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 March 20, 1999 (12 weeks)

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 April 16, 1999: 1,476,995,019

PEPSICO, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME
(in millions except per share amounts, unaudited)

	12 Weeks Ended 3/20/99	3/21/98
Net Sales		
New PepsiCo	$3,545	$2,902
Bottling operations	1,569	1,451
Total Net Sales	5,114	4,353
Costs and Expenses, net		
Cost of sales	2,140	1,750
Selling, general and administrative expenses	2,250	1,969
Amortization of intangible assets	64	44
Impairment and restructuring charge	65	-
Total costs and expenses, net	4,519	3,763
Operating Profit		
New PepsiCo	566	538
Bottling operations and equity investments	29	52
Total Operating Profit	595	590
Interest expense	(124)	(76)
Interest income	20	32
Income Before Income Taxes	491	546
Provision for Income Taxes	158	169
Net Income	$ 333	$ 377
Income Per Share - Basic	$ 0.23	$ 0.25
Average Shares Outstanding - Basic	1,474	1,496
Income Per Share - Assuming Dilution	$ 0.22	$ 0.24
Average Shares Outstanding - Assuming Dilution	1,510	1,539
Cash Dividends Declared Per Share	$ 0.13	$0.125

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

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

	12 Weeks Ended	
	3/20/99	3/21/98
Cash Flows - Operating Activities		
Net income	$ 333	$ 377
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	301	246
Deferred income taxes	(9)	16
Other noncash charges and credits, net	70	73
Net change in operating working capital	(394)	(438)
Net Cash Provided by Operating Activities	301	274
Cash Flows - Investing Activities		
Capital spending	(210)	(228)
Acquisitions and investments in unconsolidated affiliates	(168)	(192)
Short-term investments, by original maturity		
More than three months - purchases	(1,519)	(170)
More than three months - maturities	181	217
Three months or less, net	(1,277)	736
Other, net	117	(50)
Net Cash (Used for)/Provided by Investing Activities	(2,876)	313
Cash Flows - Financing Activities		
Proceeds from issuances of long-term debt	3,265	544
Payments of long-term debt	(135)	(785)
Short-term borrowings, by original maturity		
More than three months - proceeds	3,304	49
More than three months - payments	(182)	(22)
Three months or less, net	(1,756)	(29)
Cash dividends paid	(191)	(188)
Share repurchases	-	(877)
Proceeds from exercises of stock options	82	192
Net Cash Provided by/(Used for) Financing Activities	4,387	(1,116)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1	(1)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,813	(530)
Cash and Cash Equivalents - Beginning of year	311	1,928
Cash and Cash Equivalents - End of period	$ 2,124	$ 1,398

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
(in millions)

ASSETS

	(Unaudited) 3/20/99	12/26/98
Current Assets		
Cash and cash equivalents	$2,124	$ 311
Short-term investments, at cost	2,698	83
	4,822	394
Accounts and notes receivable, less allowance: 3/99 - $131, 12/98 - $127	2,380	2,453
Inventories		
Raw materials and supplies	473	506
Work-in-process	137	70
Finished goods	486	440
	1,096	1,016
Prepaid expenses, deferred income taxes and other current assets	574	499
Total Current Assets	8,872	4,362
Property, Plant and Equipment	13,061	13,110
Accumulated Depreciation	(5,868)	(5,792)
	7,193	7,318
Intangible Assets, net		
Goodwill	5,148	5,131
Reacquired franchise rights	3,046	3,118
Other intangible assets	787	747
	8,981	8,996
Other Assets	2,059	1,984
Total Assets	$27,105	$ 22,660

Continued on next page.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET (continued)
(in millions except per share amount)

LIABILITIES AND SHAREHOLDERS' EQUITY

	(Unaudited) 3/20/99	12/26/98
Current Liabilities		
Short-term borrowings	$7,086	$3,921
Accounts payable and other current liabilities	3,571	3,870
Income taxes payable	235	123
Total Current Liabilities	10,892	7,914
Long-term Debt	5,378	4,028
Other Liabilities	2,320	2,314
Deferred Income Taxes	1,963	2,003
Shareholders' Equity		
Capital stock, par value 1 2/3 cents per share: authorized 3,600 shares, issued 3/99 and 12/98 - 1,726 shares	29	29
Capital in excess of par value	1,141	1,166
Retained earnings	12,942	12,800
Accumulated other comprehensive loss	(1,161)	(1,059)
	12,951	12,936
Less: Treasury Stock, at Cost: 3/99 - 250 shares, 12/98 - 255 shares	(6,399)	(6,535)
Total Shareholders' Equity	6,552	6,401
Total Liabilities and Shareholders' Equity	$27,105	$22,660

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

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

	12 Weeks Ended	
	3/20/99	3/21/98
Net Income	$ 333	$ 377
Other Comprehensive (Loss)/Income		
Currency translation adjustment, net of related taxes	(108)	(19)
Reclassification adjustment for items realized in net income	6	-
	(102)	(19)
Comprehensive Income	$ 231	$ 358

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES
(unaudited)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Our Condensed Consolidated Balance Sheet at March 20, 1999 and the Condensed Consolidated Statements of Income, Comprehensive Income and Cash Flows for the 12 weeks ended March 20, 1999 and March 21, 1998 have not been audited. These financial statements have been prepared in conformity with the accounting principles applied in our 1998 Annual Report on Form 10-K (Annual Report) for the year ended December 26, 1998. 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 weeks are not necessarily indicative of the results expected for the year.

(2) Our Board of Directors approved a plan in 1998 for the separation from PepsiCo of certain wholly-owned bottling businesses located in the United States, Canada, Spain, Greece and Russia, referred to as The Pepsi Bottling Group. On April 6, 1999, PBG completed the sale of approximately 60% of its common shares through an initial public offering, with PepsiCo retaining a noncontrolling ownership interest. The transaction will result in a pre-tax gain to PepsiCo.

In 1998, we announced an agreement with the Whitman Corporation to realign bottling territories. Subject to approval by Whitman shareholders, we plan to combine certain bottling operations in the mid-western United States and Central Europe (referred to as the PepsiCo Bottling Operations) with most of Whitman's existing bottling businesses to create new Whitman. It is anticipated that upon completion of the transaction, our noncontrolling ownership interest will be approximately 40%. If approved, this transaction is expected to be completed in the second quarter of 1999 and result in a pre-tax gain to PepsiCo which will be dependent on the fair value of Whitman's stock at the date of the transaction.

In March 1999, we announced an agreement with PepCom Industries, Inc., a Pepsi-Cola franchisee, to form a joint venture combining bottling businesses in parts of North Carolina and New York. PepCom plans to contribute to the joint venture bottling operations in central and eastern North Carolina and in Long Island, New York. We plan to contribute our bottling operations in Winston-Salem and Wilmington, North Carolina in exchange for a noncontrolling interest in the joint venture. This transaction is expected to be completed at the end of the second quarter of 1999.

(3) In 1998, we adopted Statement of Financial Accounting Standards No. 131, Disclosures about Segments of a Business Enterprise and Related Information. In contemplation of the separation from PepsiCo of our bottling operations, we completed a reorganization of our Pepsi-Cola businesses in 1999. Our segment disclosure presents the operating results consistent with the new Pepsi-Cola organization. Accordingly, the results of consolidated bottling operations in which we plan to own an equity interest after the consummation of the PBG, PBO and PepCom transactions are presented separately with the equity income or loss of unconsolidated bottling affiliates. Pepsi-Cola North America results

include the North American concentrate and fountain businesses. Pepsi-Cola International results include the international concentrate business and other consolidated international bottling operations. Prior year amounts have been reclassified to conform with the 1999 presentation.

(4) Asset Impairment and Restructuring

($ in millions)	12 Weeks Ended 3/20/99
Asset impairment charges	
Held and used in the business	
Property, plant and equipment	$ 8
Held for disposal/abandonment	
Property, plant and equipment	29
Total asset impairment	37
Restructuring charges	
Employee related costs	19
Other charges	9
Total impairment and restructuring charge	$ 65
After-tax	$ 40
Per share - assuming dilution	$0.03

Frito-Lay North America recognized an asset impairment and restructuring charge of $65 million in the first quarter related to the closure of three plants and impairment of equipment. This charge is the second phase of a productivity improvement plan developed in the fourth quarter of 1998. The plan to close the plants, which includes the consolidation of U.S. production to newer and more efficient plants and streamlining logistics and transportation systems, was approved by our Board of Directors and announced in the first quarter of 1999.

The asset impairment charges primarily reflect the reduction in the carrying value of the land and buildings to their estimated fair market value based on current selling prices for comparable real estate, less costs to sell, and the write off of the net book value of equipment which cannot be redeployed. The remaining carrying value of the land and buildings is $7 million. The plant closures are expected to be completed by the end of the third quarter 1999. The restructuring charges of $28 million primarily include severance costs for approximately 860 employees and plant closing costs. Terminations of employees, which were communicated during the first quarter, will occur in the second and third quarter of 1999.

(5) No shares were repurchased during the 12 weeks ended March 20, 1999. From March 21, 1999 through April 30, 1999, PepsiCo repurchased 2.4 million shares at a cost of $89 million.

(6) Supplemental Cash Flow Information

	12 Weeks Ended	
	3/20/99	3/21/98
Cash Flow Data		
Interest paid	$ 83	$ 64
Income taxes paid	$ 101	$ 51

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS, CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES, EURO AND YEAR 2000

General

Cautionary Statements

From time to time, in written reports and in oral statements, we discuss expectations regarding our future performance, Year 2000 risks, transactions and events, the impact of the Euro conversion and the impact of current global macro-economic issues. These "forward-looking statements" are based on currently available competitive, financial and economic data and our operating plans. They are inherently uncertain, and investors must recognize that events could turn out to be significantly different from expectations.

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

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

Unless otherwise noted, operating comparisons within the following discussions are based on ongoing operating profit.

International Market Risks

The macro-economic conditions in Brazil, Mexico and across Asia Pacific have negatively impacted our results. We have taken actions in these markets to respond to these conditions, such as prudent pricing aimed at sustaining volume, renegotiating terms with suppliers and securing local currency supply alternatives. However, we expect that the macro-economic conditions, particularly in Brazil, will continue to adversely impact our results in the near term.

Analysis of Operations

Consolidated Operations

Net Sales

($ in millions)	12 Weeks Ended		%
	3/20/99	3/21/98	Change B/(W)
Net sales	$5,114	$4,353	17

Net sales rose $761 million or 17% in 1999. This increase reflects net contributions from acquisitions/divestitures, volume gains in worldwide Frito-Lay and Pepsi-Cola North

America and net sales growth generated by our wholly-owned bottling operations. See Management's Discussion and Analysis--Segments of the Business--Pepsi-Cola. Net acquisitions/divestitures contributed 12 percentage points to the sales growth and primarily reflects the inclusion of Tropicana. Excluding the negative impact of Brazil, due primarily to macro-economic conditions, net sales would have increased $809 million or 19%.

Operating Profit and Margin

($ in millions)	12 Weeks Ended		
	3/20/99	3/21/98	Change B/(W)
Reported			
Operating Profit	$595	$590	1%
Operating Profit Margin	11.6%	13.6%	(2.0)
Ongoing*			
Operating Profit	$660	$590	12%
Operating Profit Margin	12.9%	13.6%	(0.7)

*Ongoing excludes the effect of an impairment and restructuring charge described below.

Reported operating profit margin decreased 2 percentage points. Ongoing operating profit margin decreased less than 1 percentage point primarily reflecting the margin impact of the Tropicana acquisition, lower profitability from bottling operations and increased advertising and marketing expense. These declines were partially offset by the impact of higher effective net pricing. A&M grew at a faster rate than sales reflecting higher spending at Pepsi-Cola North America and at Frito-Lay North America. Operating profit in 1999 includes a gain on the completion of the sale of the chocolate and biscuit businesses in Poland which is comparable to 1998 nonoperating gains. Weaker foreign currencies, primarily in Mexico, reduced ongoing operating profit by 3 percentage points. The negative impact of Brazil, due primarily to macro-economic conditions, decreased ongoing operating profit by 3 percentage points.

Impairment and restructuring charge of $65 million ($40 million after-tax or $0.03 per share) relates to the consolidation of U.S. production to our most modern and efficient plants and streamlining logistics and transportation systems in Frito-Lay North America as part of the program to improve productivity. The restructuring is expected to generate approximately $15 million in annual savings beginning in 2000 which we expect to reinvest back into the business. See Note 4.

Interest expense, net of interest income, increased $60 million due to higher average U.S. debt levels. The increased debt level reflects borrowings in the second half of 1998 primarily used to finance the Tropicana acquisition as well as the increase in debt during the first quarter in preparation for the IPO by PBG.

Provision for Income Taxes

($ in millions)	12 Weeks Ended	
	3/20/99	3/21/98
Reported		
Provision for income taxes	$158	$169
Effective tax rate	32.2%	31.0%
Ongoing*		
Provision for income taxes	$183	$169
Effective tax rate	33.0%	31.0%

*Ongoing excludes the tax effect of an impairment and restructuring charge described above.

The reported effective tax rate increased 1.2 percentage points. The ongoing effective tax rate increased 2 percentage points primarily due to the absence of 1998 reserve reversals related to settlement of prior years' audit issues.

Net Income and Net Income Per Share
($ in millions except per share amounts)

	12 Weeks Ended		%
	3/20/99	3/21/98	Change B/(W)
Net income			
Reported	$333	$377	(12)
Ongoing*	$373	$377	(1)
Net income per share			
Reported	$0.22	$0.24	(10)**
Ongoing*	$0.25	$0.24	1**

* Ongoing excludes the effect of an impairment and restructuring charge described on page 11.
** Based on unrounded amounts.

Reported net income decreased $44 million and the related net income per share decreased $0.02. Ongoing net income decreased $4 million and the related net income per share increased $0.01. The decrease in ongoing net income is due to the increase in net interest expense and the higher effective tax rate, substantially offset by increased operating profit. The increase in ongoing net income per share reflects the benefit of a 2% reduction in average shares outstanding.

PEPSICO, INC. AND SUBSIDIARIES

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

	Net Sales			Operating Profit		
	12 Weeks Ended		% Change	12 Weeks Ended		% Change
	3/20/99	3/21/98	B/(W)	3/20/99	3/21/98	B/(W)
Pepsi-Cola						
- - North America	$ 613	$ 589	4	$172	$165	4
- - International	243	237	3	16	10	60
	856	826	4	188	175	7
Intercompany Elimination	(339)	(313)	(8)			
	517	513	1			
Frito-Lay						
- - North America (b)	1,742	1,631	7	280	308	(9)
- - International	787	758	4	78	76	3
	2,529	2,389	6	358	384	(7)
Tropicana	499	-	-	35	-	-
Combined Segments	3,545	2,902	22	581	559	4
Bottling Operations	1,569	1,451	8			
Total Net Sales	$5,114	$4,353	17			
Corporate Unallocated				(15)	(21)	29
New PepsiCo Operating Profit				566	538	5
Bottling Operations and Equity Investments				29	52	(44)
Total Operating Profit				$595	$590	1

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

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

	Total Assets	
	3/20/99	12/26/98
Pepsi-Cola		
- - North America	$ 505	$ 393
- - International	1,355	1,177
Frito-Lay		
- - North America	3,843	3,915
- - International	3,855	4,039
Tropicana	3,724	3,661
Bottling Assets and Equity Investments	8,714	9,260
Corporate	5,109	215
Total Assets	$27,105	$22,660

Notes:

(a) This schedule should be read in conjunction with Management's Discussion and Analysis--Segments of the Business beginning on page 15. Certain reclassifications were made to prior year amounts to conform with the 1999 presentation. See Note 3.

(b) Includes an asset impairment and restructuring charge of $65 million. See Note 4.

Segments of the Business

Pepsi-Cola

Our Board of Directors approved a plan in 1998 for the separation from PepsiCo of certain wholly-owned bottling businesses located in the United States, Canada, Spain, Greece and Russia, referred to as The Pepsi Bottling Group. On April 6, 1999, PBG completed the sale of approximately 60% of its common shares through an initial public offering, with PepsiCo retaining a noncontrolling ownership interest. The transaction will result in a pre-tax gain to PepsiCo.

In 1998, we announced an agreement with the Whitman Corporation to realign bottling territories. Subject to approval by Whitman shareholders, we plan to combine certain bottling operations in the mid-western United States and Central Europe (referred to as the PepsiCo Bottling Operations) with most of Whitman's existing bottling businesses to create new Whitman. It is anticipated that upon completion of the transaction, our noncontrolling ownership interest will be approximately 40%. If approved, this transaction is expected to be completed in the second quarter of 1999 and result in a pre-tax gain to PepsiCo which will be dependent on the fair value of Whitman's stock at the date of the transaction.

In March 1999, we announced an agreement with PepCom Industries, Inc., a Pepsi-Cola franchisee, to form a joint venture combining bottling businesses in parts of North Carolina and New York. PepCom plans to contribute to the joint venture bottling operations in central and eastern North Carolina and in Long Island, New York. We plan to contribute our bottling operations in Winston-Salem and Wilmington, North Carolina in exchange for a noncontrolling interest in the joint venture. This transaction is expected to be completed at the end of the second quarter of 1999.

In contemplation of the separation from PepsiCo of our bottling operations, we completed a reorganization of our Pepsi-Cola business in 1999. Our segment disclosure presents the operating results consistent with the new Pepsi-Cola organization. Accordingly, the results of consolidated bottling operations in which we plan to own an equity interest after the consummation of the PBG, PBO and PepCom transactions are presented separately with the equity income or loss of unconsolidated bottling affiliates. Pepsi-Cola North America results include the North American concentrate and fountain businesses. Pepsi-Cola International results include the international concentrate business and other consolidated international bottling operations. Prior year amounts have been reclassified to conform to the 1999 presentation. The discussion that follows presents net sales prior to the elimination of intercompany concentrate sales between Pepsi-Cola North America and Pepsi-Cola International and those consolidated bottling operations in which we plan to own an equity interest.

The standard volume measure is system bottler case sales. It represents PepsiCo-owned brands as well as brands we have been granted the right to produce, distribute and market nationally. First quarter BCS includes the months of January, February and March. The net sales and operating profit of Pepsi-Cola International include the operating results of January and February.

Pepsi-Cola North America

($ in millions)	12 weeks ended 3/20/99	3/21/98	% Change
Net Sales	$ 613	$ 589	4
Intercompany Elimination	(328)	(303)	(8)
Reported	$ 285	$ 286	-
Operating Profit	$ 172	$ 165	4

Reported net sales were flat over the prior year. Before the elimination of intercompany concentrate sales, net sales increased $24 million due primarily to volume growth. Higher concentrate pricing was substantially offset by increased fountain customer support.

BCS increased 4.5% led by the inclusion of Pepsi One, mid-single digit growth of our Mountain Dew brand and strong double digit growth of Aquafina bottled water, Mug and Lipton Brisk. These gains were partially offset by low single digit declines in Diet Pepsi and brand Pepsi. Concentrate shipments grew 2.6%.

Operating profit increased $7 million due to the volume growth and the net benefit of the higher concentrate pricing. These gains were partially offset by higher A&M expense led by Pepsi One. A&M grew faster than sales and at the same rate as BCS volume.

Pepsi-Cola International

($ in millions)	12 weeks ended 3/20/99	3/21/98	% Change
Net Sales	$ 243	$ 237	3
Intercompany Elimination	(11)	(10)	(10)
Reported	$ 232	$ 227	2
Operating Profit	$ 16	$ 10	60

Reported net sales increased $5 million. Before the elimination of intercompany concentrate sales, net sales increased $6 million or 3%. Excluding the negative impact of Brazil, due primarily to macro-economic conditions, net sales increased $10 million or 4%. This increase was primarily due to volume growth.

BCS increased 2%. This increase reflects strong double digit growth in China, India and Saudi Arabia and mid-single digit growth in Mexico. These advances were substantially offset by lower BCS in the Philippines, Brazil, Russia and Thailand. Through February total concentrate shipments to franchisees, including those wholly-owned bottlers in which we will own an equity interest, grew 3.0% while their BCS decreased slightly for this period.

Operating profit increased $6 million reflecting the increased volume and lower G&A expenses, partially offset by higher levels of A&M spending reflecting the competitive global environment.

Bottling Operations and Equity Investments

($ in millions)	3/20/99	3/21/98	Change
Net Sales			
Bottling Operations	$1,569	$1,451	8
Operating Profit			
Bottling Operations and Equity Investments	$ 29	$ 52	(44)

Revenue from bottling operations increased $118 million led by PBG North America reflecting the impact of acquisitions and higher volume.

Operating profit from bottling operations and equity investments decreased $23 million primarily due to lower PBG profit as a result of higher overhead costs incurred in preparation for operating as a separate public company and net equity losses in 1999 compared to equity income in 1998.

Frito-Lay

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

Frito-Lay North America

($ in millions)	12 weeks ended 3/20/99	3/21/98	% Change
Net Sales	$1,742	$1,631	7
Operating Profit			
Reported	$ 280	$ 308	(9)
Ongoing	$ 345	$ 308	12

Ongoing excludes an impairment and restructuring charge of $65 in 1999 described on page 11.

Net sales grew $111 million due to increased volume and a favorable mix shift to higher-priced products.

Pound volume advanced 5% led by double digit growth in the tortilla chip category and Cheetos brand cheese puffs and the inclusion of "WOW!" and the Cracker Jack brand products. These gains were partially offset by declines in Lay's and Ruffles brand potato chips and " Baked" Lay's and "Baked" Tostitos brand products.

Reported operating profit decreased $28 million. Ongoing operating profit increased $37 million reflecting the favorable mix shift and the higher volume partially offset by increased A&M. A&M grew at a faster rate than sales and volume due to increased promotional allowances. S&D grew at a slower rate than sales and at the same rate as volume.

Frito-Lay International

($ in millions)	12 weeks ended 3/20/99	3/21/98	% Change
Net Sales	$787	$758	4
Operating Profit	$78	$76	3

Net sales increased $29 million or 4%. Excluding the negative impact of Brazil, due primarily to macro-economic conditions, net sales increased $73 million or 11% reflecting net contributions from acquisitions/divestitures, higher volume and higher effective net pricing. Net acquisitions/divestitures contributed 6 percentage points to the 11% sales growth. The impact of weaker foreign currencies, primarily in Mexico, reduced net sales by 6 percentage points.

Salty snack kilos increased 6%. Excluding Brazil, salty snack kilos increased 8%, led by solid double digit growth at Walkers in the United Kingdom and mid-single digit growth at Sabritas in Mexico and the Snack Ventures Europe joint venture. Including acquisitions/divestitures, salty snack kilos increased an additional 8 percentage points to 16% driven primarily by acquisitions and mergers of salty snack food businesses in Central and South America and the acquisition in Australia. Sweet snack kilos increased 1% reflecting a mid-single digit growth at Gamesa in Mexico offset by a double digit decline in Poland. Sweet snack kilos, including the effect of acquisitions/divestitures, increased 2%.

Reported operating profit increased $2 million or 3%. Excluding Brazil, operating profit increased $20 million or 35% driven by strong operating performances at Walkers, Gamesa and Sabritas. The impact of weaker foreign currencies, primarily in Mexico, reduced operating profit by $6 million.

We completed the sale of the chocolate and biscuit businesses in Poland at the end of the first quarter as part of our global strategy to focus on our core business.

Tropicana

Net sales were $499 million and operating profit was $35 million. Net sales and operating profit reflect higher pricing taken to offset increases in the cost of oranges resulting from a supply shortage last fall.

Cash Flows

Our 1999 consolidated cash and cash equivalents increased $1.8 billion compared to a $530 million decrease in 1998. The change in cash flow primarily reflects net proceeds from the issuance of debt in preparation for the PBG IPO and the absence of share repurchase activity in the first quarter of 1999 partially offset by the use of these proceeds to purchase short-term investments compared to the liquidation of our investment portfolios in 1998.

Liquidity and Capital Resources

As of year end 1998, we maintained $4.75 billion of revolving credit facilities. Of the $4.75 billion total, $3.1 billion expired March 26, 1999 and was not renewed due to our reduced borrowing needs. The remaining $1.65 billion expires March 2003 and exists largely to support issuances of short-term debt. Annually, these facilities can be extended an additional year upon the mutual consent of PepsiCo and the lending institutions.

As discussed in Management's Discussion and Analysis - Segments of the Business - - Pepsi-Cola, our Board of Directors approved a plan in 1998 for the separation from PepsiCo of PBG. PBG completed an IPO on April 6, 1999, the closing date. In preparation for the IPO, PBG and its principal operating subsidiary, Bottling LLC incurred, in February and March of 1999, $6.55 billion of indebtedness. Of the $6.55 billion, $3.25 billion was temporary and has been repaid by PBG with the proceeds of the IPO and the issuance of long-term debt. PepsiCo has unconditionally guaranteed $2.3 billion of the remaining $3.3 billion of PBG's long-term debt. We received $5.5 billion of the debt proceeds obtained by PBG as settlement of pre-existing intercompany amounts due to us during the first quarter. These proceeds were partially used to repay a portion of our short-term borrowings and the remaining amount was invested in cash equivalents and short-term investments. We plan to use these investments for general corporate purposes, including future debt repayments, acquisitions and share repurchases.

An accounting gain on this transaction will be reported in the second quarter after the closing date balance sheet is completed, all intercompany balances as of that date are settled and the tax accounting is finalized. Although we do not expect to pay any material amount of taxes on this transaction for the foreseeable future, for accounting purposes, the gain will be reported net of deferred taxes.

We expect to generate net cash proceeds of $300 million as a result of the Whitman transaction. We do not expect to pay any material amount of taxes on this transaction for the foreseeable future. However, for accounting purposes, this transaction will be reported net of deferred taxes.

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

EURO

On January 1, 1999, eleven of fifteen member countries of the European Union fixed conversion rates between their existing currencies ("legacy currencies") and one common currency-the EURO. The euro trades on currency exchanges and may be used in business transactions. Conversion to the euro eliminated currency exchange rate risk between the member countries. Beginning in January 2002, new EURO-denominated bills and coins will be issued, and legacy currencies will be withdrawn from circulation. Our operating subsidiaries affected by the euro conversion have established plans to address the issues raised by the euro currency conversion. These issues include, among others, the need to adapt computer and financial systems, business processes and equipment, such as vending machines, to accommodate EURO-denominated transactions and the impact of one common currency on pricing. Since financial systems and processes currently accommodate multiple currencies, the plans contemplate conversion by the middle of 2001 if not already addressed in conjunction with Year 2000 remediation. We do not expect the system and equipment conversion costs to be material. Due to numerous uncertainties, we cannot reasonably estimate the long-term effects one common currency will have on pricing and the resulting impact, if any, on financial condition or results of operations.

Year 2000

Each of PepsiCo's business segments and corporate headquarters have teams in place to identify and address Year 2000 compliance issues. Information technology systems with non-compliant code are being modified or replaced with systems that are Year 2000 compliant. Similar actions are being taken with respect to non-IT systems, primarily systems embedded in manufacturing and other facilities. The teams are also charged with investigating the Year 2000 readiness of suppliers, customers, franchisees, financial institutions and other third parties and with developing contingency plans where necessary.

Key information technology systems have been inventoried and assessed for compliance, and detailed plans are in place for required system modifications or replacements. Remediation and testing activities are well underway with work on approximately 85% of the systems already completed and the systems back in operation. This percentage is expected to increase to approximately 98% by the end of the second quarter of 1999 with compliance planned by the fourth quarter of 1999. Inventories and assessments of non-IT systems have been completed and remediation activities are under way with a mid-year 1999 target completion date.

Independent consultants continue to monitor progress of remediation programs at selected businesses and perform testing at certain key locations. In addition, other experts are performing independent verification and validation audits of a sample of remediated systems with satisfactory results. Progress is also monitored by senior management, and regularly reported to PepsiCo's Board of Directors.

During 1998, we identified critical suppliers, customers, financial institutions, and other third parties and surveyed their Year 2000 remediation programs. Risk assessments and

contingency plans, where necessary, will be finalized in the first half of 1999 and tested where feasible in the second half of 1999.

In addition, independent consultants completed in 1998 a survey of the state of readiness of our significant bottling franchisees. Such surveys identified readiness issues for certain international bottlers and, therefore, potential risk to us. Our current assessment of international bottlers comprising approximately 92% of international volume indicates that bottlers representing 17% of the international volume are currently at risk. Divisional personnel are providing these bottlers with self assessment tools to identify areas still needing attention. We are also providing assistance to the franchisees with processes and with certain manufacturing equipment compliance data. Our contingency planning will include specific focus on those bottlers that remain at risk at the end of the second quarter.

Incremental costs directly related to Year 2000 issues are estimated to be $141 million from 1998 to 2000, of which $75 million or 53% has been spent to date. Currently, approximately 26% of the total estimated spending represents costs to repair systems while approximately 48% represents costs to replace and rewrite software. This estimate assumes that we will not incur significant Year 2000 related costs on behalf of our suppliers, customers, franchisees, financial institutions or other third parties. Costs incurred prior to 1998 were immaterial. Excluded from the estimated incremental costs are approximately $49 million of internal recurring costs for the 3 year period related to our Year 2000 efforts.

Contingency plans for Year 2000 related interruptions are being developed and will include, but not be limited to, the development of emergency backup and recovery procedures, the staffing of a centralized team to react to unforeseen events, remediation of existing systems parallel with installation of new systems, replacement of electronic applications with manual processes, identification of alternate suppliers and increases in raw material and finished goods inventory levels. The potential failure of a power grid or public telecommunication system, particularly internationally, will be considered in our contingency planning. All plans are expected to be completed by the end of the second quarter in 1999.

Our most likely worst case scenarios would involve the temporary inability of bottling franchisees to manufacture or bottle some products in certain locations, of suppliers to provide raw materials on a timely basis and of some customers to order and pay on a timely basis.

Our Year 2000 efforts are ongoing and our overall plan, including our contingency plans, will continue to evolve as new information becomes available. While we anticipate no major interruption of our business activities, that will be dependent in part upon the ability of third parties, particularly bottling franchisees, to be Year 2000 compliant. Although we have implemented the actions described above to address third party issues, we are not able to require the compliance actions by such parties. Accordingly, while we believe our actions in this regard should have the effect of mitigating Year 2000 risks, we are unable to eliminate them or to estimate the ultimate effect Year 2000 risks will have on our operating results.

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 March 20, 1999 and the related condensed consolidated statements of income, comprehensive income and cash flows for the twelve weeks ended March 20, 1999 and March 21, 1998. 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 26, 1998, 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 1, 1999, except as to Note 18 which is as of March 8, 1999, 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 26, 1998, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG LLP

New York, New York
April 22, 1999

PART II - OTHER INFORMATION AND SIGNATAURES

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Index to Exhibits on page 26.

(b) Reports on Form 8-K

We filed a current report on Form 8-K dated January 26, 1999 attaching our press release of January 25, 1999 announcing the agreement reached with the Whitman Corporation and preliminary fourth quarter results.

We filed a current report on Form 8-K dated February 3, 1999 attaching our 1998 earnings release of February 1, 1999.

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: May 4, 1999

Sean F. Orr

Senior Vice President and
Controller

Date: May 4, 1999

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 LLP regarding Unaudited Interim Financial Information (Accountants' Acknowledgment)
Exhibit 27.1	Financial Data Schedule 12 weeks ended March 20, 1999

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	
	3/20/99	3/21/98
Shares outstanding at beginning of period.	1,471	1,502
Weighted average of shares issued during the period for exercise of stock options.	3	6
Weighted average shares repurchased........	-	(12)
Average shares outstanding - Basic.........	1,474	1,496
Effect of dilutive securities		
Dilutive shares contingently issuable upon the exercise of stock options......	161	162
Shares assumed to have been purchased for treasury with assumed proceeds from the exercise of stock options......	(125)	(119)
Average shares outstanding - Assuming dilution	1,510	1,539
Net Income.................................	$333	$377
Net Income per share - Basic...............	$ 0.23	$ 0.25
Net Income per share - Assuming dilution...	$ 0.22	$ 0.24

EXHIBIT 12

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

	12 Weeks Ended	
	3/20/99	3/21/98
Earnings:	(b)	
Income before income taxes...................	$ 491	$ 546
Joint ventures and minority interests, net...	2	3
Amortization of capitalized interest.........	6	1
Interest expense.............................	124	76
Interest portion of rent expense (a).........	11	11
Earnings available for fixed charges.......	$ 634	$ 637
Fixed Charges:		
Interest expense.............................	$ 124	$ 76
Capitalized interest.........................	2	4
Interest portion of rent expense (a).........	11	11
Total fixed charges........................	$ 137	$ 91
Ratio of Earnings to Fixed Charges...........	4.63	7.00

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

(b) Includes the impact of an asset impairment and restructuring charge of $65. Excluding the charge, the ratio of earnings to fixed charges would have been 5.10.

EXHIBIT 15

Accountants' Acknowledgment

The Board of Directors
PepsiCo, Inc.

We hereby acknowledge our awareness of the use of our report dated April 22, 1999 included within the Quarterly Report on Form 10-Q of PepsiCo, Inc. for the twelve weeks ended March 20, 1999, 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 LLP
New York, New York
May 4, 1999

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This Schedule Contains Summary Financial Information
Extracted from PepsiCo, Inc. and Subsidiaries Condensed
Consolidated Financial Statements for the 12 Weeks Ended
March 20, 1999 and is Qualified in its Entirety by Reference
to such Financial Statements.

0000077476
PepsiCo, Inc.
1,000,000

Dec-25-1999
Mar-20-1999
3-MOS
2,124
2,698
2,511
131
1,096
8,872
13,061
5,868
27,105
10,892
5,378
29
0
0
6,523

27,105
5,114
5,114
2,140
2,140
0
5
124
491
158
333
0
0
0
333
0.23
0.22