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UNITED STATES  
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**

Date of report (Date of earliest event reported): April 26, 2006

**PepsiCo, Inc.**  
(Exact Name of Registrant as Specified in its Charter)

North Carolina  
(State or other jurisdiction of incorporation)

1-1183  
(Commission File Number)

13-1584302  
(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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written Communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

The information contained in this Item 2.02, including the exhibit attached hereto, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Item 2.02 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, except as otherwise expressly stated in such filing.

Attached as Exhibit 99.1 and incorporated by reference into this Item 2.02 is a copy of the press release issued by PepsiCo, Inc., dated April 26, 2006, reporting PepsiCo, Inc.’s financial results for the 12 weeks ended March 25, 2006.

**Item 9.01. Financial Statements and Exhibits.****(c) Exhibits**

99.1 Press Release issued by PepsiCo, Inc., dated April 26, 2006.

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

	12 Weeks Ended	
	<u>3/25/06</u>	<u>3/19/05</u>
	(unaudited)	
Net Revenue	\$ 7,205	\$ 6,585
Cost and Expenses		
Cost of sales	3,179	2,870
Selling, general and administrative expenses	2,647	2,439
Amortization of intangible assets	<u>31</u>	<u>29</u>
Operating Profit	1,348	1,247
Bottling Equity Income	84	65
Interest Expense	(62)	(50)
Interest Income	<u>45</u>	<u>23</u>
Income before Income Taxes	1,415	1,285
Provision for Income Taxes	<u>396</u>	<u>373</u>
Net Income	<u>\$ 1,019</u>	<u>\$ 912</u>
Diluted		
Net Income Per Common Share	\$ 0.60	\$ 0.53
Average Shares Outstanding	1,695	1,713

**PepsiCo, Inc. and Subsidiaries**  
**Supplemental Financial Information**  
(in millions)

	12 Weeks Ended	
	<u>3/25/06</u>	<u>3/19/05</u>
	(unaudited)	
<u>Net Revenue</u>		
Frito-Lay North America	\$ 2,393	\$ 2,263
PepsiCo Beverages North America	1,991	1,784
PepsiCo International	2,378	2,121
Quaker Foods North America	<u>443</u>	<u>417</u>
Total Net Revenue	<u>\$ 7,205</u>	<u>\$ 6,585</u>
<u>Operating Profit</u>		
Frito-Lay North America	\$ 569	\$ 539
PepsiCo Beverages North America	428	415
PepsiCo International	371	307
Quaker Foods North America	<u>151</u>	<u>145</u>
Division Operating Profit	1,519	1,406
Corporate	<u>(171)</u>	<u>(159)</u>
Total Operating Profit	<u>\$ 1,348</u>	<u>\$ 1,247</u>

**PepsiCo, Inc. and Subsidiaries**  
**Condensed Consolidated Statement of Cash Flows**  
(in millions)

	12 Weeks Ended	
	3/25/06	3/19/05
	(unaudited)	
<b>Operating Activities</b>		
Net income	\$ 1,019	\$ 912
Depreciation and amortization	286	282
Stock-based compensation expense	67	77
Excess tax benefits from share-based payment arrangements	(34)	—
Cash payments for merger-related costs and other restructuring charges	—	(14)
Pension and retiree medical plan contributions	(28)	(48)
Pension and retiree medical plan expenses	123	102
Bottling equity income, net of dividends	(70)	(51)
Deferred income taxes and other tax charges and credits	20	51
Change in accounts and notes receivable	(347)	(237)
Change in inventories	(179)	(93)
Change in prepaid expenses and other current assets	(39)	3
Change in accounts payable and other current liabilities	(441)	(522)
Change in income taxes payable	(140)	233
Other, net	9	54
<b>Net Cash Provided by Operating Activities</b>	<b>246</b>	<b>749</b>
<b>Investing Activities</b>		
Snack Ventures Europe (SVE) minority interest acquisition	—	(750)
Capital spending	(289)	(181)
Sales of property, plant and equipment	6	25
Other acquisitions and investments in noncontrolled affiliates	(275)	(41)
Cash proceeds from sale of The Pepsi Bottling Group (PBG) stock	85	47
Short-term investments, net	800	(528)
<b>Net Cash Provided by/(Used for) Investing Activities</b>	<b>327</b>	<b>(1,428)</b>
<b>Financing Activities</b>		
Proceeds from issuances of long-term debt	—	13
Payments of long-term debt	(22)	(3)
Short-term borrowings, net	(691)	733
Cash dividends paid	(432)	(387)
Share repurchases – common	(660)	(494)
Share repurchases – preferred	(2)	(6)
Proceeds from exercises of stock options	436	233
Excess tax benefits from share-based payment arrangements	34	—
<b>Net Cash (Used for)/Provided by Financing Activities</b>	<b>(1,337)</b>	<b>89</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>4</b>	<b>(9)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(760)</b>	<b>(599)</b>
Cash and Cash Equivalents – Beginning of year	1,716	1,280
Cash and Cash Equivalents – End of period	<u>\$ 956</u>	<u>\$ 681</u>

**PepsiCo, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheet**  
(in millions)

	3/25/06 (unaudited)	12/31/05
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 956	\$ 1,716
Short-term investments	2,373	3,166
Accounts and notes receivable, net	3,634	3,261
Inventories		
Raw materials	764	738
Work-in-process	159	112
Finished goods	958	843
	1,881	1,693
Prepaid expenses and other current assets	658	618
Total Current Assets	9,502	10,454
Property, plant and equipment, net	8,754	8,681
Amortizable intangible assets, net	503	530
Goodwill	4,100	4,088
Other nonamortizable intangible assets	1,098	1,086
Nonamortizable Intangible Assets	5,198	5,174
Investments in noncontrolled affiliates	3,506	3,485
Other assets	3,531	3,403
<b>Total Assets</b>	<b>\$ 30,994</b>	<b>\$ 31,727</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Short-term obligations	\$ 2,214	\$ 2,889
Accounts payable and other current liabilities	5,587	5,971
Income taxes payable	359	546
Total Current Liabilities	8,160	9,406
Long-term debt obligations	2,288	2,313
Other liabilities	4,427	4,323
Deferred income taxes	1,378	1,434
Total Liabilities	16,253	17,476
Commitments and Contingencies		
Preferred stock, no par value	41	41
Repurchased preferred stock	(112)	(110)
Common Shareholders' Equity		
Common stock	30	30
Capital in excess of par value	567	614
Retained earnings	21,702	21,116
Accumulated other comprehensive loss	(989)	(1,053)
	21,310	20,707
Less: Repurchased common stock	(6,498)	(6,387)
Total Common Shareholders' Equity	14,812	14,320
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 30,994</b>	<b>\$ 31,727</b>

**PepsiCo, Inc. and Subsidiaries**  
**Supplemental Share and Option Data**  
(in millions of shares, except average share and exercise prices, and unaudited)

	12 Weeks Ended	
	3/25/06	3/19/05
Beginning Net Shares Outstanding	1,656	1,679
Options Exercised	12	7
Shares Repurchased	(12)	(9)
Ending Net Shares Outstanding	<u>1,656</u>	<u>1,677</u>
Weighted Average Basic	1,656	1,678
Dilutive securities:		
Options	33	31
Restricted Stock Units	4	2
ESOP Convertible Preferred Stock/Other	2	2
Weighted Average Diluted	<u>1,695</u>	<u>1,713</u>
Average Share Price for the period	\$ 58.79	\$ 53.46
Growth Versus Prior Year	10%	9%
Options Outstanding	150	178
Options in the Money	150	166
Dilutive Shares from Options	33	31
Dilutive Shares from Options as a % of Options in the Money	22%	19%
Average Exercise Price of Options in the Money	\$ 43.55	\$ 40.31



**Reconciliation of GAAP and Non-GAAP Information**  
**(unaudited)**

**Operating Profit Growth Reconciliation**

	Quarter Ended 3/25/06
Total operating profit growth	8.1%
Impact of Corporate unallocated.	(0.1)
Division operating profit growth	8.0%

Division operating profit and division operating profit growth are not measures defined by generally accepted accounting principles (GAAP). However, we believe investors should consider these measures as they are consistent with how management evaluates our operational results and trends.

## 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: April 26, 2006

**PepsiCo, Inc.**

By: /s/ Robert E. Cox

Robert E. Cox

Vice President, Deputy General Counsel and

Assistant Secretary

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## INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued by PepsiCo, Inc., dated April 26, 2006.

**PepsiCo Reports 13% First-Quarter Earnings Per Share Increase,  
Driven by 9% Revenue Growth**

PURCHASE, N.Y., April 26, 2006 – PepsiCo reported a 13% increase in first-quarter earnings per share to \$0.60, fueled by a 9% increase in net revenue, with each of the Company’s operating Divisions contributing to both top- and bottom-line growth.

Chairman and CEO Steve Reinemund said, “We continue to see solid top-line momentum across our businesses driven by product innovation and strong marketplace execution. Importantly, we’re also seeing good profit performance despite continued pressure from inflation in some of our key input costs. Overall, we’re very pleased with the results in the quarter, and remain confident in the outlook for 2006.”

Summary of PepsiCo First Quarter 2006 Results

	<u>% Growth Rate</u>
Volume (Servings)	7
Revenue	9
Division Operating Profit	8
Net Income	12
Earnings Per Share	13

Summary of Division First Quarter 2006 Results

	<u>% Growth Rate</u>				
	<u>FLNA</u>	<u>PBNA</u>	<u>PI</u>	<u>QFNA</u>	<u>Total PepsiCo</u>
Volume	2	5	7/16 <sup>1</sup>	2	4/9 <sup>1</sup>
Revenue	6	12	12	6	9
Division Operating Profit	6	3	21	4	8

<sup>1</sup>Snacks/beverages

**Frito-Lay North America (FLNA) generated 6% revenue growth on strong Sun Chips and Tostitos performance and growth in other macro snacks.**

Net revenue grew 6% reflecting volume growth of 2%, positive effective net pricing and favorable mix, and despite the unfavorable impact from a shift in the timing of the New Year’s and Easter holidays.

FLNA's revenue growth was led by strong double-digit growth in Sun Chips multigrain snacks and Quaker Chewy granola bars and rice cakes, high single-digit growth of Tostitos tortilla chips, and mid-single digit growth of Cheetos cheese snacks. Revenue growth was offset somewhat by a mid single-digit decline in trademark Doritos. Trademark Lay's revenue increased low single-digits.

Operating profit grew in line with revenue growth reflecting the revenue gains and the impact of increased labor and benefits charges and higher costs for cooking oil.

**PepsiCo Beverages North America (PBNA) volume increased 5% on continued strength in non-carbonated beverage performance.**

Volume grew 5% in the quarter, with the division's non-carbonated beverage portfolio increasing 18% and carbonated soft drinks (CSDs) declining 1%. The results for the quarter also reflect a slightly unfavorable impact from a shift in the timing of the Easter holiday.

Non-carbonated beverage performance was driven by double-digit growth in Gatorade thirst quencher, trademark Aquafina, Lipton ready-to-drink teas and Propel fitness water.

The decline in CSD volume reflects a low single-digit decline in trademark Pepsi offset somewhat by a low single-digit increase in trademark Mountain Dew and a slight increase in trademark Sierra Mist. Across the brands, both regular and diet CSDs experienced low single-digit declines.

Net revenue reflected volume growth, a positive mix impact from the strong performance of the non-carbonated beverage portfolio, increased pricing, and the timing of concentrate shipments to bottlers. This growth was offset partially by higher trade spending.

Operating profit growth lagged revenue growth in the quarter principally reflecting higher orange and energy-related costs, the favorable resolution in 2005 of estimated marketing accruals, and higher selling, general and administrative costs.

**PepsiCo International (PI) profits increased 21% on solid beverage and snacks growth.**

Snacks volume growth of 7% was driven by high single-digit growth in the United Kingdom, strong double-digit growth in Turkey, Russia and Australia, and low single-digit growth at Sabritas in Mexico. This growth was partially offset by a low single-digit decline at Gamesa in Mexico. Acquisitions contributed one point of growth.

Outstanding beverage volume growth of 16% was led by double-digit gains in China, the Middle East, Argentina, India and Venezuela. Carbonated soft drink volume increased in the mid-teens, with each of the division's four largest CSD trademarks – Pepsi, 7-Up, Mirinda and Mountain Dew – experiencing double-digit growth. Non-carbonated

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beverages grew over 30%, with solid growth across the non-carbonated portfolio. Acquisitions contributed one point of growth.

PI Regional Volume Growth First Quarter 2006 Results		
	% Growth Rate	
	Snacks	Beverages
Latin America	1	12
Europe, Middle East and Africa	15	14
Asia Pacific	18	22
Total PI	7	16

Net revenue grew 12%, driven by the broad-based volume gains and favorable effective net pricing. Foreign currency translation had no significant impact on the growth rate and acquisitions contributed two points of growth.

Operating profit grew 21%, driven by revenue growth and two points of foreign currency translation benefit, offset somewhat by increased raw material costs. Acquisitions had a slightly favorable impact on operating profit growth.

**Quaker Foods North America (QFNA) had solid 6% revenue growth, reflecting strong performance across key brands.**

Volume performance was driven by growth in Life cereal, Quaker oatmeal and Rice-A-Roni. These volume gains, together with effective net pricing and a one-point foreign currency translation benefit drove a 6% revenue increase.

Operating profit growth was driven by solid sales growth, offset somewhat by higher cost of sales and higher general and administrative costs.

**PBG share sales, a reduced tax rate, and share repurchases contributed to EPS growth.**

Earnings-per-share growth was bolstered by a \$50 million pre-tax gain recognized on the sale of shares in The Pepsi Bottling Group, a 1% reduction in the number of weighted average shares outstanding, and a 100-basis-point reduction in the Company’s effective tax rate.

Corporate unallocated expenses increased \$12 million as a result of higher employee-related costs, net mark-to-market losses on certain derivatives contracts, and higher costs associated with the Company’s Business Process Transformation initiative. These increases were partially offset by the revaluation of an asset held for sale and from lapping PepsiCo Foundation contributions made in the prior year. Corporate departmental expenses were essentially equal to the prior year.

**2006 guidance reaffirmed.**

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Consistent with its previous guidance for 2006, the Company expects earnings per share of at least \$2.93. Cash provided by operating activities in 2006 is expected to exceed \$6.2 billion, which assumes a pension contribution of \$250 million and includes a tax payment made in the first quarter of \$420 million related to the Company's 2005 international cash repatriation.

### **About PepsiCo**

PepsiCo is one of the world's largest food and beverage companies with annual revenues of more than \$32 billion. Its principal businesses include Frito-Lay snacks, Pepsi-Cola beverages, Gatorade sports drinks, Tropicana juices and Quaker foods. Its portfolio includes 17 brands that generate \$1 billion or more each in annual retail sales.

### **Cautionary Statement**

This release contains statements concerning PepsiCo's expectations for future performance. Any such forward-looking statements are inherently speculative and are based on currently available information, operating plans and projections about future events and trends. As such, they are subject to numerous risks and uncertainties. Actual results and performance may be significantly different from expectations. The Company undertakes no obligation to update any such forward-looking statements. Please see the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, for a discussion of specific risks that may affect performance.

### **Miscellaneous Disclosures**

Conference Call. At 11 a.m. (Eastern Time) today, the Company will host a conference call with investors to discuss first quarter 2006 results and the outlook for the full year 2006. For details, visit the Company's site on the Internet at <http://www.pepsico.com>.

Reconciliation. In discussing financial results and guidance, the Company may refer to certain non-GAAP measures. A reconciliation of any such non-GAAP measures to reported financial statements can be found under "PepsiCo Financial Press Releases" on the Company's website in the "Investors" section.

Bottler Volume. Volume for products sold by PepsiCo's bottlers is reported by PepsiCo on a monthly basis, with the first quarter comprising January, February and March for North America, and January and February for PepsiCo International.