

Form 8-K

CURRENT REPORT

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

February 7, 1996 (February 6, 1996)

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
(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

Item 5. Other Events

The information contained in Exhibit 20 hereto is incorporated herein by reference.

Item 7. Financial Statements and Exhibits

(c) Exhibits

20 Press release dated February 6, 1996 from PepsiCo, Inc.

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 6, 1996

PepsiCo, Inc.

By: /s/ LAWRENCE F. DICKIE

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

PURCHASE, NEW YORK (February 6, 1996) -- PepsiCo, Inc. today announced results for the fourth quarter and full year ended December 30, 1995. Excluding the previously announced initial, noncash charge from the adoption of SFAS 121, a required accounting change, earnings per share were \$0.70 for the fourth quarter and \$2.48 for the full year. SFAS 121 is described at the end of the release. The following explanation of fourth quarter and full year results is based on ongoing earnings as shown below:

Summary of 1995 Operating Performance
(\$MM except per share data)

	Q4			FY		
	1995 \$	1994 \$	%	1995 \$	1994 \$	%
Net Sales	9,251	9,122	1	30,421	28,472	7
Net Income	181	513	(65)	1,606	1,752	(8)
Reported EPS	0.22	0.64	(66)	2.00	2.18	(8)
BAESA Gain	N/A	N/A	N/A	N/A	(0.02)	N/A
Accounting Changes	0.48	N/A	N/A	0.48	0.04	N/A
Ongoing EPS	0.70	0.64	9	2.48	2.20	13

[Note: The impact of one less week in 1995 on sales and earnings is described more fully at the end of this release and is detailed in the attachments. Volume trends are reported on a comparable basis and are not affected by the shorter reporting period.]

Wayne Calloway, PepsiCo Chairman and Chief Executive Officer, said, "We had a terrific year in 1995 and that has set the stage for an even better 1996. Our businesses showed remarkable strength, generating a healthy 13 percent increase in ongoing earnings per share, despite some big challenges - including a huge currency devaluation in Mexico, our largest international market, and the fact that, for reporting comparisons, we had one less week this year. In fact, looking at a comparable number of weeks, we would have posted 15 percent growth in earnings per share for the year due, in large part, to earnings growth of more than 20 percent by our businesses outside of Mexico.

"These solid operating results helped our overall cash picture, but the big cash story was in restaurants where we generated a favorable increase of about \$500 million in cash compared to last year.

"With this kind of financial strength, we're very optimistic about 1996 and remain committed to using some of our excess cash to buy at least one to two percent of our outstanding stock each year over the next several years."

BEVERAGES

Summary of 1995 Ongoing Beverage Results
(\$MM)

	Q4					FY				
	Sales		Profits		Vol	Sales		Profits		Vol
	\$	%	\$	%	%	\$	%	\$	%	%
U.S.	2,042	5	269	1	3	6,977	7	1,145	12	4
Int'l	1,056	7	34	100	5	3,571	14	226	16	8
Total	3,098	5	303	7	N/A	10,548	9	1,371	13	N/A

[Note: Volume is measured by systemwide bottler case sales (BCS) of Pepsi Corporate brands. The quarter includes the months of September, October, November and December, a practice consistent with prior years.]

"Our beverage segment had an excellent year," said Mr. Calloway. "In the United States, despite the highest annual increase in retail prices in the soft drink industry since the late '80's, we were able to grow volume by a very solid four percent - on top of a six percent gain last year. We achieved this, in part, by offering the consumer exciting packaging options like 20 oz. plastic bottles and "The Cube", a 24-can package.

"Our international beverage business also showed great strength. Our international volume grew eight percent despite the weak economy in Mexico, a country which accounted for almost 20 percent of our international volume last year. We also began to see the results of our investments in high-potential emerging markets. For example, we regained cola share leadership in key Eastern European markets, like Hungary and Poland. We also jumped to a 40 percent market share in India and almost doubled our volume in Brazil. In summary, our global beverage business is well positioned for continued strong growth, in both the U.S. and international markets."

Fourth Quarter

The five percent increase in U.S. sales was primarily driven by price increases initiated in the first quarter and volume gains partially offset by the impact of the shorter reporting period. The three percent increase in bottler case sales, on top of an eight percent gain last year, reflected solid growth in both our core brands and alternative beverages. However, the key driver of the growth was packaging news led by the 20 oz. plastic bottle and the 24-can Cube package. As a result, we achieved market share gains in our major bottle and can channels. Alternative beverages grew 18 percent, primarily due to double-digit growth in our single-serve Lipton Tea products and in All Sport. For the second consecutive year, Lipton was the market share leader, with a 40 percent share in single-serve teas in supermarkets.

Despite the robust growth in sales, U.S. beverage profits increased only one percent due, in part, to the shorter reporting period. Included in the quarter was spending on strategic volume-building initiatives, like preparing to take our Mug Root Beer brand national, as well as investments made to add new accounts like Circle K, Jack-In-the-Box and Toys "R" Us.

"Outside the United States, our snack business showed great resilience despite the dramatic effect of the Mexican peso devaluation. In 1994, Mexico accounted for over 60 percent of our international snack profits, so overcoming a peso devaluation of about 50 percent was a major challenge. However, our snack businesses outside of Mexico grew profits more than 50 percent, led by strong gains in the U.K. and Brazil. This enabled us to end the year with international snack profits down only 14 percent - quite a remarkable feat."

Fourth Quarter

The growth in U.S. sales was led by volume gains, moderated by the impact of the shorter reporting period, and by increased pricing. Pound growth came from double-digit gains in Tostitos brand salsas and tortilla chips as well as in Rold Gold brand pretzels. The "Better For You" line of lowfat and no-fat products contributed about 70 percent of the growth in sales and nearly 40 percent of the growth in overall pound volume. Baked Lay's, which was rolled out nationally but was still unadvertised in the fourth quarter, contributed almost 25 percent of the total growth in "Better for You" volume. Margins were relatively consistent with prior year, as volume gains and lower marketplace investment spending in 1995 were largely offset by investments in distribution and system improvements.

International snack sales declined because of the adverse translation impact of the devalued Mexican peso, volume declines at Sabritas, our salty snack business in Mexico and the shorter reporting period. All of our other major businesses posted volume gains. The increase in salty snack volume was led by an almost 60 percent increase in Korea and a 34 percent increase in the Netherlands, both driven by successful in-bag promotions. Brazil grew volume almost 30 percent on top of an exceptional gain last year, capturing more than 50 percent of the market. Volume declines at Sabritas were significantly less than in the previous quarter. The growth in sweet snack volume reflected continued double-digit gains from our Mexican cookie business, Gamesa, and from Poland and France.

International margins improved modestly in the quarter as improved profitability in the U.K., Gamesa and Poland were partially offset by profit declines at Sabritas and global brand marketing investments.

RESTAURANTS

Summary of 1995 Ongoing Restaurant Results
(\$MM)

	Q4					FY				
	Sales		Profits		Vol	Sales		Profits		Vol
	\$	%	\$	%	%	\$	%	\$	%	%
PH	1,174	(1)	123	35	3	3,977	7	376	32	4
TB	1,091	(2)	116	20	(5)	3,503	5	274	-	(4)
KFC	555	8	32	-	14	1,722	5	103	2	7
Total U.S.	2,820	-	271	23	N/A	9,202	6	753	14	N/A
Int'l	676	5	27	50	N/A	2,126	16	114	61	N/A
Total	3,496	1	298	25	N/A	11,328	8	867	19	N/A

[Note: U.S. volume growth is measured by same store sales.]

"In 1995, we made tremendous progress in reinvigorating our restaurants, a fact reflected very clearly in a 19 percent gain in ongoing profits and about a \$500 million improvement in free cash," said Mr. Calloway.

"Early in the year we set out a new restaurant strategy focused on several major efforts, including leveraging our scale, relying more heavily on franchisees for system unit growth and upgrading our overall restaurant portfolio. Our goal was to return the business to solid double-digit profit growth.

"We've already made great strides. In international markets, we consolidated our concepts under one management team and, as a result, we will now report international restaurant financial results as one unit. We also took advantage of our scale in the U.S. and began the consolidation of the purchasing and accounting functions for our three major U.S. businesses. For the first time in many years, we offered franchisees the opportunity to take a greater role in our system development and significantly expand their existing markets, particularly in the U.S. As a result, we refranchised or licensed some 300 company-owned stores worldwide in 1995. We also upgraded our company-owned restaurant portfolio by closing about 300 stores we considered underperformers. These actions helped us reduce the proportion of company-owned stores worldwide by almost three percent in 1995. In addition, we provided for the cost of closing nearly 200 additional stores in 1996.

When you add it all up, we had a great year in restaurants and are clearly well on our way to achieving the goals we set for ourselves last year."

Fourth Quarter

Worldwide restaurant sales advanced only one percent largely because of the impact of having one less week in the reporting period. For example, in the U.S. sales would have been up about six percent for a comparable 16 week quarter. This increase reflects same store sales gains at KFC (U.S.) and Pizza Hut (U.S.) and the impact of new units at Taco Bell. The same store sales increase at KFC (U.S.) was driven by the extraordinary success of new products like Crispy Strips and Chicken Pot Pie. The same store sales gains at Pizza Hut (U.S.) reflected the continued benefits of the success of Stuffed Crust Pizza and Chicken Wings. International dollar sales growth was driven by new units, primarily Pizza Huts.

Worldwide profit growth primarily reflected the \$56 million increase in refranchising gains net of store closures somewhat moderated by the effect of the shorter reporting period. The refranchising gains came primarily in the U.S. from Taco Bell and Pizza Hut and therefore, was a key factor in the U.S. profit growth in the quarter. The store closures occurred at all four business units, KFC, Pizza Hut, Taco Bell and PepsiCo Restaurants International. International profit growth was favorably affected by the lapping of a 1994 charge to consolidate our international restaurant concepts into one unit and by new stores. Excluding the impact of the shorter reporting period and the net refranchising activity, worldwide restaurant profits achieved a 12 percent growth rate.

OTHER ITEMS

1995

53rd Week

PepsiCo's fiscal year ends on the last Saturday in December and, as a result, a week is added to the fourth quarter and full year every five or six years. The extra week in 1994 is estimated to have increased 1994 full year and fourth quarter sales by \$434 million and earnings by \$0.04 per share. The attachments titled "Supplemental Schedule of Ongoing Operating Profit" indicate the impact this had on profit growth by segment for the quarter and full year.

Acquisition Dilution

Dilution from acquisitions in their first year of ownership reduced earnings per share by \$0.03 and \$0.04 in the quarter and full year, respectively.

Share Repurchases

During 1995, PepsiCo repurchased 12 million shares of its capital stock which represented one and one-half percent of the shares outstanding at the beginning of fiscal 1995. PepsiCo has continued to repurchase shares in 1996.

Capital Spending

Capital spending for the year was approximately \$2.1 billion. This was slightly less than 1994 and reflects a reduction of approximately \$300 million in restaurants and an increase of \$200 million in snack foods.

1995 Accounting Change

As announced on January 9, 1996, PepsiCo adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121), as of the beginning of the fourth quarter of 1995.

SFAS 121 was issued in March of 1995 and is required to be adopted by 1996.

SFAS 121, which had no cash impact, is a required accounting change in the method of determining and measuring impairment for long-lived assets used in the business. The new standard resulted in an initial, noncash charge in the fourth quarter of \$384 million after-tax (\$0.48 per share). The charge results from a change in the grouping of long-lived assets and is primarily related to our restaurant business. During the quarter, a decision was made to close some of the restaurants included in the charge. Of the \$0.48 charge, approximately \$0.06 is related to these stores. An additional \$0.02 was recorded in the quarter for other costs to close these stores, primarily future lease obligations.

The SFAS 121 charge resulted in a noncash benefit to fourth quarter earnings of approximately \$0.02 per share from reduced depreciation and amortization expense. There will also be a benefit from reduced depreciation and amortization in future years.

1994

BAESA Gain

PepsiCo recorded a one-time, noncash gain of \$18 million (\$17 million after-tax or \$0.02 per share) resulting from a public offering of shares by BAESA, a franchised bottling affiliate in South America.

Accounting for Pension Assets

PepsiCo changed to a preferred method of accounting for pension plan assets in the determination of annual pension expense. The cumulative effect of this noncash item relating to years prior to 1994 was a credit of \$38 million (\$23 million after-tax or \$0.03 per share).

Accounting for Postemployment Benefits

PepsiCo was required to adopt Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112). The cumulative effect of adopting SFAS 112, an \$84 million noncash charge (\$55 million after-tax or \$0.07 per share), principally represented estimated future severance costs related to services provided by employees prior to 1994.

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

	16 Weeks	17 Weeks	% Change	
	Ended 12/30/95	Ended 12/31/94 (a)	As Rept'd	On- going (b)
Net Sales	\$9,251	\$9,122	1	1
Costs and Expenses, net:				
Cost of sales	4,562	4,413	3	3
Selling, general and administrative expenses	3,609 (c)	3,707	(3)	(3)
Amortization of intangible assets	102	98	4	4
Impairment of long-lived assets	520 (d)	-	NM	NM
	-----	-----		
Operating Profit	458 (e)	904	(49)	8
Interest expense	(200)	(211)	(5)	(5)
Interest income	42	31	35	35
	-----	-----		
Income Before Income Taxes	300	724	(59)	13
Provision for Income Taxes(f)	119	211	(44)	2
	-----	-----		
Net Income	\$ 181	\$ 513	(65)	10
Net Income Per Share	\$ 0.22	\$ 0.64	(66)	9
Average shares outstanding	807	801	1	1

NM = Not Meaningful.

NOTES:

- (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 17th week increased fourth quarter 1994 net sales by approximately \$434 and earnings by approximately \$54 (\$35 after-tax or \$0.04 per share). See Supplemental Schedules of Net Sales and Operating Profit and Ongoing Operating Profit.
- (b) Excludes the initial, noncash charge upon adoption of SFAS 121. See Note (d).
- (c) Includes a net gain of \$51 (\$28 after-tax or \$0.03 per share) in 1995 from sales of restaurants in excess of the costs of closing other restaurants.
- (d) Represents the initial, noncash charge (\$384 after-tax or \$0.48 per share) upon adoption of SFAS 121 as of the beginning of the fourth quarter which included \$68 (\$49 after-tax or \$0.06 per share) related to restaurants for which closure decisions were made during the fourth quarter.
- (e) As a result of the reduced carrying amount of certain long-lived assets to be held and used in the business, due to the SFAS 121 initial, noncash charge, depreciation and amortization expense was reduced by \$21 (\$15 after-tax or \$0.02 per share).
- (f) The effective tax rates were 39.7% (31.1% Ongoing - see Note (b)) in 1995 and 29.1% in 1994.

PepsiCo, Inc. and Subsidiaries
Supplemental Schedule of Net Sales and Operating Profit
(in millions, unaudited)

	Net Sales			Operating Profit/(Loss)		
	16 Weeks Ended 12/30/95	17 Weeks Ended 12/31/94 (a)	% Change	16 Weeks Ended 12/30/95 (b)	17 Weeks Ended 12/31/94 (a)	% Change
Beverages						
- -U.S.	\$2,042	\$1,951	5	\$ 269	\$266	1
- -Int'l	1,056	988	7	(28)	17	NM
	-----	-----		---	---	
	3,098	2,939	5	241	283	(15)
Snack Foods						
- -U.S.	1,669	1,599	4	347	326	6
- -Int'l	988	1,131	(13)	99	113	(12)
	-----	-----		---	---	
	2,657	2,730	(3)	446	439	2
Restaurants (c)						
- -U.S.	2,820	2,808	-	(31)	220	NM
- -Int'l	676	645	5	(108)	18	NM
	-----	-----		---	---	
	3,496	3,453	1	(139)	238	NM
Total						
- -U.S.	6,531	6,358	3	585	812	(28)
- -Int'l	2,720	2,764	(2)	(37)	148	NM
	-----	-----		---	---	
	\$9,251	\$9,122	1	548	960	(43)
Equity (Loss)/Income				(22)	3	NM
Other Unallocated Expenses, net (d)				(68)	(59)	15
				---	---	
Operating Profit				\$ 458	\$904	(49)
Results by U.S. Restaurant Chain (e):						
Pizza Hut	\$1,174	\$1,184	(1)	\$ 55	\$ 91	(40)
Taco Bell	1,091	1,109	(2)	(53)	97	NM
KFC	555	515	8	(33)	32	NM
	-----	-----		---	---	
Total U.S.	\$2,820	\$2,808	-	\$ (31)	\$220	NM

NM = Not Meaningful.

NOTES:

- (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 additional week in 1994 adversely affected the 1995 fourth quarter growth rate of each business segment's net sales by approximately five or six points. On a consolidated basis, net sales growth was adversely affected by approximately five points, although U.S. and international operations were adversely affected by six and four points, respectively. See Supplemental Schedule of Ongoing Operating Profit for the effect of the additional week on the growth rates of ongoing operating profit.
- (b) Includes the initial, noncash charge upon adoption of SFAS 121. See Supplemental Schedule of Ongoing Operating Profit for the effect of the charge on each business segment and equity income and the growth rates for ongoing operating profit.
- (c) Includes a net gain of \$51 (Pizza Hut-\$20, Taco Bell-\$39, KFC-(\$5) and International-(\$3)) in 1995 from sales of restaurants in excess of the costs of closing other restaurants.
- (d) Includes corporate headquarters expenses, minority interests, foreign exchange translation and transaction gains and losses and other items not allocated to the business segments.
- (e) PepsiCo has historically provided results for each of its three major restaurant concepts (which included the results of other U.S. concepts managed by Taco Bell and Pizza Hut) on a worldwide basis. Beginning with the fourth quarter of 1995, PepsiCo has changed the presentation of the restaurant results to more closely reflect how we currently manage the business. Net sales and operating profit are now provided for each of PepsiCo's three major U.S. concepts (including the results of the other concepts managed by Taco Bell and Pizza Hut) and in total for the international restaurant operations. Previously reported amounts have been restated to conform to the current presentation.

PepsiCo, Inc. and Subsidiaries
Supplemental Schedule of Ongoing Operating Profit
For the 16 Weeks Ended December 30, 1995
(\$ in millions, unaudited)

	Operating Profit/(Loss)			Growth Rates vs. 1994		Ongoing Ex 17th Week (b)
	As Rpt'd	SFAS 121 Chrg (a)	On- going	As Rpt'd	On- going	
Beverages						
- -U.S.	\$ 269	\$ -	\$ 269	1	1	6
- -Int'l	(28)	62	34	NM	100	162
	---	---	---			
	241	62	303	(15)	7	14
Snack Foods						
- -U.S.	347	-	347	6	6	15
- -Int'l	99	4	103	(12)	(9)	(6)
	---	---	---			
	446	4	450	2	3	9
Restaurants						
- -U.S.	(31)	302	271	NM	23	36
- -Int'l	(108)	135	27	NM	50	80
	---	---	---			
	(139)	437	298	NM	25	39
Total						
- -U.S.	585	302	887	(28)	9	17
- -Int'l	(37)	201	164	NM	11	19
	---	---	---			
	548	503	1,051	(43)	9	18
Equity (Loss)/ Income	(22)	17	(5)	NM	NM	NM
Other Unallocated Expenses, net	(68)	-	(68)	15	15	17
	---	---	---			
Operating Profit	\$ 458	\$520	\$ 978	(49)	8	17
Results by U.S. Restaurant Chain (c):						
Pizza Hut	\$ 55	\$ 68	\$ 123	(40)	35	46
Taco Bell	(53)	169(d)	116	NM	20	32
KFC	(33)	65	32	NM	-	14
	---	---	---			
Total U.S.	\$ (31)	\$302	\$ 271	NM	23	36

NM = Not Meaningful.

NOTES:

- (a) Represents the initial, noncash charge upon adoption of SFAS 121.
- (b) 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 estimated operating profit for the additional week in 1994 has been excluded in determining the growth rates.
- (c) PepsiCo has historically provided results for each of its three major restaurant concepts (which included the results of other U.S. concepts managed by Taco Bell and Pizza Hut) on a worldwide basis. Beginning with the fourth quarter of 1995, PepsiCo has changed the presentation of the restaurant results to more closely reflect how we currently manage the business. Net sales and operating profit are now provided for each of PepsiCo's three major U.S. concepts (including the results of the other concepts managed by Taco Bell and Pizza Hut) and in total for the international restaurant operations. Previously reported amounts have been restated to conform to the current presentation.
- (d) More than half of the Taco Bell charge is attributable to Hot 'n Now and Chevys.

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

	52 Weeks Ended 12/30/95	53 Weeks Ended 12/31/94 (a)	% Change As Rept'd	On- going (b)
Net Sales	\$30,421	\$28,472	7	7
Costs and Expenses, net:				
Cost of sales	14,886	13,715	9	9
Selling, general and administrative expenses	11,712(c)	11,244	4	4
Amortization of intangible assets	316	312	1	1
Impairment of long-lived assets	520(d)	-	NM	NM
	-----	-----		
Operating Profit	2,987(e)	3,201	(7)	10
Gain on stock offering by an affiliate	-	18(f)	NM	NM
Interest expense	(682)	(645)	6	6
Interest income	127	90	41	41
	-----	-----		
Income Before Income Taxes and Cumulative Effect of Accounting Changes	2,432	2,664	(9)	12
Provision for Income Taxes (g)	826	880	(6)	9
	-----	-----		
Income Before Cumulative Effect of Accounting Changes	1,606	1,784	(10)	13
Cumulative Effect of Accounting Changes:				
Postemployment benefits (net of tax benefit of \$29)	-	(55)(h)	NM	NM
Pension assets (net of tax expense of \$15)	-	23 (h)	NM	NM
	-----	-----		
Net Income	\$ 1,606	\$ 1,752	(8)	15
Income (Charge) Per Share:				
Before cumulative effect of accounting changes	2.00	2.22	(10)	13
Cumulative effect of accounting changes:				
Postemployment benefits	-	(0.07)(h)	NM	NM
Pension assets	-	0.03 (h)	NM	NM
	-----	-----		
Net Income Per Share	\$ 2.00	\$ 2.18	(8)	15
Average shares outstanding	804	804	-	-

NM = Not Meaningful.

NOTES:

- (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 53rd week increased 1994 net sales by approximately \$434 and earnings by approximately \$54 (\$35 after-tax or \$0.04 per share). See Supplemental Schedules of Net Sales and Operating Profit and Ongoing Operating Profit.
- (b) Excludes the initial, noncash charge upon adoption of SFAS 121 (see Note (d)) and the one-time, noncash BAESA gain (see Note (f)).
- (c) Includes a net gain of \$51 (\$27 after-tax or \$0.03 per share) in 1995 from sales of restaurants in excess of the costs of closing other restaurants.
- (d) Represents the initial, noncash charge (\$384 after-tax or \$0.48 per share) upon adoption of SFAS 121 as of the beginning of the fourth quarter which included \$68 (\$49 after-tax or \$0.06 per share) related to restaurants for which closure decisions were made during the fourth quarter.
- (e) As a result of the reduced carrying amount of certain long-lived assets to be held and used in the business, due to the SFAS 121 initial, noncash charge, depreciation and amortization expense for the fourth quarter was reduced by \$21 (\$15 after-tax or \$0.02 per share)
- (f) Represents a one-time, noncash gain (\$17 after-tax or \$0.02 per share) arising from a public share offering by BAESA, a franchised bottling affiliate in South America.
- (g) The effective tax rates were 34.0% (32.6% Ongoing - see Note (b)) in 1995 and 33.0% in 1994.
- (h) Represents the cumulative effect of the required adoption of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," and a change to a preferable method of accounting for pension plan assets in the determination of pension expense. The cumulative effect of accounting changes represents the effect on years prior to 1994.

PepsiCo, Inc. and Subsidiaries
Supplemental Schedule of Net Sales and Operating Profit
(in millions, unaudited)

	Net Sales			Operating Profit/(Loss)		
	52 Weeks Ended 12/30/95	53 Weeks Ended 12/31/94 (a)	% Change	52 Weeks Ended 12/30/95 (b)	53 Weeks Ended 12/31/94 (a)	% Change
Beverages						
- -U.S.	\$ 6,977	\$ 6,541	7	\$1,145	\$1,022	12
- -Int'l	3,571	3,146	14	164	195	(16)
	-----	-----		-----	-----	
	10,548	9,687	9	1,309	1,217	8
Snack Foods						
- -U.S.	5,495	5,011	10	1,132	1,025	10
- -Int'l	3,050	3,253	(6)	300	352	(15)
	-----	-----		-----	-----	
	8,545	8,264	3	1,432	1,377	4
Restaurants (c)						
- -U.S.	9,202	8,694	6	451	659	(32)
- -Int'l	2,126	1,827	16	(21)	71	NM
	-----	-----		-----	-----	
	11,328	10,521	8	430	730	(41)
Total						
- -U.S.	21,674	20,246	7	2,728	2,706	1
- -Int'l	8,747	8,226	6	443	618	(28)
	-----	-----		-----	-----	
	\$30,421	\$28,472	7	3,171	3,324	(5)
Equity (Loss)/Income				(3)	38	NM
Other Unallocated Expenses, net (d)				(181)	(161)	12
				-----	-----	
Operating Profit				\$2,987	\$3,201	(7)
Results by U.S. Restaurant Chain (e):						
Pizza Hut	\$ 3,977	\$ 3,712	7	\$ 308	\$ 285	8
Taco Bell	3,503	3,340	5	105	273	(62)
KFC	1,722	1,642	5	38	101	(62)
	-----	-----		-----	-----	
Total U.S.	\$ 9,202	\$ 8,694	6	\$ 451	\$ 659	(32)

NM = Not Meaningful.

NOTES:

- (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 additional week in 1994 adversely affected the 1995 growth rate of each business segment's net sales by approximately one or two points. Consolidated net sales growth was adversely affected by approximately two points, as were U.S. and international operations. See Supplemental Schedule of Ongoing Operating Profit for the effect of the additional week on the growth rates of ongoing operating profit.
- (b) Includes the initial, noncash charge upon adoption of SFAS 121. See Supplemental Schedule of Ongoing Operating Profit for the effect of the charge on each business segment and equity income and the growth rates for ongoing profit.
- (c) Includes a net gain of \$51 (Pizza Hut-\$24, Taco Bell-\$38, KFC-(\$7) and International-(\$4)) in 1995 from sales of restaurants in excess of the costs of closing other restaurants.
- (d) Includes corporate headquarters expenses, minority interests, foreign exchange translation and transaction gains and losses and other items not allocated to the business segments.
- (e) PepsiCo has historically provided results for each of its three major restaurant concepts (which included the results of other U.S. concepts managed by Taco Bell and Pizza Hut) on a worldwide basis. Beginning with the fourth quarter of 1995, PepsiCo has changed the presentation of the restaurant results to more closely reflect how we currently manage the business. Net sales and operating profit are now provided for each of PepsiCo's three major U.S. concepts (including the results of the other concepts managed by Taco Bell and Pizza Hut) and in total for the international restaurant operations. Previously reported amounts have been restated to conform to the current presentation.

PepsiCo, Inc. and Subsidiaries
Supplemental Schedule of Ongoing Operating Profit
For the 52 Weeks Ended December 30, 1995
(\$ in millions, unaudited)

	Operating Profit/(Loss)			Growth Rates vs. 1994		
	As Rpt'd	SFAS 121 Chrg (a)	On-going	As Rpt'd	On-going	Ongoing Ex 53rd Week (b)
Beverages						
- -U.S.	\$1,145	-	\$1,145	12	12	13
- -Int'l	164	62	226	(16)	16	18
	-----	-----	-----			
	1,309	62	1,371	8	13	14
Snack Foods						
- -U.S.	1,132	-	1,132	10	10	13
- -Int'l	300	4	304	(15)	(14)	(13)
	-----	-----	-----			
	1,432	4	1,436	4	4	6
Restaurants						
- -U.S.	451	302	753	(32)	14	18
- -Int'l	(21)	135	114	NM	61	6
	-----	-----	-----			
	430	437	867	(41)	19	23
Total						
- -U.S.	2,728	302	3,030	1	12	14
- -Int'l	443	201	644	(28)	4	6
	-----	-----	-----			
	3,171	503	3,674	(5)	11	13
Equity (Loss)/ Income	(3)	17	14	NM	(63)	(63)
Other Unallocated Expenses, net	(181)	-	(181)	12	12	13
	-----	-----	-----			
Operating Profit	\$2,987	\$ 520	\$3,507	(7)	10	11
Results by U.S. Restaurant Chain (c):						
Pizza Hut	\$ 308	\$ 68	\$ 376	8	32	35
Taco Bell	105	169(d)	274	(62)	-	4
KFC	38	65	103	(62)	2	6
	-----	-----	-----			
Total U.S.	\$ 451	\$ 302	\$ 753	(32)	14	18

NM = Not Meaningful.

NOTES:

- (a) Represents the initial, noncash charge upon adoption of SFAS 121.
- (b) 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 estimated operating profit for the additional week in 1994 has been excluded in determining the growth rates.
- (c) PepsiCo has historically provided results for each of its three major restaurant concepts (which included the results of other U.S. concepts managed by Taco Bell and Pizza Hut) on a worldwide basis. Beginning with the fourth quarter of 1995, PepsiCo has changed the presentation of the restaurant results to more closely reflect how we currently manage the business. Net sales and operating profit are now provided for each of PepsiCo's three major U.S. concepts (including the results of the other concepts managed by Taco Bell and Pizza Hut) and in total for the international restaurant operations. Previously reported amounts have been restated to conform to the current presentation.
- (d) More than half of the Taco Bell charge is attributable to Hot 'n Now and Chevys.