quarter, led by more double-digit growth from Pure Premium, our flagship not-from-concentrate brand.

Net sales in the quarter increased 8% to $761 million and operating profits increased 16% to $63 million, due to the volume gains.

For the full year, Tropicana grew volume a robust 8%, more than double the growth rate of the prior year.

Net sales increased 6% to $2.4 billion and operating profits grew an outstanding 30% to $220 million. That's double the operating profit level of 1998, the year we acquired Tropicana.

Tropicana's focus on its fortified nutritional blends fueled growth in 2000, as did the introduction of the new 128 ounce Pure Premium package. Tropicana pioneered the clinical trials that allowed it to make additional heart health claims because of the potassium naturally found in our product. Driven by this news, Tropicana's market share rose to almost 35%.

Looking ahead, we have exciting product news in 2001 as well, and will continue to focus on extending Pure Premium's reach with various category development programs.

We expect both volume and revenues to grow in the mid-single digit range for the full year. We expect profits to grow in the low teens for the full year and below that for the first quarter as they overlap last year's phenomenal 70% growth rate in Q1.

And now, I'd like to turn it over to Indra to roll up the numbers and give you the corporate algorithm.

INDRA NOOYI

Thanks, Steve.

First, I'd like to say how proud I am about the strong and consistent performance turned in by every PepsiCo operating division--not only in the fourth quarter but throughout the year 2000.

Let me take a few moments talking about the corporate leverage that has gotten us to our 17% EPS growth for the year.

First, let's talk about corporate unallocated expenses, which increased to $319MM in 2000. Several items drove this increase - deferred compensation costs, which were higher than prior year due to our strong stock performance, stepped up investments behind our Power-of-One activity, increased contributions to the PepsiCo Foundation, and Forex losses.

Equity income grew 52% to $125 million. This growth was driven in particular by the outstanding performance delivered by The Pepsi Bottling Group.

Net interest expense for the 52-week year declined 12% over the proforma prior year to $142 million, reflecting significantly lower average debt levels that were partially offset by higher average interest rates.

I also want to spend a few moments on the number of shares we have outstanding. As you may remember, we announced in December that we rescinded our share repurchase program in connection with our acquisition of Quaker Oats. For the full year 2000, prior to stopping our program, we repurchased 38 million shares for a total cost of approximately $1.4 billion, bringing our weighted average number of shares outstanding on a fully diluted basis at year end to 1.475 billion shares.

I'm also very proud of the cash flow performance we turned in. Operating cash flow, which we define as net income, excluding after tax interest, plus depreciation and amortization, plus changes in working capital, less capital spending and other balance sheet changes, grew 33% to $2.7billion last year.

Now, let me turn to our Return on Invested Capital. We've had and continue to have as a goal the improvement of ROIC by 50 to 100 basis points per year. But this year we did even better than expected as a result of our strong net income performance. This year ROIC grew by 250 basis points to 23%--and we're very proud of that accomplishment.

As I think you can tell, we're very pleased with these results and, based on our outlook for the coming year, we expect to continue to deliver consistently excellent performance. Let me explain.

- First, we expect revenues from our snack and beverage businesses to grow 6-7% for the full year.

- Second, we believe we can grow line of business earnings from our existing businesses10-11% for the year.

- Third, we expect to generate another 2% or 3% from corporate initiatives to get to EPS growth of 12-13% for the full year.

- And finally, we expect to improve our ROIC another 50-100 basis points this year.

Now let me return to corporate leverage. We are committed to getting 2 to 3 points of leverage below the operating profit line. But, how we get it will be slightly different in 2001 than 2000. Let me explain.

1. Going into 2001, we expect corporate unallocated expenses to be relatively flat to 2000 on a full year basis, although individual quarters may be higher or lower than prior year.

2. We expect equity income to continue to benefit from solid performances by our anchor bottlers, although our growth may not be as outstanding as in 2000.

3. The single biggest challenge in 2001 will be the loss of leverage resulting from our share repurchase activity. As I mentioned earlier, in connection with the Quaker transaction, which will be accounted for as a pooling, we rescinded our share repurchase program. Additionally, our shares outstanding will go up for several reasons:
   we will be reissuing 15 to 20MM tainted shares before that transaction closes, employee stock option exercises will continue adding to the base, and approximately 315MM additional shares of PepsiCo stock will be issued to Quaker shareholders to conclude the merger.

Nevertheless, as I said before, we still expect to get 2 to 3 points of corporate leverage. In 2001, driven by the implementation of various tax strategies, our PepsiCo standalone corporate tax rate will go down 1% to 31%. We expect to maintain this rate going forward. This reduction in tax rate will help us offset the loss in leverage from the rescinded share repurchase program.

Let me close by reiterating PepsiCo's algorithm, which relates only to our existing portfolio of businesses:

- Revenues will grow 6-7%. o Line of Business earnings up 10-11%.

- Full year EPS growth of 12-13%.

- And finally, we expect to improve our ROIC another 50-100 basis points.

Now, let me turn it back to Steve who will give you an update on the Quaker transaction.

STEVE REINEMUND

Thanks Indra.

As you know, we've entered into a merger agreement with The Quaker Oats Company. While today I've been talking about the performance and outlook for our existing snack and beverage portfolio, our goal of sustained growth will not change after the Quaker merger. In fact, that's one of the reasons the merger is so attractive -- because Quaker creates opportunities across so many parts of our existing business and expands our platforms for growth in the future. As we work out the details of our integration plans, we continue to feel very positive about our ability to successfully complete the deal and achieve the synergies we spoke about last December.

We believe the transaction is still on track to close some time in the second quarter of this year. The integration planning is well under way, and we have received clearance on our preliminary filing with the SEC.

Now I know we've gone through a lot of information, but I want to go back to the key points just one last time: o First, we had a great fourth quarter that capped off a terrific year. o Second, we achieved such good performance because all of our divisions are highly focused on consistent performance against their objectives.

o And finally, our outlook is simple--more of the same.

Now Indra and I will be happy to entertain your questions.

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