FORM 10-Q
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 13, 1998 (12 and 24 Weeks Ended)

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-1183

[GRAPHIC OMITTED]

PEPSICO,INC.
(Exact name of registrant as specified in its charter)

North Carolina	13-1584302
(State or other jurisdiction of Employer incorporate or organization)	(I.R.S. identification No.)
700 Anderson Hill Road, Purchase, New York	10577
(Address of principal executive offices)	(Zip Code)

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

N/A

(Former name, former address and former fiscal year, if changed since last report.)

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

Number of shares of Capital Stock outstanding as of July 10, 1998: 1,472,836,872

PEPSICO, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME
(in millions, unaudited)

	12 Weeks Ended		24 Weeks Ended	
	6/13/98	6/14/97	6/13/98	6/14/97
Net Sales	$5,258	$5,086	$9,611	$9,299
Costs and Expenses, net				
Cost of sales	2,148	2,069	3,898	3,790
Selling, general and administrative expenses	2,286	2,205	4,255	4,094
Amortization of intangible assets	46	50	90	94
Unusual items	-	326	-	304
Operating Profit	778	436	1,368	1,017
Interest expense	(76)	(120)	(152)	(235)
Interest income	15	11	47	23
Income from Continuing Operations Before Income Taxes	717	327	1,263	805
Provision for Income Taxes	223	151	392	311
Income from Continuing Operations	494	176	871	494
Income from Discontinued Operations, net of tax ($271 and $341)	-	480	-	589
Net Income	$ 494	$ 656	$ 871	$1,083
Income Per Share - Basic				
Continuing Operations	$ 0.33	$ 0.11	$ 0.58	$ 0.32
Discontinued Operations	-	0.31	-	0.38
Net Income	$ 0.33	$ 0.42	$ 0.58	$ 0.70
Average shares outstanding	1,485	1,534	1,491	1,539
Income Per Share - Assuming Dilution				
Continuing Operations	$ 0.33	$ 0.11	$ 0.57	$ 0.31
Discontinued Operations	-	0.31	-	0.38
Net Income	$ 0.33	$ 0.42	$ 0.57	$ 0.69
Average shares outstanding	1,530	1,575	1,534	1,579
Cash Dividends Declared Per Share	$ 0.13	$0.125	$0.255	$ 0.24

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
(in millions, unaudited)

	12 Weeks Ended		24 Weeks Ended	
	6/13/98	6/14/97	6/13/98	6/14/97
Net Income	$494	$656	$871	$1,083
Other Comprehensive Income/(Loss)				
Currency translation adjustment, net of related taxes	(53)	19	(72)	(124)
Reclassification adjustment for items realized in net income	9	(15)	9	14
	(44)	4	(63)	(110)
Comprehensive Income	$450	$660	$808	$ 973

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions, unaudited)

	24 Weeks Ended	
	6/13/98	6/14/97
Cash Flows - Operating Activities		
Income From Continuing Operations	$ 871	$ 494
Adjustments to reconcile income from continuing operations to net cash provided by operating activities		
Depreciation and amortization	523	488
Noncash portion of unusual items	-	220
Deferred income taxes	47	65
Other noncash charges and credits, net	131	108
Changes in operating working capital, excluding effects of acquisitions and dispositions		
Accounts and notes receivable	(376)	(264)
Inventories	(133)	(51)
Prepaid expenses, deferred income taxes and other current assets	(78)	(67)
Accounts payable and other current liabilities	(486)	(196)
Income taxes payable	188	(26)
Net change in operating working capital	(885)	(604)
Net Cash Provided by Operating Activities	687	771
Cash Flows - Investing Activities		
Capital spending	(540)	(621)
Acquisitions and investments in unconsolidated affiliates	(552)	(13)
Sales of businesses	-	85
Sales of property, plant and equipment	37	19
Short-term investments, by original maturity		
More than three months - purchases	(242)	(47)
More than three months - maturities	305	46
Three months or less, net	692	(25)
Other, net	(48)	33
Net Cash Used for Investing Activities	(348)	(523)

Continued next page.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
(in millions, unaudited)

	24 Weeks Ended	
	6/13/98	6/14/97
Cash Flows - Financing Activities		
Proceeds from issuances of long-term debt..................................	703	-
Payments of long-term debt.............	(1,111)	(1,454)
Short-term borrowings, by original maturity		
More than three months - proceeds	110	50
More than three months - payments.....	(52)	(121)
Three months or less, net	277	1,694
Proceeds from formation of REIT.........	-	296
Cash dividends paid....................	(375)	(342)
Share repurchases......................	(1,723)	(890)
Proceeds from exercises of stock options	280	141
Other, net............................	-	3
Net Cash Used for Financing Activities....	(1,891)	(623)
Net Cash Provided by Discontinued Operations...............................	-	688
Effect of Exchange Rate Changes on Cash and Cash Equivalents....................	(1)	5
Net (Decrease)/Increase in Cash and Cash Equivalents.............................	(1,553)	318
Cash and Cash Equivalents - Beginning of year....................................	1,928	307
Cash and Cash Equivalents - End of period.	$ 375	$ 625

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(in millions)

ASSETS

	(Unaudited) 6/13/98	12/27/97
Current Assets		
Cash and cash equivalents.........	$ 375	$ 1,928
Short-term investments, at cost...	201	955
	576	2,883
Accounts and notes receivable, less allowance: 6/98 and 12/97 - $125.	2,507	2,150
Inventories		
Raw materials and supplies........	451	400
Finished goods....................	430	332
	881	732
Prepaid expenses, deferred income taxes and other current assets...	594	486
Total Current Assets............	4,558	6,251
Property, Plant and Equipment.......	11,940	11,294
Accumulated Depreciation............	(5,387)	(5,033)
	6,553	6,261
Intangible Assets, net.............	5,990	5,855
Investments in Unconsolidated Affiliates	1,255	1,201
Other Assets.......................	537	533
Total Assets...................	$18,893	$20,101

Continued on next page.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)
(in millions)

LIABILITIES AND SHAREHOLDERS' EQUITY

	(Unaudited) 6/13/98	12/27/97
Current Liabilities		
Short-term borrowings	$ 200	$ -
Accounts payable and other current liabilities	3,183	3,617
Income taxes payable	683	640
Total Current Liabilities	4,066	4,257
Long-term Debt	4,679	4,946
Other Liabilities	2,324	2,265
Deferred Income Taxes	1,749	1,697
Shareholders' Equity		
Capital stock, par value 1 2/3 cents per share: authorized 3,600 shares, issued 6/98 and 12/97 - 1,726 shares	29	29
Capital in excess of par value	1,293	1,314
Retained earnings	12,059	11,567
Currency Translation adjustment	(1,051)	(988)
	12,330	11,922
Less: Treasury Stock, at Cost: 6/98 - 250 shares, 12/97 - 224 shares	(6,255)	(4,986)
Total Shareholders' Equity	6,075	6,936
Total Liabilities and Shareholders' Equity	$18,893	$20,101

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES
(unaudited)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(all per share information is computed using average shares outstanding, assuming dilution)

(1) Our Condensed Consolidated Balance Sheet at June 13, 1998 and the Condensed Consolidated Statements of Income and Comprehensive Income for the 12 and 24 weeks ended June 13, 1998 and June 14, 1997 and the Condensed Consolidated Statement of Cash Flows for the 24 weeks ended June 13, 1998 and June 14, 1997 have not been audited, and all have been prepared in conformity with the accounting principles applied in our 1997 Annual Report on Form 10-K (Annual Report) for the year ended December 27, 1997. The Condensed Consolidated Statement of Comprehensive Income was prepared in conformity with the accounting principles and was not required for 1997. In our opinion, this information includes all material adjustments, which are of a normal and recurring nature, necessary for a fair presentation. The results for the 12 and 24 weeks are not necessarily indicative of the results expected for the year.

(2) On July 20, 1998, we announced that we will purchase the Tropicana juice business (Tropicana) from The Seagram Company Ltd. for $3.3 billion in cash. Tropicana is the world's largest marketer and producer of branded juices. The acquisition will be accounted for under the purchase method and the purchase price will largely be funded by the issuance of commercial paper which may result in an increase to our revolving credit facilities. The acquisition is subject to regulatory approval and is expected to close at the end of August.

On July 23, 1998, we announced that our Board of Directors has authorized a study of the feasibility of converting essentially all of our company-owned bottling operations in North America and possibly some international bottling operations to public ownership. The effect, if any, on our financial statements is dependent on the ultimate outcome of the study and approval of any action by our Board of Directors.

(3) In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. This statement is effective for fiscal year beginning 2000. We are evaluating SFAS 133 to determine its impact on the consolidated financial statements.

(4) Through the 24 weeks ended June 13, 1998, we repurchased 45.6 million shares of our capital stock at a cost of $1.7 billion. From June 14, 1998 through July 24, 1998, we repurchased 5.7 million shares at a cost of $237 million.

(5) Supplemental Cash Flow Information

($ in millions)	24 Weeks Ended	
	6/13/98	6/14/97
Interest paid.......	$133	$246
Income taxes paid...	$232	$201

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS, CASH FLOWS AND LIQUIDITY AND CAPITAL RESOURCES

Cautionary Statements

From time to time, in written reports and oral statements, we discuss our expectations regarding PepsiCo's future performance. These "forward-looking statements" are based on currently available competitive, financial and economic data and our operating plans. They are also inherently uncertain, and investors must recognize that events could turn out to be significantly different from what we expect.

General

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

Volume is the estimated dollar effect of the year-over-year change in case sales by company-owned bottling operations and concentrate unit sales to franchisees in Beverages, and in pound or kilo sales of salty and sweet snacks in Snack Foods.

Effective net pricing includes price changes and the effect of product, package and country mix.

Ongoing amounts exclude net unusual charges of $326 million ($238 million after-tax or $0.15 per share) and $304 million ($240 million after-tax or $0.15 per share) in the quarter and year-to-date 1997, respectively.

Analysis of Consolidated Operations

Net sales rose 3% or $172 million and $312 million in the quarter and year-to-date, respectively. The increases reflect volume gains in all businesses and higher effective net pricing by Worldwide Snack Foods, partially offset by an unfavorable foreign currency translation impact and the absence of sales in 1998 resulting from the refranchising of our Japanese bottler late in 1997.

Cost of sales as a percent of net sales remained relatively flat to the prior year at 40.9% and 40.6% for the quarter and year-to-date, respectively. Higher potato costs in Worldwide Snack Foods and new product start-up costs in North American Snack Foods were offset by a favorable mix shift in International Beverages and the higher effective net pricing. The favorable mix shift in International Beverages to our higher margin concentrate business from packaged products reflects, in part, the 1997 refranchising of our Japanese bottler.

Selling, general and administrative expenses (SG&A) comprises selling and distribution expenses (S&D), advertising and marketing expenses (A&M), general and administrative expenses (G&A), other income and expense and equity income or loss from investments in unconsolidated affiliates. SG&A grew 4% or $81 million and $161 million for the quarter and year-to-date, respectively, a slightly faster rate than sales. This growth primarily reflects A&M growing at a significantly faster rate than sales partially offset by S&D and year-to-date, G&A growing slower than sales. For the quarter, G&A expenses were below the prior year.

The A&M growth was led by Worldwide Beverages and year-to-date, North American Snack Foods also contributed to the A&M growth. The slower rate of growth in S&D is driven by the mix shift in International Beverages. The year-to-date growth in G&A includes higher spending on information systems related to the Year 2000 and increased executive compensation expense resulting from our deferred compensation liability, which is indexed to various investment options, including PepsiCo capital stock.

Operating Profit
($ in millions)

	12 Weeks Ended			24 Weeks Ended		
	6/13/98	6/14/97	% Change	6/13/98	6/14/97	% Change
Reported	$778	$436	78	$1,368	$1,017	35
Ongoing*	$778	$762	2	$1,368	$1,321	4

* Excludes the effect of unusual charges as described on page 9.

Reported operating profit increased $342 million in the quarter and $351 million year-to-date. Ongoing operating profit increased $16 million and $47 million in the quarter and year-to-date, respectively, primarily reflecting segment operating profit growth of $11 million and $44 million for the comparable periods.

Interest expense, net of interest income declined 44% and 50% or $48 million and $107 million for the quarter and year-to-date, respectively. The decline is primarily due to lower average U.S. debt levels and higher average worldwide investment levels, reflecting the significant cash flows received from discontinued operations in the latter half of 1997. This was partially offset by higher U.S. interest rates.

Provision for Income Taxes
($ in millions)

	12 Weeks Ended		24 Weeks Ended	
	6/13/98	6/14/97	6/13/98	6/14/97
Reported				
Provision for Income Taxes	$223	$151	$392	$311
Effective tax rate	31.1%	46.2%	31.0%	38.6%
Ongoing*				
Provision for Income Taxes	$223	$239	$392	$375
Effective tax rate	31.1%	36.6%	31.0%	34.6%

* Excludes the effect of unusual charges as described on page 9.

Our reported effective tax rates decreased 15.1 points and 7.6 points in the quarter and year-to-date, respectively. The ongoing effective tax rates declined 5.5 points in the quarter and 3.6 points year-to-date reflecting, in part, favorable settlement of prior years' audit issues.

Income from Continuing Operations and Income Per Share
($ in millions expect per share amounts)

	12 Weeks Ended			24 Weeks Ended		
	6/13/98	6/14/97	% Change	6/13/98	6/14/97	% Change
Income from continuing operations						
Reported	$ 494	$ 176	NM	$ 871	$ 494	76
Ongoing*	$ 494	$ 414	19	$ 871	$ 734	19
Income per share from continuing operations						
Reported	$ 0.33	$ 0.11	NM	$ 0.57	$ 0.31	81**
Ongoing*	$ 0.33	$ 0.26	23**	$ 0.57	$ 0.46	22**

* Excludes the effect of unusual charges as described on page 9.
** Based on unrounded amounts.

NM Not Meaningful.

Reported income from continuing operations increased $318 million and $377 million while income per share increased $0.22 and $0.26 for the quarter and year-to-date, respectively. Ongoing income from continuing operations and income per share for the quarter and year-to-date increased $80 million and $137 million and $0.07 and $0.11, respectively. The ongoing increases are due to the lower net interest expense, the lower effective tax rate and year-to-date, growth in operating profit. In addition, income per share benefited from a 3% reduction in average shares outstanding for both the quarter and year-to-date.

PEPSICO, INC. AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE OF NET SALES AND OPERATING PROFIT (a)
($ in millions, unaudited)

	Net Sales			Operating Profit			
	12 Weeks Ended		% Change	12 Weeks Ended		% Change B/(W)	
	6/13/98	6/14/97	B/(W)	6/13/98	6/14/97 (b)	As Rept'd	Adjusted (c)
Beverages							
-North America	$1,989	$1,900	5	$362	$334	8	(6)
-International	661	720	(8)	19	(172)	NM	NM
	2,650	2,620	1	381	162	NM	(3)
Snack Foods							
-North America	1,802	1,668	8	351	312	13	9
-International	806	798	1	86	7	NM	(5)
	2,608	2,466	6	437	319	37	6
Combined Segments	$5,258	$5,086	3	818	481	70	1
Unallocated Expenses				(40)	(45)	11	11
Operating Profit				$778	$436	78	2

NM - Not Meaningful.

Notes:

(a) This schedule should be read in conjunction with Management's Discussion and Analysis beginning on page 14. Certain reclassifications were made to prior year amounts to conform with the 1998 presentation.

(b) Includes the following unusual items:

	1997
Beverages	
- North America	$ 52
- International	180
Snack Foods	
- North America	10
- International	84
Net unusual charges	$326

(c) Excludes the effects of unusual items described in note (b) above.

PEPSICO, INC. AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE OF NET SALES AND OPERATING PROFIT (a)
($ in millions, unaudited)

	Net Sales			Operating Profit			
	24 Weeks Ended		% Change	24 Weeks Ended		% Change B/(W)	
	6/13/98	6/14/97	B/(W)	6/13/98	6/14/97 (b)	As Rept'd	Adjusted (c)
Beverages							
-North America	$3,642	$3,509	4	$ 620	$ 592	5	(4)
-International	972	1,081	(10)	1	(199)	NM	NM
	4,614	4,590	1	621	393	58	(1)
Snack Foods							
-North America	3,433	3,191	8	659	595	11	9
-International	1,564	1,518	3	162	106	53	(4)
	4,997	4,709	6	821	701	17	6
Combined Segments	$9,611	$9,299	3	1,442	1,094	32	3
Unallocated Expenses				(74)	(77)	4	4
Operating Profit				$1,368	$1,017	35	4

NM - Not Meaningful.

Notes:

(a) This schedule should be read in conjunction with Management's Discussion and Analysis beginning on page 14. Certain reclassifications were made to prior year amounts to conform with the 1998 presentation.

(b) Includes the following unusual items:

	1997
Beverages	
- North America	$ 52
- International	180
Snack Foods	
- North America	10
- International	62
Net unusual charges	$304

(c) Excludes the effects of unusual items described in note (b) above.

Business Segments

Beverages
($ in millions)

	12 Weeks Ended 6/13/98	12 Weeks Ended 6/14/97	% Change	24 Weeks Ended 6/13/98	24 Weeks Ended 6/14/97	% Change
Net Sales						
North America	$1,989	$1,900	5	$3,642	$3,509	4
International	661	720	(8)	972	1,081	(10)
	$2,650	$2,620	1	$4,614	$4,590	1
Operating Profit						
Reported						
North America	$ 362	$ 334	8	$ 620	$ 592	5
International	19	(172)	NM	1	(199)	NM
	$ 381	$ 162	NM	$ 621	$ 393	58
Ongoing*						
North America	$ 362	$ 386	(6)	$ 620	$ 644	(4)
International	19	8	NM	1	(19)	NM
	$ 381	$ 394	(3)	$ 621	$ 625	(1)

* Ongoing amounts exclude net unusual charges in 1997 of $232 ($52-North America, $180-International) in the quarter and year-to-date.

NM - Not Meaningful.

System bottler case sales (BCS) is our standard volume measure. It represents PepsiCo-owned brands as well as brands we have been granted the right to produce, distribute and market nationally. Second quarter BCS includes the months of April and May.

North America

Net sales increased $89 million and $133 million in the quarter and year-to-date, respectively. The increases primarily reflect packaged products volume growth.

BCS increased 7% in the quarter and 4% year-to-date, led by high-single-digit growth by our Mountain Dew brand and mid-single-digit growth in brand Diet Pepsi as well as single-digit growth in brand Pepsi in the quarter. Non-carbonated soft drink products, led by Aquafina bottled water, Lipton Brisk and Frappuccino coffee drink, grew at a double-digit rate. Our concentrate shipments to franchisees grew at a significantly slower rate than their BCS growth in the quarter.

Reported operating profit increased $28 million for both the quarter and year-to-date. Ongoing operating profit declined $24 million for both the quarter and year-to-date. The declines primarily reflect increased S&D, A&M and G&A costs partially offset by volume growth. S&D grew faster than sales and year-to-date, volume. The S&D growth reflects higher depreciation expense and labor costs associated with cooler and vendor placements. A&M expenses grew significantly faster than sales and volume. The G&A growth includes higher spending on information systems related to the Year 2000. The current quarter reflected the unfavorable effect of lapping a reversal of a restructuring accrual in 1997.

International

Net sales declined $59 million and $109 million in the quarter and year-to-date, respectively. The declines were primarily driven by the absence of sales in 1998 resulting from the refranchising of our Japanese bottler late in 1997. Volume gains and higher effective net pricing were substantially offset by unfavorable currency translation effects, led by Thailand, Spain and India.

BCS increased 8% in the quarter and 7% year-to-date reflecting double-digit growth in Mexico, the Philippines and India. In addition, BCS more than doubled in Venezuela reflecting the momentum gained by our joint venture as it increases territories and capacity. These advances were partially offset by significantly lower volumes in Japan, the absence of sales volume in South Africa due to the cessation of our joint venture operation, and in the quarter, a decline in Brazil resulting from the transition to the new bottler Brahma. The decline in Japan reflects the elimination of certain of our brands, partially offset by double-digit growth in those of our brands continuing to be sold by our new bottler Suntory. Total concentrate shipments to franchisees for both the quarter and year-to-date increased at a significantly faster rate than their BCS.

Reported operating results increased $191 million and $200 million in the quarter and year-to-date, respectively. Ongoing operating results increased $11 million in the quarter and $20 million year-to-date. The improved operating results reflect the higher volumes and effective net pricing partially offset by increases in A&M.

Snack Foods
($ in millions)

	12 Weeks Ended 6/13/98	6/14/97	% Change	24 Weeks Ended 6/13/98	6/14/97	% Change
Net Sales						
North America	$1,802	$1,668	8	$3,433	$3,191	8
International	806	798	1	1,564	1,518	3
	$2,608	$2,466	6	$4,997	$4,709	6
Operating Profit						
Reported						
North America	$ 351	$ 312	13	$ 659	$ 595	11
International	86	7	NM	162	106	53
	$ 437	$ 319	37	$ 821	$ 701	17
Ongoing*						
North America	$ 351	$ 322	9	$ 659	$ 605	9
International	86	91	(5)	162	168	(4)
	$ 437	$ 413	6	$ 821	$ 773	6

* Ongoing amounts exclude net unusual charges in 1997 of $94 ($10-North America, $84-International) and $72 ($10-North America, $62-International) in the quarter and year-to-date, respectively.

Pound and kilo sales are our standard volume measures. 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.

North America

Net sales grew $134 million for the quarter and $242 million year-to-date. The sales growth reflected increased volume and favorable mix shifts, including the effect of our new "WOW" no-fat product introduction.

Pound volume advanced 5% and 6% for the quarter and year-to-date, respectively. Volume gains were led by "WOW" products and solid double-digit growth in Doritos brand tortilla chips. These gains were partially mitigated by declines in our "Baked" products and the elimination of Doritos Reduced Fat. Core potato chip pound volume (excluding low-fat and no-fat versions) declined 2% for the quarter due in part to an intentional reduction in production for two weeks to ration potatoes given a poor spring crop in Florida.

Reported operating profit grew $39 million and $64 million for the quarter and year-to-date, respectively. Ongoing operating profit grew $29 million and $54 million for the quarter and year-to-date, respectively. The increase for the quarter reflects the higher volume and favorable mix shifts, partially offset by higher potato and manufacturing costs and increased A&M expense. The year-to-date increase was driven by the higher volume, the favorable mix shifts and by non-operating items, partially offset by increased A&M, higher manufacturing costs and S&D expenses. Increased manufacturing costs are attributable to the start-up of plants and lines related to "WOW" and Doritos 3-D products. Year-to-date, A&M grew at a higher rate than sales and volume due to increased promotional allowances and "WOW" launch costs.

International

Net sales increased $8 million for the quarter and $46 million year-to-date. For the quarter, contributions from acquisitions and higher effective net pricing were substantially offset by the unfavorable impact of the stronger U.S. dollar. Year-to-date, volume gains, higher effective net pricing and contributions from acquisitions were partially offset by the unfavorable currency translation impact.

Salty snack kilos increased 6% for the quarter and 8% year-to-date led by strong double-digit growth at Snack Ventures Europe and Sabritas partially offset by double-digit declines in Brazil. Sweet snack kilos declined 3% and 7% for the quarter and year-to-date, respectively, reflecting continued market softness at Gamesa. Including acquisitions/divestitures, salty snack kilos increased 17% and 14% for the quarter and year-to-date, respectively, while sweet snack kilos declined 9% and 10% for the same periods.

Reported operating profit increased $79 million and $56 million for the quarter and year-to-date, respectively. Ongoing operating profit decreased $5 million for the quarter and $6 million year-to-date. A deterioration of operating performance in Brazil and market softness at Gamesa were partially offset by strong double-digit growth at Sabritas. Operating performance was also impacted by increased raw material costs resulting from lower potato yields in Europe.

Cash Flows

PepsiCo's 1998 consolidated cash and cash equivalents decreased $1.6 billion compared to a $318 million increase in 1997. The unfavorable swing of $1.9 billion reflects the absence of cash provided by discontinued operations, increased cash outflows for share repurchases, acquisitions and investments in unconsolidated affiliates, and changes in operating working capital. The absence of proceeds from the 1997 formation of a Real Estate Investment Trust (REIT) and net debt repayments in 1998 compared to net proceeds in 1997 also contributed to the unfavorable swing. These were partially offset by net proceeds from our investment portfolios compared to a net use of cash for short-term investing activities in the prior year.

Our share repurchase activity was as follows:

	24 Weeks Ended	
($ and shares in millions)	6/13/98	6/14/97
Cost	$1,723	$ 890
Number of shares repurchased	45.6	26.7
% of shares outstanding at beginning of year	3.0%	1.7%

The increase in acquisitions and investments in unconsolidated affiliates includes the purchase of a bottler in Canada, the Cracker Jack brand, the remaining ownership interest in our snack food business Wedel in Poland and various International salty snack food businesses in 1998.

The changes in operating working capital reflects a decline in accounts payable and other current liabilities primarily due to higher accruals recorded in 1997 and timing of payments, and growth in accounts and notes receivable due to increased sales volume and timing of collections. These uses of cash were partially offset by an increase in income taxes currently payable compared to a decline in the prior year.

Liquidity and Capital Resources

On July 20, 1998 we announced our plan to purchase the Tropicana juice business from The Seagram Company Ltd. for $3.3 billion in cash. This acquisition is expected to close by the end of August and will be funded largely by the issuance of commercial paper which may result in an increase to our revolving credit facilities.

Please refer to our 1997 Annual Report on Form 10-K for further discussion regarding our Liquidity and Capital Resources.

Independent Accountants' Review Report

The Board of Directors
PepsiCo, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of PepsiCo, Inc. and Subsidiaries as of June 13, 1998 and the related condensed consolidated statements of income and comprehensive income for the twelve and twenty-four weeks ended June 13, 1998 and June 14, 1997 and the condensed consolidated statement of cash flows for the twenty-four weeks ended June 13, 1998 and June 14, 1997. These financial statements are the responsibility of PepsiCo, Inc.'s management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of PepsiCo, Inc. and Subsidiaries as of December 27, 1997, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended not presented herein; and in our report dated February 3, 1998, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 27, 1997, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Our report, referred to above, contains an explanatory paragraph that states that PepsiCo, Inc. in 1995 adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

KPMG Peat Marwick LLP

New York, New York
July 16, 1998

PART II - OTHER INFORMATION AND SIGNATURES

Item 4. Submission of Matters to a Vote of Security Holders

(a) PepsiCo's Annual Meeting of Shareholders was held on May 6, 1998.

(c) Certain proposals voted upon at the Annual Meeting, and the number of votes cast for, against and abstentions with respect to each, were as follows:

Description of Proposals	Number of Shares (in millions)		
	For	Against	Abstain
Approval of the appointment of KPMG Peat Marwick LLP as independent auditors.	1,272	3	4
Shareholders' proposal concerning the location of the annual meeting.	48	973	25
Shareholders' proposal concerning cumulative voting.	255	732	59
Shareholders' proposal concerning a cap on non-performance based executive compensation.	68	958	20

Item 5. Other Information

Any shareholder proposal submitted with respect to PepsiCo's 1999 Annual Meeting of Shareholders, which proposal is submitted outside the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, will be considered untimely for purposes of Rules 14a-4 and 14a-5 if notice thereof is received by PepsiCo after February 10, 1999.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Index to Exhibits on page 23.

(b) Reports on Form 8-K

PepsiCo filed a current report on Form 8-K dated July 24, 1998 attaching the PepsiCo, Inc. press release of July 20, 1998 announcing the planned acquisition of the Tropicana juice business from The Seagram Company Ltd.

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

PEPSICO, INC.
(Registrant)

Date: July 27, 1998

Sean F. Orr
Senior Vice President and
Controller

Date: July 27, 1998

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

INDEX TO EXHIBITS
ITEM 6 (a)

EXHIBITS

Exhibit 11	Computation of Net Income Per Share of Capital Stock - Basic and Assuming Dilution
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges
Exhibit 15	Letter from KPMG Peat Marwick LLP regarding Unaudited Interim Financial Information (Accountants' Acknowledgment)
Exhibit 27.1	Financial Data Schedule 24 weeks ended June 13, 1998
Exhibit 27.2	Financial Data Schedule 24 weeks ended June 14, 1997

EXHIBIT 11

PEPSICO, INC. AND SUBSIDIARIES
Computation of Net Income Per Share of Capital Stock
(in millions except per share amounts, unaudited)

	12 Weeks Ended		24 Weeks Ended	
	6/13/98	6/14/97	6/13/98	6/14/97
Shares outstanding at beginning of period..........	1,491	1,539	1,502	1,545
Weighted average of shares issued during the period for exercise of stock options...	3	3	12	6
Weighted average shares repurchased..................	(9)	(8)	(23)	(12)
Average shares outstanding - Basic........................	1,485	1,534	1,491	1,539
Effect of dilutive securities				
Dilutive shares contingently issuable upon the exercise of stock options...........	155	152	158	152
Shares assumed to have been purchased for treasury with assumed proceeds from the exercise of stock options...	(110)	(111)	(115)	(112)
Average shares outstanding - Assuming dilution...........	1,530	1,575	1,534	1,579
Income from Continuing Operations...................	$494	$176	$871	$ 494
Income from Discontinued Operations....................	-	480	-	589
Net Income...................	$494	$656	$871	$1,083
Income per share - Basic				
Continuing Operations.......	$0.33	$0.11	$0.58	$0.32
Discontinued Operations.....	-	0.31	-	0.38
Net Income.................	$0.33	$0.42	$0.58	$0.70
Income per share - Assuming dilution				
Continuing Operations.......	$0.33	$0.11	$0.57	$0.31
Discontinued Operations.....	-	0.31	-	0.38
Net Income.................	$0.33	$0.42	$0.57	$0.69

EXHIBIT 12

PEPSICO, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
(in millions except ratio amounts, unaudited)

	24 Weeks Ended	
	6/13/98	6/14/97 (a)
Earnings:		
Income from continuing operations before income taxes	$1,263	$ 805
Joint ventures and minority interests, net	1	8
Amortization of capitalized interest	3	2
Interest expense	152	235
Interest portion of rent expense (b)	21	20
Earnings available for fixed charges	$1,440	$1,070
Fixed Charges:		
Interest expense	$ 152	$ 235
Capitalized interest	6	4
Interest portion of rent expense (b)	21	20
Total fixed charges	$ 179	$ 259
Ratio of Earnings to Fixed Charges	8.04	4.13

(a) Included $304 of unusual charges in 1997. Excluding the unusual charges, the ratio of earnings to fixed charges for the 24 weeks ended June 14, 1997 would have been 5.31.
(b) One-third of net rent expense is the portion deemed representative of the interest factor.

EXHIBIT 15

Accountants' Acknowledgment

The Board of Directors
PepsiCo, Inc.

We hereby acknowledge our awareness of the use of our report dated July 16, 1998 included within the Quarterly Report on Form 10-Q of PepsiCo, Inc. for the twelve and twenty-four weeks ended June 13, 1998, and incorporated by reference in the following Registration Statements and in the related Prospectuses:

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 Adjustable Rate 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

Pursuant to Rule 436(c) of the Securities Act of 1933, such report is not considered a part of a registration statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

KPMG Peat Marwick LLP

New York, New York
July 27, 1998

5
This Schedule Contains Summary Financial Information Extracted from PepsiCo, Inc. and Subsidiaries Condensed Consolidated Financial Statements for the 24 Weeks Ended June 13, 1998 and is Qualified in its Entirety by Reference to such Financial Statements.
0000077476
PepsiCo, Inc.
1,000,000

Dec-27-1997
Jun-13-1998
6-MOS
375
201
2,632
125
881
4,558
11,940
5,387
18,893
4,066
4,679
29
0
0
6,046
18,893
9,611
9,611
3,898
3,898
0
15
152
1,263
392
871
0
0
0
871
0.58
0.57

5
This Schedule Contains Summary Financial Information Extracted from PepsiCo, Inc. and Subsidiaries Condensed Consolidated Financial Statements for the 24 Weeks Ended June 14, 1997 and is Qualified in its Entirety by Reference to such Financial Statements.

0000077476
PepsiCo, Inc.
1,000,000

Dec-28-1996
Jun-14-1997
6-MOS
625
331
3,250
138
838
5,485
10,732
4,731
22,372
4,845
7,300
29
0
0
6,591
22,372
9,299
9,299
3,790
3,790
0
26
235
805
311
494
589
0
0
1,083
0.70
0.69