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

(Mark One)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 15, 1996 (12 and 24 Weeks Ended)

OR

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

Commission file number 1-1183

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

North Carolina	13-1584302
(State or other jurisdiction of Employer incorporate or organization)	(I.R.S. Identification No.)

700 Anderson Hill Road Purchase, New York	10577
(Address of principal executive offices)	(Zip Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Number of shares of Capital Stock outstanding as of July 13, 1996: 1,566,444,477

PEPSICO, INC. AND SUBSIDIARIES

INDEX

PART I - FINANCIAL INFORMATION
PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(in millions except per share amounts, unaudited)

	12 Weeks Ended		24 Weeks Ended	
	6/15/96	6/17/95	6/15/96	6/17/95
Net Sales	$7,691	$7,245	$14,245	$13,402
Costs and Expenses, net				
Cost of sales	3,696	3,551	6,902	6,573
Selling, general and administrative expenses	2,939	2,751	5,514	5,188
Amortization of intangible assets	70	74	137	143
Operating Profit	986	869	1,692	1,498
Interest expense	(141)	(162)	(282)	(322)
Interest income	25	29	48	56
Income Before Income Taxes	870	736	1,458	1,232
Provision for Income Taxes	287	249	481	424
Net Income	$ 583	$ 487	$ 977	$ 808
Net Income Per Share	$ 0.36	$ 0.30	$ 0.60	$ .50
Cash Dividends Declared Per Share	$0.115	$ 0.10	$ 0.215	$ 0.19
Average Shares Outstanding Used To Calculate Net Income Per Share	1,613	1,607	1,616	1,603

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions, unaudited)

	24 Weeks Ended 6/15/96	24 Weeks Ended 6/17/95
Cash Flows - Operating Activities		
Net income	$ 977	$ 808
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	767	802
Deferred income taxes	12	2
Other noncash charges and credits, net	192	225
Changes in operating working capital, excluding effects of acquisitions		
Accounts and notes receivable	(421)	(629)
Inventories	(135)	(97)
Prepaid expenses, taxes and other current assets	(132)	6
Accounts payable	(142)	(30)
Income taxes payable	17	(149)
Other current liabilities	(62)	(63)
Net change in operating working capital	(875)	(962)
Net Cash Provided by Operating Activities	1,073	875
Cash Flows - Investing Activities		
Acquisitions and investments in unconsolidated affiliates	(28)	(113)
Capital spending	(960)	(868)
Sales of restaurants.........................	200	21
Sales of property, plant and equipment	32	51
Short-term investments, by original maturity		
More than three months - purchases	(87)	(172)
More than three months - maturities	110	66
Three months or less, net	65	99
Other, net	(79)	(142)
Net Cash Used for Investing Activities	(747)	(1,058)
Cash Flows - Financing Activities		
Proceeds from issuances of long-term debt	1,286	1,387
Payments of long-term debt	(454)	(268)
Short-term borrowings, by original maturity		
More than three months - proceeds	412	888
More than three months - payments	(1,218)	(1,725)
Three months or less, net	518	308
Cash dividends paid	(315)	(283)
Purchases of treasury stock	(725)	(186)
Proceeds from exercises of stock options	162	88
Other, net	(22)	(21)
Net Cash (Used for) Provided by Financing Activities	(356)	188
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(2)	3
Net (Decrease) Increase in Cash and Cash Equivalents	(32)	8
Cash and Cash Equivalents - Beginning of year	382	331
Cash and Cash Equivalents - End of period	$ 350	$ 339

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(in millions)

ASSETS

	Unaudited 6/15/96	12/30/95
Current Assets		
Cash and cash equivalents	$ 350	$ 382
Short-term investments, at cost............	1,028	1,116
	1,378	1,498
Accounts and notes receivable, less allowance: 6/96 - $158, 12/95 - $150	2,855	2,407
Inventories		
Raw materials and supplies	605	550
Finished goods	578	501
	1,183	1,051
Prepaid expenses, taxes and other current assets	722	590
Total Current Assets	6,138	5,546
Investments in Unconsolidated Affiliates	1,537	1,635
Property, Plant and Equipment	17,418	16,751
Accumulated Depreciation	(7,251)	(6,881)
	10,167	9,870
Intangible Assets, net	7,481	7,584
Other Assets	811	797
Total Assets	$26,134	$25,432

Continued on next page.

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET (continued)
(in millions except per share amount)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Unaudited 6/15/96	12/30/95
Current Liabilities		
Accounts payable	$ 1,412	$ 1,556
Short-term borrowings	1,228	706
Accrued compensation and benefits	815	815
Income taxes payable	449	387
Accrued marketing	339	469
Other current liabilities	1,439	1,297
Total Current Liabilities	5,682	5,230
Long-Term Debt	8,581	8,509
Other Liabilities	2,513	2,495
Deferred Income Taxes	1,905	1,885

Shareholders' Equity		
Capital stock, par value 1 2/3 cents per share: authorized 3,600 shares, issued 6/96 and 12/95 - 1,726	29	29
Capital in excess of par value	1,140	1,045
Retained earnings	9,369	8,730
Currency translation adjustment	(830)	(808)
	9,708	8,996
Less: Treasury Stock, at Cost 6/96 - 161 shares, 12/95 - 150 shares	(2,255)	(1,683)
Total Shareholders' Equity	7,453	7,313
Total Liabilities and Shareholders' Equity	$26,134	$25,432

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES
(unaudited)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) The Condensed Consolidated Balance Sheet at June 15, 1996 and the Condensed Consolidated Statement of Income for the 12 and 24 weeks ended June 15, 1996 and June 17, 1995 and the Condensed Consolidated Statement of Cash Flows for the 24 weeks ended June 15, 1996 and June 17, 1995 have not been audited, but have been prepared in conformity with the accounting principles applied in the PepsiCo, Inc. and Subsidiaries (PepsiCo) 1995 Annual Report on Form 10-K (1995 Annual Report) for the year ended December 30, 1995, except as disclosed in Note 4 below. In the opinion of management, this information includes all material adjustments, which are of a normal and recurring nature, necessary for a fair presentation. The results for the 12 and 24 weeks are not necessarily indicative of the results expected for the year.

(2) On May 1, 1996 PepsiCo's Board of Directors authorized a two-for-one stock split of PepsiCo's capital stock effective for shareholders of record at the close of business on May 10, 1996. The number of authorized shares was also increased from 1.8 billion to 3.6 billion. The current and prior period information in the Condensed Consolidated Financial Statements, as well as all other share data in this report, have been adjusted to reflect this stock split and the increase in authorized shares. The par value remains 1 2/3 cents per share, with capital in excess of par value reduced to reflect the total par value of the additional shares.

(3) Effective the beginning of the fourth quarter of 1995, PepsiCo adopted Statement of Financial Accounting Standards No. 121 (SFAS 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which primarily reduced the carrying amount of certain long-lived assets to be held and used in the business. As a result, depreciation and amortization expense for the quarter and year-to-date was reduced by $18 million ($12 million after-tax or $0.01 per share) and $33 million ($22 million after-tax or $0.01 per share), respectively. Additionally, during the second quarter of 1996 PepsiCo performed the impairment evaluation, recognition and measurement tests required by SFAS 121, covering assets that in the first half of 1996 initially met the "history of operating losses" impairment indicator we use to identify potentially impaired assets and assets previously evaluated for impairment where, due to changes in circumstances, a current forecast of future cash flows would be expected to be significantly lower than the forecast used in the prior evaluation. As a result of the review, a noncash impairment charge of $18 million ($12 million after-tax or $0.01 per share) was recorded in selling, general and administrative expenses at the end of the second quarter to reduce the carrying value of certain long-lived assets to be held and used in the

restaurant segment.

(4) Effective beginning fiscal year 1996, PepsiCo changed its classification of certain U.S. beverage promotional programs. To conform the 1995 results with those of 1996, a reclassification was made within the 1995 results, decreasing both net sales and selling, general and administrative expenses by $41 million and $75 million in the second quarter and year-to-date, respectively. This reclassification did not affect reported net income or net income per share.

(5) Significant debt issuances and repayments (exclusive of commercial paper), including the related effects of any interest rate and/or foreign currency swaps entered into concurrently with the debt, are listed below. As disclosed in PepsiCo's 1995 Annual Report, PepsiCo enters into the swaps to effectively change the interest rate and currency of specific debt issuances with the objective of reducing borrowing costs.

Debt Issued	Principal (in millions)	Maturity Date	Weighted Average Interest Rate
12 weeks ended June 15, 1996:			
	$191	1998	*
	150	1999	*
	166	2001	*
	100	2006	*
	75	2011	*
	$682		
Subsequent to June 15, 1996:			
	$180	1999	*
	25	2011	*
	$205		

Debt Repayments	Principal (in million)	Interest Rate
12 weeks ended June 15, 1996:		
	$ 85	*
	15	14.4%
	175	7.5%
	50	6.0%
	$325	
Subsequent to June 15, 1996:		
	$200	4.6%

* Variable rate debt indexed to either LIBOR or commercial paper rates.

(6) At June 15, 1996, $3.5 billion of short-term borrowings were included in the Condensed Consolidated Balance Sheet under the caption "Long-term Debt", reflecting PepsiCo's intent and ability, through the existence of unused revolving credit facilities, to refinance these borrowings on a long-term basis. At June 15, 1996, PepsiCo had unused revolving credit facilities covering potential borrowings aggregating $3.5 billion which expire in January 2001.

(7) Through the 24 weeks ended June 15, 1996, PepsiCo repurchased 23.4 million shares of its capital stock at a cost of $725 million. From June 16, 1996 through July 18, 1996, PepsiCo repurchased 2.0 million shares at a cost of $67 million.

(8) In the first half of 1996, 29.3 million stock options were granted to senior management in a biennial grant under PepsiCo's Long-Term Incentive Plan. Of this amount, an immaterial number of options were subsequently converted to performance share units. On July 1, 1996, PepsiCo made an annual grant under its broad-based SharePower Stock Option Plan of 10.8 million options to approximately 130,000 eligible employees. On July 25, 1996, 6.1 million options were awarded under PepsiCo's Stock Option

Incentive Plan for middle management employees.

(9) Supplemental Cash Flow Information

($ in millions)	24 Weeks Ended 6/15/96	6/17/95
Cash Flow Data		
Interest paid	$315	$368
Income taxes paid	409	447

MANAGEMENT'S ANALYSIS OF OPERATIONS, CASH FLOWS AND FINANCIAL CONDITION

As described in Note 2 to the Condensed Consolidated Financial Statements, a two-for-one stock split was authorized for shareholders of record at the end of business on May 10, 1996. All share data in Management's Analysis have been adjusted to reflect the stock split.

Forward-Looking Statements - Safe Harbor
From time to time, in both written reports and oral statements by PepsiCo senior management, we may express our expectations regarding future performance of the Company. These "forward-looking statements" are inherently uncertain and investors must recognize that events could turn out to be different than what senior management expected. Key factors impacting current and future performance are described in PepsiCo's 1995 Annual Report in Management's Analysis - Worldwide Marketplace on page 14.

Analysis of Consolidated Operations

Net Sales
($ in millions)

	12 Weeks Ended 6/15/96	6/17/95	% Change	24 Weeks Ended 6/15/96	6/17/95	% Change
U.S.	$5,393	$5,167	4	$10,210	$ 9,637	6

International	2,298	2,078	11	4,035	3,765	7
	$7,691	$7,245	6	$14,245	$13,402	6

Worldwide net sales rose $446 million in the quarter and $843 million year-to-date, or 6% for both periods. For both the quarter and year-to-date, the sales growth benefited from higher effective net pricing in each of our three business segments and net volume gains of $180 million and $357 million, respectively, partially offset by an unfavorable foreign currency exchange impact, primarily reflecting the continued devaluation of the Mexican peso. The volume gains were driven by worldwide snack foods and beverages partially offset by declines at Pizza Hut in the U.S., due to lapping the exceptional results from the national roll-out of Stuffed Crust pizza in 1995. Year-over-year sales growth rates were moderated by the effect of PepsiCo's restaurant strategy to reduce its ownership of the restaurant system, as described in PepsiCo's 1995 Annual Report. Also, as noted in the 1995 Annual Report and on page 17, certain of our international beverage results are being reported on a different basis in 1996 than in 1995. Although this change will have no impact on full-year results, we are reporting 8 more days for the quarter and 17 less days on a year-to-date basis from our international franchise and administrative operations compared to last year. While not practicable to quantify, this change does affect the year-over-year interim growth rates.

Cost of Sales
($ in millions)

	12 Weeks Ended		24 Weeks Ended	
	6/15/96	6/17/95	6/15/96	6/17/95
Cost of sales	$3,696	$3,551	$6,902	$6,573
As a percent of net sales	48.1%	49.0%	48.5%	49.0%

Cost of sales as a percent of net sales decreased in 1996 primarily due to lower raw materials costs and higher effective pricing in U.S. beverages and higher effective pricing in U.S. restaurants, partially offset by an unfavorable mix shift in international beverages from higher-margin concentrate to lower-margin packaged products.

Selling, General and Administrative Expenses (SG&A)
($ in millions)

	12 Weeks Ended		24 Weeks Ended	
	6/15/96	6/17/95	6/15/96	6/17/95
SG&A	$2,939	$2,751	$5,514	$5,188
As a percent of net sales	38.2%	38.0%	38.7%	38.7%

SG&A is comprised of selling and distribution expenses (S&D), advertising and marketing expenses (A&M), general and administrative expenses (G&A), other income and expense and equity income/(loss) from investments in unconsolidated affiliates. SG&A grew at a slightly faster rate than sales in the quarter and at the same rate as sales on a year-to-date basis. S&D grew at the same rate as sales in the quarter and at a slightly slower rate than sales year-to-date. Both periods reflected increased effective pricing and reduced depreciation and amortization expense as a result of the reduced carrying amount of long-lived assets in connection with the 1995 adoption of SFAS 121, primarily in U.S. restaurants. U.S. beverages and snack foods S&D grew at rates faster than sales reflecting increased labor costs and spending by U.S. snack foods to capture volume previously sold by Eagle, the snack food division of Anheuser-Busch, as a result of their first quarter decision to exit the salty snack market. A&M grew at a faster rate than sales reflecting a faster rate of spending in U.S. beverages and worldwide snack foods, partially offset by a slower rate of spending in U.S. restaurants, and year-to-date, international beverages. G&A expenses grew slightly faster than sales in the quarter and, to a greater extent, year-to-date. This was primarily due to worldwide restaurants, reflecting the soft U.S. sales trends and increased spending partially offset by lapping the $20 million Pizza Hut relocation charge included in the quarter last year. Other income and expense included refranchising gains in excess of costs of closing other restaurants of $38 million and $84 million in the quarter and year-to-date, respectively, compared to $1 million and $4 million for the same periods in 1995. In addition, the quarter and year-to-date included an $18 million impairment charge to write-down the carrying value of certain long-lived restaurant assets, and year-to-date, a $26 million charge for Hot 'n Now. Losses from PepsiCo's unconsolidated equity investments, compared to earnings a year ago, primarily reflected losses from Buenos Aires Embotelladora S.A. (BAESA), a beverage bottling joint venture, partially offset by income from our 1995 investment in Grupo Embotellador de Mexico (GEMEX) and smaller losses by our other Mexican beverage bottling

joint ventures. Net foreign exchange losses of $5 million and $8 million in the quarter and year-to-date, respectively, compared to a net foreign exchange loss of $4 million and a gain of $6 million in the comparable periods in the prior year.

Amortization of intangible assets declined 5% for the quarter and 4% year-to-date as a result of the reduced carrying amount of intangible assets in connection with the 1995 adoption of SFAS 121. This noncash expense reduced net income per share by $0.04 and $0.07 for the quarter and year-to-date, respectively, for both 1996 and 1995.

Operating Profit
($ in millions)

	12 Weeks Ended			24 Weeks Ended		
	6/15/96	6/17/95	% Change	6/15/96	6/17/95	% Change
Operating Profit	$986	$869	13	$1,692	$1,498	13

Operating profit increased $117 million for the quarter and $194 million year-to-date or 13% for both periods. The growth was driven by combined segment operating profit growth of 14% for both the quarter and year-to-date which benefited from the higher effective net pricing which exceeded increased operating costs, volume growth of $54 million for the quarter and $97 million year-to-date and a favorable impact from net restaurant unit activity, as defined on page 22, of $46 million and $99 million in the quarter and year-to-date, respectively. The volume growth was driven by worldwide snack foods and U.S. beverages, partially offset by a decline at Pizza Hut U.S. and, year-to-date, international beverages. In addition, the quarter and year-to-date profit growth benefited from reduced depreciation and amortization expense of $18 million and $33 million, respectively, associated with the adoption of SFAS 121, fully offset in the quarter and partially offset year-to-date by the SFAS 121 non-cash impairment charge of $18 million. International segment profits increased 15% for the quarter and 14% year-to-date, reflecting double-digit increases in snack foods and restaurants and, year-to-date, in beverages. International segment profits in both 1996 and 1995 represented 18% and 17%, respectively, of segment operating profits for the quarter and year-to-date. Foreign exchange gains and losses and equity income/(loss) from unconsolidated equity investments are not included in segment operating profit. Operating profit growth was hampered by the effect of the net foreign exchange gains and losses and the losses from unconsolidated equity investments compared to profits a year ago.

Interest Expense, net
($ in millions)

	12 Weeks Ended			24 Weeks Ended		
	6/15/96	6/17/95	% Change	6/15/96	6/17/95	% Change
Interest expense	$(141)	$(162)	(13)	$(282)	$(322)	(12)
Interest income	25	29	(14)	48	56	(14)
Interest expense, net	$(116)	$(133)	(13)	$(234)	$(266)	(12)

Interest expense, net, decreased 13% for the quarter and 12% year-to-date, reflecting lower interest rates.

Provision for Income Taxes
($ in millions)

	12 Weeks Ended		24 Weeks Ended	
	6/15/96	6/17/95	6/15/96	6/17/95
Provision for Income Taxes	$287	$249	$481	$424
Effective tax rate	33.0%	33.8%		33.0%

34.4%

The 1996 effective tax rate decreased 0.8 of a point and 1.4 points for the quarter and year-to-date, respectively. The decline primarily reflected the reversal of prior year valuation allowances no longer required on state and foreign deferred tax assets. The reversals are reflected in the full-year forecast of the 1996 effective tax rate.

As reported in our Form 8-K dated May 13, 1996, the U.S. Treasury Department promulgated a final regulation on May 9, 1996 which significantly revised its earlier proposed change in the tax regulation known as Q&A 12. As described in PepsiCo's 1995 Annual Report, the original proposal, if enacted, was expected to significantly reduce the tax incentives associated with our beverage concentrate operations in Puerto Rico and, therefore, have a significant negative impact on PepsiCo's effective tax rate in 1996, as well as in future years. The final regulation, which is effective for PepsiCo retroactive to December 1, 1994, will not significantly impact PepsiCo.

Net Income
(in millions except per share and percent amounts)

	12 Weeks Ended			24 Weeks Ended		
	6/15/96	6/17/95	% Change	6/15/96	6/17/95	% Change
Net Income	$ 583	$ 487	20	$ 977	$ 808	21
Net Income Per Share	$0.36	$0.30	20	$0.60	$0.50	20
Average Shares Outstanding Used to Calculate Net Income Per Share	1,613	1,607	-	1,616	1,603	1

BAESA

Under PepsiCo's partnership agreement with the principal shareholders of BAESA, PepsiCo's beverage bottling joint venture with operations currently in Argentina, Brazil, Chile, Costa Rica and Uruguay, voting control was transferred to PepsiCo on July 1, 1996, subject to certain veto rights retained by Mr. Charles Beach, BAESA's former Chief Executive Officer. In its July 2, 1996 press release, BAESA announced the election of a new Board of Directors and the appointment of a new management team. Mr. Beach remains as Chairman of the Board. The press release also indicated that BAESA's fiscal third quarter losses would be significantly greater than those reported for the fiscal second quarter and that no improvement in operating results should be expected for the balance of its fiscal year ending September 30, 1996. The expected losses, which were not quantified, reflect anticipated operating losses, restructuring charges, facility

closures and adjustments to the carrying amount of certain assets and liabilities. BAESA said its operating results and ensuing financing position could place it in technical breach of certain financial convenants in its loan agreements and other financing arrangements. BAESA said it is currently working on a new financing plan. Because of Mr. Beach's veto rights, PepsiCo will not consolidate the results of BAESA but will continue to include its 24% economic share of the results of BAESA in equity earnings. To facilitate the financial reporting process, PepsiCo reports its share of all of its international beverage joint ventures' earnings on a one month lag. Accordingly, PepsiCo includes BAESA's results in its quarterly earnings as follows:

PepsiCo	BAESA*
First quarter	December and January
Second quarter	February, March and April
Third quarter	May, June and July
Fourth quarter	August, September, October and November

*BAESA's fiscal year ends September 30.

It is anticipated that PepsiCo's share of BAESA's expected fiscal third and fourth quarter losses will not have a material adverse effect on PepsiCo's financial condition or cash flow, but will adversely affect year-over-year earnings comparisons. The extent of PepsiCo's role, if any, in BAESA's new financing plan has not yet been determined. Reliable information is not currently available for PepsiCo to determine whether its $152 million investment (including advances) in BAESA as of May 31, 1996 has been impaired requiring a write-down in its carrying amount.

Impairment

As disclosed in PepsiCo's 1996 first quarter Form 10-Q and as discussed in more detail in Note 3 to the Condensed Consolidated Financial Statements, during the second quarter PepsiCo performed the impairment evalution, recognition and measurement tests required by SFAS 121. As a result of that review, an $18 million ($12 million after-tax or $0.01 per share) noncash impairment charge was recorded at the end of the second quarter to reduce the carrying value of certain long-lived restaurant assets. Absent circumstances that would require an immediate evaluation for impairment, PepsiCo intends to perform its next impairment evaluation, recognition and measurement tests in the fourth quarter of 1996. Management believes that impairment charges, primarily related to the restaurant segment, are reasonably possible in the fourth quarter of 1996 but anticipates that, for the full-year, impairment charges for that segment will be more than offset by refranchising gains net of costs of closing other stores. Refer also to the discussion above regarding a potential impairment of our investment in BAESA.

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

	Net Sales 12 Weeks Ended			Operating Profit 12 Weeks Ended		
	6/15/96	6/17/95	% Change	6/15/96	6/17/95	% Change
Beverages						
- -U.S.	$1,772	$1,649	7	$ 365	$321	14
- -International	967	909	6	75	75	-
	2,739	2,558	7	440	396	11
Snack Foods						
- -U.S.	1,504	1,302	16	288	264	9
- -International	801	696	15	82	64	28
	2,305	1,998	15	370	328	13
Restaurants						
- -U.S.	2,117	2,216	(4)	194	162	20
- -International	530	473	12	26	20	30
	2,647	2,689	(2)	220	182	21
Total						
- -U.S.	5,393	5,167	4	847	747	13
- -International	2,298	2,078	11	183	159	15
	$7,691	$7,245	6	1,030	906	14
Equity/(Loss) Income				(1)	9	NM
Other Unallocated Expenses, net (b)				(43)	(46)	(7)
Operating Profit				$ 986	$869	13
By U.S. Restaurant Chain: (c)						
Pizza Hut	$ 871	$1,017	(14)	$ 103	$ 96	7
Taco Bell	811	810	-	59	45	31
KFC	435	389	12	32	21	52
	$2,117	$2,216	(4)	$ 194	162	20

NOTES:
(a) This schedule should be read in conjunction with Management's Analysis beginning on page 16.
(b) Includes corporate headquarters expenses, minority interests, foreign exchange translation and transaction gains and losses and other items not allocated to the business segments. Net foreign exchange losses of $5 and $4 were included in 1996 and 1995, respectively.

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

	Net Sales 24 Weeks Ended			Operating Profit 24 Weeks Ended		
	6/15/96	6/17/95	% Change	6/15/96	6/17/95	% Change
Beverages						
- -U.S.	$ 3,211	$ 3,012	7	$ 609	$ 530	15
- -International	1,491	1,479	1	87	77	13
	4,702	4,491	5	696	607	15
Snack Foods						
- -U.S.	2,849	2,478	15	535	496	8
- -International	1,512	1,344	13	155	135	15
	4,361	3,822	14	690	631	9
Restaurants						
- -U.S.	4,150	4,147	-	342	274	25
- -International	1,032	942	10	57	50	14
	5,182	5,089	2	399	324	23
Total						
- -U.S.	10,210	9,637	6	1,486	1,300	14
- -International	4,035	3,765	7	299	262	14
	$14,245	$13,402	6	1,785	1,562	14
Equity/(Loss) Income				(3)	7	NM
Other Unallocated Expenses, net (b)				(90)	(71)	27
Operating Profit				$1,692	$1,498	13
By U.S. Restaurant Chain:(c)						
Pizza Hut	$ 1,776	$ 1,862	(5)	$ 209	$ 161	30
Taco Bell	1,553	1,538	1	81	78	4
KFC	821	747	10	52	35	49
	$ 4,150	$ 4,147	-	$ 342	$ 274	25

NOTES:
(a) This schedule should be read in conjunction with Management's Analysis beginning on page 16.
(b) Includes corporate headquarters expenses, minority interests, foreign exchange translation and transaction gains and losses and other items not allocated to the business segments. A net foreign exchange loss of $8 and gain of $6 were included in 1996 and 1995, respectively.
(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 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.

Segments of The Business

Beverages
($ in millions)

	12 Weeks Ended			24 Weeks Ended		
	6/15/96	6/17/95	% Change	6/15/96	6/17/95	% Change

Net Sales						
U.S.	$1,772	$1,649	7	$3,211	$3,012	7
International	967	909	6	1,491	1,479	1
	$2,739	$2,558	7	$4,702	$4,491	5
Operating Profit						
U.S.	$ 365	$ 321	14	$ 609	$ 530	15
International	75	75	-	87	77	13
	$ 440	$ 396	11	$ 696	$ 607	15

Sales in the U.S. rose 7% for both the quarter and year-to-date or $123 million and $199 million, respectively. Volume growth contributed $65 million for the quarter and $93 million year-to-date driven by carbonated soft drink (CSD) products. The sales growth for both the quarter and year-to-date also benefited from higher pricing on most CSD packages, primarily single-serve, and fountain syrup.

System bottler case sales of Pepsi Corporate brands (BCS), which is comprised of company-owned brands as well as brands we have the right to produce, distribute and market nationally, consist of sales of packaged products to retailers and through vending machines and fountain syrup by company-owned and franchised bottlers. Second quarter U.S. and international BCS include the calendar months of April and May, consistent with prior years. BCS in the U.S. increased 4% for the quarter and year-to-date, reflecting solid increases in Brand Pepsi and the Mountain Dew brand as well as growth of more than 50% in Mug brand root beer. Total alternative beverages, which primarily include Lipton brand ready-to-drink tea and All Sport, grew at a double-digit rate. The growth in Lipton, which represents approximately 70% of the alternative beverages BCS, was due to strong double-digit volume gains from fountain syrup and strong gains from Lipton Brisk which more than offset single-digit volume declines of Lipton Brew. Alternative beverages contributed 0.8 of a point to the BCS growth for the quarter and year-to-date. Fountain syrup grew at a significantly faster rate than packaged products for both the quarter and year-to-date, primarily a result of several new customers added at the end of 1995.

Profit in the U.S. increased $44 million or 14% for the quarter and $79 million or 15% year-to-date. The quarter and year-to-date profit growth reflected the higher pricing on most CSD packages and fountain syrup and volume gains of $34 million and $51 million, respectively, as well as lower product costs. Advertising and marketing expenses grew at a double-digit rate for both the quarter and year-to-date, primarily due to the Pepsi Stuff promotion. For the quarter and year-to-date, selling and distribution expenses grew at a slower rate than sales, but at a faster rate than volume, reflecting increased salaries and wages. Increased administrative expenses for both periods primarily reflected costs incurred in connection with national initiatives to upgrade operating and administrative systems. Profit growth for the quarter and year-to-date was

aided by higher profit in alternative beverages, primarily caused by lapping a second quarter 1995 charge for estimated probable future take-or-pay co-packing penalties. Year-to-date profit growth was favorably impacted by a litigation settlement with a supplier for purchases made in prior years. The profit margin grew more than 1 point to 20.6% for the quarter and nearly 1 1/2 points to 19.0% year-to-date.

As previously disclosed in PepsiCo's 1995 Annual Report and 1996 first quarter report on Form 10-Q, 1996 quarterly results for international beverages will not be comparable to 1995's because its results, except for Canada, are now reported on a monthly basis. For 1995, generally only the company-owned bottling operations reported results on a monthly basis. As a result, the franchise and administrative operations are reporting 3 and 5 months of results in the 1996 second quarter and year-to-date, compared to 12 and 24 weeks, respectively, last year. Therefore, 1996 second quarter results include 8 more days, while the year-to-date results have 17 less days. The 17 days will reverse over the remaining two quarters in 1996 and accordingly, full-year results will be comparable. Although not reasonably quantifiable, the quarter and year-to-date comparisons discussed below are affected by the noncomparable reporting periods.

International sales rose $58 million or 6% in the quarter and $12 million or 1% year-to-date. Sales growth for the quarter reflected $71 million of higher volume of both packaged product sales and concentrate shipments to franchised bottlers and $38 million of volume growth year-to-date, primarily from packaged products, partially offset by lower concentrate volume. Sales growth was also aided by higher effective net prices, due in part to country and product mix, on packaged products and concentrate for the quarter and concentrate year-to-date. These gains were dampened by unfavorable currency translation impacts, primarily due to the strength of the U.S. dollar against most other currencies, with the most significant impact in Japan and Mexico.

International case sales increased 5% for the quarter and 4% year-to-date, led by Growth Markets (primarily Brazil, China, Eastern Europe and India, where we are investing heavily because we believe they have high growth potential) which, on a combined basis, grew at a low double-digit rate for both periods. The quarter and year-to-date BCS increases in our Growth Markets reflected double-digit growth in India, the Czech and Slovak Republics, Hungary and China, partially offset by a single-digit decline in Brazil for the quarter. Although the quarter and year-to-date increases in Growth Markets were partially offset by single-digit declines in Mexico, our largest international BCS market, reflecting adverse economic conditions and increased competition in that country, Mexico's volume trends improved from the first quarter.

International profit was flat for the quarter and increased $10 million or 13% year-to-date. The quarter profit comparison reflected increased volumes of $16 million and the higher effective net pricing on concentrate which was fully offset by the unfavorable currency translation impacts and increased field administrative costs. The year-to-date profit growth was also favorably impacted by the higher effective net pricing on concentrate as well as packaged products and lower field administrative costs, partially offset by $20 million of reduced volumes, driven by concentrate, and by the unfavorable currency translation impacts. The profit margin declined one-half point to 7.8% for the quarter and more than one-half point to 5.8% year-to-date.

Following is a discussion of international results by key geographic market. Growth Markets, for both the quarter and year-to-date, incurred significantly lower losses, led by significantly improved results in India and Hungary and reduced losses in Poland, partially offset by significantly deteriorating results in Brazil. Our largest international sales markets are Canada, Spain and Japan, which have sizable company-owned bottling operations. Canada's profit declined slightly for the quarter as a result of higher field administrative costs, while profit grew year-to-date, reflecting higher volume and increased effective net pricing, due in part to product mix. Profit for both periods in Spain was significantly lower, reflecting reduced effective net pricing, due in part to product mix, and a higher rate of promotional activity. Japan's profit for both periods declined significantly, driven by an unfavorable mix shift to lower-margin channels. Saudi Arabia, our most profitable franchised country, reported lower profit for both periods, primarily reflecting an increased rate of advertising and marketing spending, due to increased competition, and lower concentrate shipments year-to-date, although BCS increased.

As described on page 12, BAESA issued a press release describing significantly increased losses due to weak operating results, restructuring actions and substantial noncash accounting charges. PepsiCo will reflect its 24% economic share in these losses in equity earnings. In addition, due to BAESA's operating difficulties, international beverages' results will likely be negatively impacted by reduced concentrate sales and profitability in Brazil and, to a lesser degree, Argentina.

Snack Foods
($ in millions)

	12 Weeks Ended			24 Weeks Ended		
	6/15/96	6/17/95	% Change	6/15/96	6/17/95	% Change
Net Sales						
U.S.	$1,504	$1,302	16	$2,849	$2,478	15
Int'l	801	696	15	1,512	1,344	13
	$2,305	$1,998	15	$4,361	$3,822	14
Operating Profit						
U.S.	$ 288	$ 264	9	$ 535	$ 496	8
Int'l	82	64	28	155	135	15
	$ 370	$ 328	13	$ 690	$ 631	9

Sales in the U.S. grew $202 million or 16% for the quarter and $371 million or 15% year-to-date. The sales increase reflected strong volume growth of $145 million for the quarter and $261 million year-to-date and the effects of increased pricing taken in the latter half of 1995 across all major brands. The volume growth reflected gains in almost all major brands, led by low-fat and no-fat snacks, which accounted for about 45% of the sales growth for both the quarter and year-to-date.

Pound volume in the U.S. advanced 11% for both the quarter and year-to-date, reflecting exceptional performance from the low-fat and no-fat categories. These categories contributed 40% of the total pound growth for both the quarter and year-to-date, driven by Baked Lay's brand potato chips, Tostitos brand salsa, Baked Tostitos brand tortilla chips and for the year-to-date Ruffles Light brand potato chips. Rold Gold brand pretzels volume declined slightly in both periods. Core brands, excluding the low-fat and no-fat products, had solid single-digit growth for both the quarter and year-to-date as follows: the quarter and year-to-date growth was aided by strong single-digit growth in Lay's brand potato chips; double-digit growth in Fritos brand corn chips fueled by both the introduction of new flavor extensions and the core brand; strong double-digit growth of Tostitos brand tortilla chips; strong single-digit growth in Ruffles brand potato chips, benefiting from new flavor extensions; and double-digit growth in Chee.tos brand cheese flavored snacks aided by a national advertising campaign supporting the introduction of Chee.tos Checkers. Doritos brand tortilla chips remained flat for the quarter and had solid single-digit pound growth year-to-date, driven by new flavor extensions.

Profit in the U.S. grew $24 million or 9% for the quarter and $39 million or 8% year-to-date. The profit increase reflected the volume growth, which contributed $66 million and $120 million for the quarter and year-to-date, respectively, the higher pricing that exceeded increased promotional price allowances and merchandising support, and a favorable sales mix shift to higher-margin low-fat and no-fat products, partially offset by an unfavorable sales mix shift to larger value-oriented packages. This profit growth was partially offset by higher operating costs and administrative expenses. The increase in operating costs reflected increased selling and distribution expenses, higher manufacturing costs, reflecting increased capacity and commodity costs, and higher advertising

expenses. These increases were due in part to an effort to capture volume that has become available as a result of a first quarter decision by Anheuser-Busch to exit the salty snack food business. The higher administrative expenses reflected investment spending to sustain strong volume growth including improved delivery systems, costs related to new single-serve sweet snack products produced under a joint venture arrangement with Sara Lee Bakery and costs associated with development and tests of new products using the recently approved fat-replacer, Olean. For both the quarter and year-to-date, unfavorable potato and corn prices were partially offset by favorable oil and packaging prices. Although difficult to forecast, our 1996 commodity costs are expected to increase modestly over 1995 through the third quarter and for the fourth quarter, will be dependent upon the fall crops. The profit margin decreased over 1 point for both the quarter and year-to-date to 19.1% and 18.8%, respectively.

International sales increased $105 million or 15% for the quarter and $168 million or 13% year-to-date. The sales increase reflected higher pricing, primarily the effect of 1995 pricing actions in Mexico, and increased volume growth of $59 million and $109 million for the quarter and year-to-date, respectively, partially offset by a net unfavorable currency translation impact, primarily due to the Mexican peso and, for the quarter, the British pound.

International kilo growth is reported on a systemwide basis, which includes both consolidated businesses and joint ventures (JV) operating for at least one year. Salty snack kilos rose 6% for the quarter and 7% year-to-date, reflecting double-digit volume growth in the U.K., fueled by in-bag promotions beginning late in the first quarter, and Brazil as well as strong single-digit growth in Canada. In addition, our Korea JV achieved solid double-digit growth fueled, in part, by an in-bag promotion. These gains were partially offset by a double-digit decline in our Spain JV and, for the quarter, in the Netherlands JV reflecting the lapping of successful 1995 in-bag promotions. Sweet snack kilos grew 2% for the quarter and 3% year-to-date reflecting strong double-digit advances in Poland and in our France JV as well as a triple-digit advance in Brazil, partially offset by a single-digit decline at Gamesa and at Alegro, the sweet snack division of Sabritas, due to market-wide contraction, in part, reflecting the impact of price increases primarily taken last year. Additionally, both Gamesa and Sabritas lapped strong 1995 volume growth.

International operating profit increased $18 million or 28% for the quarter and $20 million or 15% year-to-date. The operating profit growth reflected the higher pricing and the increased volumes of $8 million and $18 million for the quarter and year-to-date, respectively, which were partially offset by higher operating costs, increased administrative expenses and the net unfavorable currency translation impact, primarily in Mexico and, for the quarter, in the U.K. The growth in operating costs, driven by Mexico, reflected increased manufacturing costs primarily due to higher commodity prices, selling and distribution and advertising expenses. The increased administrative costs reflected general business growth and a $4 million charge for the relocation of its headquarters from New York to Dallas. The profit margin increased 1 point in the quarter to 10.2% and improved slightly year-to-date to 10.3%.

The following are discussions by key business. Operating profit increased about 30% at Sabritas during the quarter and over 5% year-to-

date, reflecting higher pricing resulting primarily from the 1995 increases, partially offset by an increase in operating costs and an unfavorable currency translation impact. The increased operating costs reflected significantly higher manufacturing costs due to higher ingredient prices as well as increased selling and distribution expenses. The operating profit growth was also aided by a reversal of an employee bonus accrual that, in the quarter, was determined to be excess. Lower-margin sweet snack kilo volume from the Alegro division decreased 3% in the quarter and 7% year-to-date. Higher-margin salty snack kilos were about even with 1995 for both the quarter and year-to-date.

Gamesa's profit grew over 20% for the quarter and nearly 50% year-to-date as higher pricing more than offset higher operating costs and the unfavorable currency translation impact year-to-date and, to a lesser extent, in the quarter. The increased operating costs primarily reflected higher manufacturing costs due to higher ingredient prices and increased selling and distribution expenses, reflecting route expansion. Sweet snack kilos declined 6% in the quarter and 1% year-to-date.

Walkers' profit increased over 70% and almost 40% during the quarter and year-to-date, respectively. Higher pricing, due to a 1995 fourth quarter price increase, and increased volumes, fueled by in-bag promotions beginning late in the first quarter, as well as favorable operating costs due to lower labor costs and favorable potato prices were partially offset by an unfavorable mix shift to lower-margin multi-packs, higher advertising expenses and the unfavorable currency translation impact. The profit growth was also aided by a gain on the sale of a nut business in the second quarter. Salty snacks kilos increased 13% for both the quarter and year-to-date.

Brazil's profit increased about 10% during the quarter and year-to-date. Increased volume of core brands, lower selling and distribution expenses and a favorable sales mix shift in the quarter were partially offset by an increase in administrative expenses and year-to-date, an unfavorable sales mix shift to larger lower-margin packages. Brazil had been operating at maximum capacity and during the second quarter expanded production capacity to respond to the strong consumer demand. Salty snack kilos increased 16% for both the quarter and year-to-date. Sweet snack kilos doubled over the prior year off a small base.

Restaurants
($ in millions)

	12 Weeks Ended 6/15/96	12 Weeks Ended 6/17/95	% Change	24 Weeks Ended 6/15/96	24 Weeks Ended 6/17/95	% Change
Net Sales						
U.S	$2,117	$2,216	(4)	$4,150	$4,147	-
International	530	473	12	1,032	942	10
	$2,647	$2,689	(2)	$5,182	$5,089	2
Operating Profit						
U.S.	$ 194	$ 162	20	$ 342	$ 274	25
International	26	20	30	57	50	14
	$ 220	$ 182	21	$ 399	$ 324	23

Net sales by PFS, PepsiCo's restaurant distribution operation, to the franchisee and licensee operations of each restaurant chain and the related estimated operating profit have been allocated to each restaurant chain. Also, where significant, the estimated effects of net unit activity on net sales and operating profit are provided in the following discussions for each chain to facilitate an understanding of their impact on year-over-year comparisons. Net unit activity includes the effects of:

- - Closed stores and refranchised stores (company-operated stores sold to existing or new franchisees)
- - New stores - company-operated stores that are constructed or acquired, principally from franchisees
- - Ongoing franchise fees and PFS sales and related profit to refranchised stores
- - Initial franchise fees related to refranchised stores
- - Net refranchising gains - gains on sales of stores in excess of costs of closing other stores

PepsiCo refranchised, licensed or closed 178 and 480 company-operated stores and opened or acquired 82 and 174 company-operated units in the quarter and the year-to-date, respectively. As summarized below, the effect of this net unit activity decreased worldwide restaurant sales by $3 million in the quarter and increased worldwide restaurant sales by $34 million year-to-date. Net unit activity increased operating profit by $46 million and $99 million in the quarter and year-to-date, respectively. In addition, 1996 year-to-date operating profit included a $26 million charge primarily for the disposal of underperforming units at Hot `n Now.

($ in millions)	June 15, 1996 12 Weeks Ended	24 Weeks Ended
Net Sales:		
Closed and refranchised stores	$(103)	$(175)
New store and ongoing franchise fees and PFS sales related to refranchised stores	98	202
Initial franchise fees related to refranchised stores	2	7
Net unit activity	$ (3)	$ 34
Operating Profit:		
Closed and refranchised stores	$ (6)	$ (10)
New store and ongoing franchise fees and PFS profit related to refranchised stores	15	29
Initial franchise fees related to refranchised stores	2	7
Net refranchising gains*	35	73
Net unit activity	$ 46	$ 99

* The quarter reflected $38 of refranchising gains less $3 of store closure costs in 1996 compared to $6 of refranchising gains less $6 of store closure costs in 1995. Year-to-date reflected $78 of refranchising gains less $2 of store closure costs in 1996 compared to $13 of refranchising gains less $10 of store closure costs in 1995.

1996 Restaurant Unit Activity

	Company-Operated	Joint Venture	Franchised	Licensed	Total
12 Weeks Ended:					
Worldwide Restaurants					
Beginning Balance	12,553	1,016	12,277	2,947	28,793
New Builds & Acquisitions	82	20	159	251	512
Refranchising & Licensing	(86)	-	75	11	-
Closures	(92)	(7)	(42)	(98)	(239)
June 15, 1996	12,457	1,029	12,469	3,111	29,066

U.S. Restaurants*

Beginning Balance	10,095	77	7,776	2,737	20,685
New Builds & Acquisitions	45	1	54	218	318
Refranchising & Licensing	(78)	-	75	3	-
Closures	(55)	(2)	(26)	(92)	(175)
June 15, 1996	10,007	76	7,879	2,866	20,828
24 Weeks Ended:					
Worldwide Restaurants					
Beginning of Year	12,763	1,004	12,025	2,748	28,540
New Builds & Acquisitions	174	34	288	525	1,021
Refranchising & Licensing	(268)	-	257	11	-
Closures	(212)	(9)	(101)	(173)	(495)
June 15, 1996	12,457	1,029	12,469	3,111	29,066
U.S. Restaurants*					
Beginning of Year	10,309	78	7,599	2,551	20,537
New Builds & Acquisitions	93	1	93	475	662
Refranchising & Licensing	(231)	-	228	3	-
Closures	(164)	(3)	(41)	(163)	(371)
June 15, 1996	10,007	76	7,879	2,866	20,828

* The U.S. joint venture units represent California Pizza Kitchen which was consolidated at the end of the second quarter and will be reflected with the company-operated units beginning in the third quarter.

[Note: A summary of the 1996 restaurant unit activity for each U.S. concept and for international restaurant operations is included in each of the following discussions.]

PepsiCo's overall ownership percentage, which includes joint venture units, of total system units declined almost 2 points to 46.4% since the end of 1995, driven by the U.S. Total system units grew almost 2% since the end of 1995.

As disclosed in PepsiCo's 1996 first quarter Form 10-Q and as discussed in Note 3 to the Condensed Consolidated Financial Statements, in the second quarter PepsiCo performed the impairment evaluation, recognition and measurement tests required by SFAS 121 for company-operated restaurants. The evaluation covered restaurants that in the first half of 1996 initially met the "history of operating losses" impairment indicator we use to identify potentially impaired assets and restaurants previously evaluated for impairment where, due to changes in circumstances, a current forecast of future cash flows would be expected to be significantly lower than the forecast used in the prior evaluation. As a result of the review, an $18 million noncash impairment charge was recorded at the end of the second quarter to reduce the carrying value of certain long-lived restaurant assets. Absent circumstances that would require an immediate evaluation for impairment, PepsiCo intends to perform its next impairment evaluation, recognition and measurement tests in the fourth quarter of 1996. Management believes that restaurant impairment charges are reasonably possible in the fourth quarter, but anticipates that on a full-year basis impairment charges will be more than offset by refranchising gains net of costs of closing other stores.

Restaurant operating profit also included reduced depreciation and amortization expense of $16 million and $29 million in the quarter and year-to-date, respectively. This resulted from the reduced carrying amount of certain long-lived assets in connection with the adoption of SFAS 121 as of the beginning of the fourth quarter of 1995.

Pizza Hut-U.S
($ in millions)

The tables of operating results and unit activity presented below include Pizza Hut as well as D'Angelo Sandwich Shops (D'Angelo) and East Side Mario's concepts, which are managed by Pizza Hut. As Pizza Hut and D'Angelo are generally integrated, the elements in the year-over-year discussion of net sales and operating profit that follows include both Pizza Hut and D'Angelo but exclude East Side Mario's, unless otherwise indicated.

	12 Weeks Ended			24 Weeks Ended		
	6/15/96	6/17/95	% Change	6/15/96	6/17/95	% Change
Net Sales	$871	$1,017	(14)	$1,776	$1,862	(5)
Operating Profit	$103	$ 96	7	$ 209	$ 161	30

1996 Restaurant Unit Activity

	Company-Operated	Franchised	Licensed	Total
12 Weeks Ended:				
Beginning Balance	5,008	2,901	901	8,810
New Builds & Acquisitions	17	18	58	93
Refranchising & Licensing	(56)	56	-	-
Closures	(29)	(13)	(16)	(58)
June 15, 1996	4,940	2,962	943	8,845
24 Weeks Ended:				
Beginning of Year	5,145	2,819	863	8,827
New Builds & Acquisitions	39	33	104	176
Refranchising & Licensing	(131)	131	-	-
Closures	(113)	(21)	(24)	(158)
June 15, 1996	4,940	2,962	943	8,845

Net sales decreased $146 million or 14% for the quarter and $86 million or 5% year-to-date. The sales decline was driven by a decrease in same store sales for company-operated units of 13% for the quarter and 2% year-to-date and the unfavorable impact of net unit activity of $29 million for the quarter and $38 million year-to-date as summarized below. Same store sales reflected quarterly and year-to-date declines in delivery, carryout and dine-in. The decline in same store sales reflected lower volumes of $180 million for the quarter and $166 million year-to-date primarily resulting from the difficult comparison to 1995 when same store sales increased 14% in the quarter due to the successful introduction of Stuffed Crust pizza. These declines were partially offset by a higher average guest check primarily resulting from reduced promotional activities.

The summary of the impact of net unit activity on year-over-year net sales comparisons is as follows:

($ in millions)	June 15, 1996	
	12 Weeks Ended	24 Weeks Ended
Closed and refranchised stores	$(47)	$(81)
New stores and ongoing franchise fees and PFS sales related to refranchised stores	18	41
Initial franchise fees related to refranchised stores	-	2
Net unit activity	$(29)	$(38)

Operating profit grew $7 million or 7% for the quarter and $48 million or 30% year-to-date. The profit growth reflected the higher average guest check and the favorable impact of net unit activity of $33 million for the quarter and $61 million year-to-date as summarized below. These benefits were partially offset by lower volumes of $68 million and $64 million for the quarter and year-to-date, respectively, and higher operating costs partially offset by lower administrative expenses. The higher operating costs reflected a $9 million SFAS 121 noncash impairment charge and increased labor and cheese costs, partially offset by reduced depreciation and amortization expense of $5 million and $8 million for the quarter and year-to-date, respectively, as a result of the reduced carrying amount of restaurant assets in connection with the 1995 adoption of SFAS 121. See Note 3 to the Condensed Consolidated Financial Statements and page 25 for further details on the 1996 impairment charge. The decline in administrative expenses reflected the absence of a $20 million headquarters relocation accrual recorded in the second quarter of last year, partially offset by increased field and headquarters administrative expenses, in part related to costs associated with its new headquarters facility in Dallas.

The summary of the impact of net unit activity on year-over-year operating profit comparisons is as follows:

($ in millions)	June 15, 1996	
	12 Weeks Ended	24 Weeks Ended
Closed and refranchised stores	$(4)	$(5)
New stores and ongoing franchise fees and PFS profit related to refranchised stores	3	8
Initial franchise fees related to refranchised stores	-	2
Net refranchising gains*	34	56
Net unit activity	$33	$ 61

* The quarter reflected refranchising gains of $36 less $1 of store closure costs in 1996 compared to $6 of refranchising gains less $5 of store closure costs in 1995. Year-to-date reflected $62 of refranchising gains less $1 of store closure costs in 1996 compared to $13 of refranchising gains less $8 of store closure costs in 1995.

The operating profit margin increased over 2 points for the quarter and over 3 points year-to-date to 11.8% for both periods, primarily reflecting the benefits of the net refranchising gains.

Taco Bell-U.S
($ in millions)

The tables of operating results and unit activity presented below include Taco Bell as well as the Hot `n Now (HNN) and Chevys concepts, which are managed by Taco Bell. The elements in the year-over-year discussions of net sales and operating profit that follow do not include HNN and Chevys, unless otherwise indicated.

	12 Weeks Ended			24 Weeks Ended		
	6/15/96	6/17/95	% Change	6/15/96	6/17/95	% Change
Net Sales	$811	$810	-	$1,553	$1,538	1
Operating Profit	$ 59	$ 45	31	$ 81	$ 78	

4

1996 Restaurant Unit Activity

	Company-Operated	Franchised	Licensed	Total
12 Weeks Ended:				
Beginning Balance	3,070	1,874	1,727	6,671
New Builds & Acquisitions	20	25	154	199
Refranchising & Licensing	(22)	19	3	-
Closures	(14)	(2)	(74)	(90)
June 15, 1996	3,054	1,916	1,810	6,780
24 Weeks Ended:				
Beginning of Year	3,133	1,779	1,578	6,490
New Builds & Acquisitions	42	44	360	446
Refranchising & Licensing	(100)	97	3	-
Closures	(21)	(4)	(131)	(156)
June 15, 1996	3,054	1,916	1,810	6,780

Net sales increased $1 million for the quarter and $15 million or 1% year-to-date. The sales growth for both periods was led by higher effective net pricing, reflecting increased pricing and lower promotional activity led by the absence of second quarter 1995 promotional costs related to the introduction of Border Lights, and, for the year-to-date, an $8 million favorable impact of net unit activity as summarized below. These gains were partially offset by a decline in restaurant volumes of $26 million for the quarter and $45 million year-to-date, mitigated by increased lower-margin PFS volumes to franchisees of $11 million for the quarter and $21 million year-to-date and, for the quarter, a $3 million unfavorable impact of net unit activity as summarized below. Same store sales for company-operated units declined 1% for the quarter and year-to-date, though volume decreased at a faster rate. Increased sales at Chevys for the quarter and year-to-date, driven by additional units, were substantially offset by a decline in sales at HNN for both periods, primarily reflecting the absence of 1995 sales associated with company-operated units licensed or closed after the second quarter of 1995.

The summary of the impact of net unit activity on year-over-year net sales comparisons is as follows:

($ in millions)	June 15, 1996 12 Weeks Ended	June 15, 1996 24 Weeks Ended
Closed and refranchised stores	$(46)	$(76)
New stores and ongoing franchise fees and PFS sales related to refranchised stores	41	79
Initial franchise fees related to refranchised stores	2	5
Net unit activity	$ (3)	$ 8

Operating profit increased $14 million or 31% for the quarter and $3 million or 4% year-to-date. The modest growth year-to-date was driven by significantly increased losses from HNN, primarily reflecting a $26 million charge discussed below. Taco Bell's quarter and year-to-date core operating profit growth benefited from the higher net pricing and the impact of the net unit activity of $9 million for the quarter and $26 million year-to-date as summarized below. These benefits were partially offset by volume declines of $11 million for the quarter and $19 million year-to-date, a net unfavorable product mix shift to lower-margin products, increased administrative costs, led by spending for initiatives to improve efficiencies and speed of service in our restaurants, and increased operating costs. The increased operating costs reflected an increase in labor costs as a result of an initiative to increase management in the restaurants, increased marketing costs, led by the "Nothing Ordinary About It" campaign, a $4 million SFAS 121 noncash impairment charge and higher repairs and maintenance expenses. See Note 3 to the Condensed Consolidated Financial Statements and page 25 for further details on the 1996 impairment charge. These were partially offset by favorable food costs, led by lower lettuce prices and, for the year-to-date, reduced beef prices, and reduced depreciation and amortization expense of $3 million and $5 million for the quarter and year-to date, respectively, as a result of the reduced carrying amount of restaurant assets in connection with the 1995 adoption of SFAS 121. The quarter and year-to-date results were also favorably impacted from the lapping of roll-out costs for Border Lights incurred during the first half of 1995.

The summary of the impact of net unit activity on year-over-year operating profit comparisons is as follows:

($ in millions)	June 15, 1996 12 Weeks Ended	24 Weeks Ended
Closed and refranchised stores	$(1)	$(3)
New stores and ongoing franchise fees and PFS profit related to refranchised stores	7	11
Initial franchise fees related to refranchised stores	2	5
Net refranchising gains*	1	13
Net unit activity	$ 9	$26

* The quarter reflected $2 of refranchising gains less $1 of store closure costs in 1996. Year-to-date reflected $14 of refranchising gains less $2 of store closure costs in 1996 compared to $1 of store closure costs in 1995.

Chevys reported modest operating profits for the quarter and year-to-date compared to operating losses for the same respective periods in 1995. The improvement reflected the benefit of a margin improvement program and additional units. HNN's losses were reduced in the quarter, but increased significantly year-to-date. Both periods were favorably impacted by reduced depreciation and amortization expense of $2 million and $4 million for the quarter and year-to-date, respectively, as a result of the reduced carrying amount of restaurant assets in connection with the 1995 adoption of SFAS 121 and the absence of 1995 operating losses associated with licensed or closed units. For the year-to-date, a $26 million charge related to the write-down of HNN assets held for disposal and additional store closure costs more than offset these benefits. During 1995, Taco Bell initiated a plan to license or franchise all of its HNN units. Almost 75% of HNN's 200 units had been licensed or franchised during 1995. However, all but 9 of the licensed units have been closed and returned, including 23 returned shortly following the end of the second quarter. All of the returned units have been de-identified as HNN units and are held for sale. Taco Bell is also continuing its efforts to sell the remaining company-operated HNN units, other closed units and undeveloped sites.

The Taco Bell operating profit margin increased more than 1 1/2 points to 7.3% for the quarter and was essentially unchanged at 5.2% year-to-date.

KFC-U.S.
($ in millions)

	12 Weeks Ended 6/15/96	12 Weeks Ended 6/17/95	% Change	24 Weeks Ended 6/15/96	24 Weeks Ended 6/17/95	% Change
Net Sales	$435	$389	12	$821	$747	10
Operating Profit	$ 32	$ 21	52	$ 52	$ 35	49

	Company-Operated	Franchised	Licensed	Total
12 Weeks Ended:				
Beginning Balance	2,017	3,001	109	5,127
New Builds & Acquisitions	8	11	6	25
Refranchising & Licensing	-	-	-	-
Closures	(12)	(11)	(2)	(25)
June 15, 1996	2,013	3,001	113	5,127
24 Weeks Ended:				
Beginning of Year	2,031	3,001	110	5,142
New Builds & Acquisitions	12	16	11	39
Refranchising & Licensing	-	-	-	-
Closures	(30)	(16)	(8)	(54)
June 15, 1996	2,013	3,001	113	5,127

Net sales rose $46 million or 12% for the quarter and $74 million or 10% year-to-date driven by an increase in same store sales for company-operated units of 11% and 9% for the quarter and year-to-date, respectively. This growth primarily reflected higher volumes of $21 million for the quarter and $32 million year-to-date and a higher average guest check due to the incremental impact of Colonel's Crispy Strips and higher-priced fountain drinks and increased pricing and lower promotional activity. The volume gains were driven by the introduction of TenderRoast in the quarter, new product offerings introduced in the latter half of 1995, such as Colonel's Crispy Strips and Chunky Chicken Pot Pies, increases attributable to combined KFC and Taco Bell stores and home delivery stores.

Operating profit increased $11 million or 52% for the quarter and $17 million or 49% year-to-date. The profit growth primarily reflected the higher average quest check, increased volumes of $4 million for the quarter and $7 million year-to-date and higher franchise royalty revenues. These gains were partially offset by increased store operating costs and higher administrative costs. The higher store operating costs reflected increased food costs, primarily higher chicken prices, and a $3 million SFAS 121 noncash impairment charge, partially offset by reduced depreciation and amortization expense of $3 million and $5 million for the quarter and year-to-date, respectively, as a result of the reduced carrying amount of restaurant assets in connection with the 1995 adoption of SFAS 121. See

Note 3 to the Condensed Consolidated Financial Statements and page 25 for further details on the 1996 impairment charge. The increase in administrative costs is primarily due to a national conference KFC held to focus and develop its restaurant general managers. In addition, the profit growth was also depressed by a $4 million charge related to estimated costs expected to be incurred in connection with an acquisition made several years ago. The profit margin increased 2 points to 7.4% for the quarter and over 1 1/2 points to 6.3% year-to-date.

International
($ in millions)

	12 Weeks Ended			24 Weeks Ended		
	6/15/96	6/17/95	% Change	6/15/96	6/17/95	% Change
Net Sales	$530	$473	12	$1,032	$942	10
Operating Profit	$ 26	$ 20	30	$ 57	$ 50	14

1996 Restaurant Unit Activity

	Company-Operated	Joint Venture	Franchised	Licensed	Total
12 Weeks Ended:					
Beginning Balance	2,458	939	4,501	210	8,108
New Builds & Acquisitions	37	19	105	33	194
Refranchising & Licensing	(8)	-	-	8	-
Closures	(37)	(5)	(16)	(6)	(64)
June 15, 1996	2,450	953	4,590	245	8,238
24 Weeks Ended:					
Beginning of Year	2,454	926	4,426	197	8,003
New Builds & Acquisitions	81	33	195	50	359
Refranchising & Licensing	(37)	-	29	8	-
Closures	(48)	(6)	(60)	(10)	(124)
June 15, 1996	2,450	953	4,590	245	8,238

The KFC, Pizza Hut and Taco Bell concepts represented approximately 54%, 43% and 3%, respectively, for both the quarter and year-to-date of total international restaurant sales in 1996, which approximates prior year percentages.

Net sales increased $57 million or 12% for the quarter and $90 million or 10% year-to-date with Pizza Hut contributing approximately 52% and 57% of the quarter and year-to-date increase, respectively. The sales growth was driven by the favorable impact of net unit activity of $28 million in the quarter and $63 million year-to-date as summarized below, higher effective net pricing, increased volumes which contributed $14 million for both the quarter and year-to-date and increased franchise royalty revenue. These gains were partially offset by lower equipment sales and for the year-to-date, a net unfavorable currency translation impact, primarily due to the continuing devaluation of the Mexican peso.

The summary of the impact of net unit activity on year-over-year net sales comparisons is as follows:

($ in millions)	June 15, 1996 12 Weeks Ended	24 Weeks Ended
Closed and refranchised stores	$(6)	$(12)
New stores and ongoing franchise fees and PFS sales related to refranchised stores	34	75
Initial franchise fees related to refranchised stores	-	-
Net unit activity	$28	$ 63

Operating profit increased $6 million or 30% for the quarter and $7 million or 14% year-to-date. Growth in concept contribution, as measured by store level contribution and franchise royalty revenues, was primarily led by Pizza Hut and, to a lesser extent, KFC year-to-date. The profit growth reflected the higher effective net pricing, the increased franchise royalty revenues, the favorable impact of net unit activity of $3 million for the quarter and $9 million year-to-date as summarized below and increased volumes of $5 million for the quarter and $4 million year-to-date. These gains were partially offset by higher store operating costs and increased administrative and support costs. The higher store operating costs primarily reflected increased food prices and labor costs and a $2 million SFAS 121 noncash impairment charge, partially offset by reduced depreciation and amortization expense of $3 million and $7 million for the quarter and year-to-date, respectively, as a result of the reduced carrying amount of restaurant assets in connection with the 1995 adoption of SFAS 121. See Note 3 to the Condensed Consolidated Financial Statements and page 25 for further details on the 1996 impairment charge. The increase in administrative and support costs is primarily due to the "PRI Way" (i.e., initiatives to standardize processes) and other project spending and additional costs in certain regional offices to support growth, partially offset by savings from the 1995 consolidation of the separate regional and country offices supporting KFC and Pizza Hut operations. Increased year-to-date administrative and support costs were primarily driven by lapping the effect of one less reporting period for KFC headquarters expenses in 1995. The operating profit margin increased more than one-half point to 4.9% for the quarter and increased modestly to 5.5% year-to-date.

The summary of the impact of net unit activity on year-over-year operating profit comparisons is as follows:

($ in millions)	June 15, 1996 12 Weeks Ended	24 Weeks Ended
Closed and refranchised stores	$(1)	$(2)
New stores and ongoing franchise fees and PFS profit related to refranchised stores	4	9
Initial franchise fees related to refranchised stores	-	-
Net refranchising gains*	-	2
Net unit activity	$ 3	$ 9

* Year-to-date reflected $2 of refranchising gains in 1996.

The increase in operating profit was principally driven by improvements in Mexico and Spain for both the quarter and year-to-date.

The quarterly and year-to-date profit in Mexico, compared to losses in 1995, primarily resulted from higher effective net pricing and gains in volume, partially offset by increases in chicken prices and labor costs. The reduced losses in Spain were driven by reduced depreciation and amortization expense as a result of the reduced carrying amount of restaurant assets in connection with the 1995 adoption of SFAS 121 and volume gains, reflecting the introduction of Stuffed Crust pizza.

Following is a discussion of operating profit by key international market. A double-digit profit decline in Australia, our largest international sales market, was driven by increased food costs, primarily chicken and cheese, in excess of volume and price gains and lower administrative costs. Strong single-digit profit growth in the quarter and a double-digit profit gain year-to-date in Canada, our second largest international sales market, reflected increased effective net pricing, partially offset by escalating food prices and labor costs. A single-digit profit gain in the quarter and a double-digit gain year-to-date in Korea, our largest international profit market, primarily reflected additional units and higher effective net pricing, partially offset by volume declines and increased labor costs.

Cash Flows and Financial Condition

Summary of Cash Flows

In the first half of 1996, net cash flow provided by operating activities, debt activities, sales of restaurants and exercises of stock options of $1.1 billion, $544 million, $200 million and $162 million, respectively, substantially funded capital spending of $960 million, share repurchases of $725 million and dividend payments of $315 million.

Summary of Operating Activities

($ in millions)	24 Weeks Ended 6/15/96	24 Weeks Ended 6/17/95
Net income	$ 977	$ 808
Noncash charges and credits, net	971	1,029
Income before noncash charges and credits	1,948	1,837
Net change in operating working capital	(875)	(962)
Net Cash Provided by Operating Activities	$1,073	$ 875

Net cash provided by operating activities increased $198 million or

23% from 1995 to $1.1 billion due to a $111 million or 6% increase in income before noncash charges and credits and a $87 million or a 9% decrease in operating working capital net cash outflows. The reduction in operating working capital net cash outflows primarily reflected a decrease in accounts and notes receivable cash outflows and an increase in accrued income taxes in 1996 compared to a decrease in 1995, primarily reflecting tax payments in excess of the current provision in 1995. The decrease in cash outflows from accounts and notes receivable reflected a sale of $110 million of trade accounts receivable in 1996 to take advantage of favorable effective financing rates implicit in the transaction, as compared to commercial paper financing. These sources of funds were partially offset by increased growth in prepaid expenses and inventories, and a greater decline in accounts payable due to timing of payments.

Summary of Investing Activities

($ in millions)	24 Weeks Ended 6/15/96	6/17/95
Acquisitions and investments in unconsolidated affiliates	$ (28)	$ (113)
Capital spending	(960)	(868)
Sales of restaurants	200	21
Net short-term investments	88	(7)
Other investing activities, net	(47)	(91)
Net Cash Used for Investing Activities	$(747)	$(1,058)

Net cash used for investing activities decreased $311 million principally reflecting increased proceeds from sales of restaurants of $179 million, $95 million due to $88 million of proceeds from short-term investment portfolios in 1996 compared to a $7 million investment in 1995, and reduced acquisition and investment activity of $85 million, partially offset by increased capital spending of $92 million. The proceeds from the sales of restaurants are part of management's strategy to improve restaurant operating results and investment returns as outlined in our 1995

Annual Report. With respect to short-term investment portfolios, which are primarily held outside the U.S., PepsiCo manages the investment activity in its short-term portfolios as part of its overall financing strategy. PepsiCo continually reassesses its alternatives to redeploy them considering investment opportunities and risks, tax consequences and current financing activity. The increase in capital spending primarily reflected increased U.S. snack food spending of $173 million, primarily for capacity expansion for both established and new products, including acquisition of plants previously owned by Eagle, and improved delivery systems, partially offset by decreased spending in worldwide restaurants, primarily in the U.S., of $105 million. For the full year, acquisition and investment activity is expected to be substantially lower than in 1995.

Summary of Financing Activities

($ in millions)	24 Weeks Ended 6/15/96	6/17/95
Net short and long-term debt	$ 544	$ 590
Cash dividends paid	(315)	(283)
Purchases of treasury stock	(725)	(186)
Proceeds from exercises of stock options	162	88
Other, net	(22)	(21)
Net Cash (Used for) Provided by Financing Activities	$(356)	$ 188

The $544 million decline in cash flow from financing activities principally reflected increased share repurchases of $539 million, reduced proceeds from net debt activity of $46 million and increased dividend payments of $32 million, partially offset by increased proceeds of $74 million from exercises of stock options.

See Note 5 to Condensed Consolidated Financial Statements for details of debt issuances and repayments during the quarter.

Through July 18, 1996, PepsiCo repurchased 25.4 million treasury shares or 1.6% of the shares outstanding at the beginning of the year, at a cost of $792 million. At July 19, 1996, 80.2 million shares are available under the current repurchase authority granted by PepsiCo's Board of Directors.

Financial Condition

At June 15, 1996 and December 30, 1995, $3.5 billion of short-term borrowings were classified as long-term, reflecting PepsiCo's intent and ability, through the existence of its unused revolving credit facilities, to refinance these borrowings on a long-term basis. PepsiCo's unused credit facilities with lending institutions, which exist largely to support the issuances of short-term borrowings, were $3.5 billion at June 15, 1996 and December 30, 1995.

As described in PepsiCo's 1995 Annual Report, PepsiCo measures financial leverage on a market value basis as well as on a historical cost basis. PepsiCo's market value ratio was 17% at June 15, 1996 and 18% at December 30, 1995. The decrease was due to a 19% increase in PepsiCo's stock price partially offset by an 8% increase in net debt. PepsiCo's

historical cost ratio of net debt to net capital employed was 48% at June 15, 1996 and 46% at December 30, 1995. The increase reflected the growth in net debt partially offset by a 5% increase in net capital.

PepsiCo's operating working capital position, which excludes short-term investments and short-term borrowings, was a positive $656 million at June 15, 1996 as compared to a negative $94 million at December 30, 1995. PepsiCo has historically had a negative operating working capital position, which principally reflected the cash sales nature of its restaurant operations. This condition effectively provided additional capital for investment. The positive working capital position at the end of the second quarter reflects PepsiCo's continued trend of increased investment in its more working capital intensive bottling and snack food businesses combined with a decline in the number of company-operated restaurants. This decline is consistent with the strategy to improve restaurant returns. The $750 million increase in working capital reflected an increase in receivables, led by worldwide beverages and snack foods, reflecting seasonality, volume growth and timing of collections, partially offset by the sale of $110 million of trade accounts receivable in 1996. Additionally, the increase in working capital also reflected lower accounts payable, increased inventories, primarily due to higher-priced, seasonal wheat purchases in Gamesa, higher prepaid expenses, taxes and other current assets and reduced advertising accruals, partially offset by increased other current liabilities.

Investments in unconsolidated affiliates declined $98 million primarily due to the consolidation of California Pizza Kitchen (CPK), previously an unconsolidated equity investment, at the end of the second quarter. This reflected our gaining majority control of CPK's Board of Directors as a result of PepsiCo receiving 100% of CPK's newly issued voting preferred shares in settlement of a $119 million outstanding note to PepsiCo.

Shareholders' equity increased $140 million as net income of $977 million and a $95 million increase in capital in excess of par value was partially offset by a $572 million increase in treasury stock, driven by the share repurchases, and $338 million of dividends declared.

Independent Accountants' Review Report

The Board of Directors
PepsiCo, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of PepsiCo, Inc. and Subsidiaries as of June 17, 1996 and the related condensed consolidated statement of income for the twelve and twenty-four weeks ended June 15, 1996 and June 17, 1995, and the condensed consolidated statement of cash flows for the twenty-four weeks ended June 15, 1996 and June 17, 1995. 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 30, 1995, 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 6, 1996, 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 30, 1995, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Our report, referred to above, contains an explanatory paragraph that states that PepsiCo, Inc. in 1995 adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and in 1994 adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" and changed its method for calculating the market-related value of pension plan assets used in the determination of pension expense.

KPMG Peat Marwick LLP

New York, New York
July 23, 1996

PART II. OTHER INFORMATION AND SIGNATURES

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

(a) PepsiCo's Annual Meeting of Shareholders was held on May 1, 1996.

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

Description of Proposals	Number of Shares (in millions) For	Against	Abstain
Shareholders' proposal of political non-partisanship.	60	1,041	72
Shareholders' proposal concerning cumulative voting for election of directors.	314	838	20
Shareholders' proposal concerning smokefree restaurants.	74	1,024	75
Shareholders' proposal concerning code of conduct.	43	1,019	111

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Index to Exhibits on page 42.

(b) Reports on Form 8-K

PepsiCo filed a current report on Form 8-K dated May 2, 1996 attaching the PepsiCo, Inc. press release of May 1, 1996 which announced a two-for-one split of PepsiCo's capital stock for shareholders of record at the close of business on May 10, 1996.

PepsiCo filed a current report on Form 8-K dated May 13, 1996 describing a final U.S. income tax regulation promulgated by the U.S. Treasury Department. The final regulation will not significantly impact PepsiCo although the regulation, as originally proposed, was expected to have significantly reduced the tax incentives associated with our beverage concentrate operations in Puerto Rico and therefore, have a negative impact on PepsiCo's effective tax rate.

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

PEPSICO, INC.
(Registrant)

Date: July 30, 1996

Robert L. Carleton
Senior Vice President and

Controller

Date: July 30, 1996 Lawrence F. Dickie
Vice President, Associate General
Counsel and Assistant Secretary

INDEX TO EXHIBITS
ITEM 6 (a)

EXHIBITS

Exhibit 3 (i)	Restated Articles of Incorporation
Exhibit 3 (ii)	Copy of By-Laws of PepsiCo, Inc. amended to July 25, 1996
Exhibit 11	Computation of Net Income Per Share of Capital Stock - Primary and Fully Diluted
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges
Exhibit 15	Letter from KPMG Peat Marwick LLP regarding Unaudited Interim Financial Information (Accountants' Acknowledgment)
Exhibit 27	Financial Data Schedule

Restated Articles of Incorporation

of

PepsiCo, Inc.

FIRST: The name of the corporation is PepsiCo, Inc., hereinafter referred to as the "Corporation".

SECOND: The Corporation is to have perpetual existence.

THIRD: The address of the Corporation's registered office in this State shall be 213 Broad Street, New Bern, Craven County, North Carolina, 28560, and the name of its registered agent at such address shall be F. Blackwell Stith.

FOURTH: The purpose or purposes for which the Corporation is organized and the objects proposed to be transacted, promoted or carried on by it are as follows:

(1) To engage in the manufacture, purchase, sale, bottling and distribution, either at wholesale, retail or otherwise, of beverages, syrups, flavors and extracts, carbonated and aerated water, soda water, mineral waters, soft drinks and non-alcoholic beverages of every kind, and any and all other commodities, substances and products of every kind, nature and description;

(2) To purchase, lease, construct or otherwise acquire, and to hold, own, use, maintain, manage and operate, plants, factories, warehouses, stores, shops and other establishments, facilities and equipment, of every kind, nature and description, used or useful in the conduct of the business of the Corporation;

(3) To manufacture, purchase, sell and generally to trade and deal in and with goods, wares, products and merchandise of every kind, nature and description, and to engage or participate in any mercantile, manufacturing or trading business of any kind or character whatsoever;

(4) To build, erect, construct, purchase, hold or otherwise acquire, own, provide, maintain, establish, lease and operate, buy, sell, exchange or otherwise dispose of mills, factories, warehouses, agencies, buildings, structures, offices, works, plants and work shops, with suitable plant, engines, boilers, machinery and equipment, and all things of whatsoever kind and nature suitable, necessary, useful or advisable in connection with any or all of the objects herein set forth;

(5) To acquire by purchase, lease or otherwise, upon such terms and conditions and in such manner as the board of directors of the Corporation shall determine or agree to, and to the extent to which the same may be allowed by law, all or any part of the property, real and personal, tangible or intangible, of any nature whatsoever, including the good will, business and rights of all kinds, of any other corporation or of any person, firm or association, which may be useful or convenient in the business of the Corporation and to pay for the same in cash, stocks, bonds or in other securities of the Corporation, or partly in cash and partly in such stocks, bonds or other securities, or in such other manner as may be agreed, and to hold, possess and improve such properties, and to assume in connection with the acquisition of any such property any liabilities of any such corporation, person, firm or association, and to conduct in any legal manner the whole or any part of any business so acquired, and to pledge, mortgage, sell or otherwise dispose of the same. To carry on the business of warehousing and all business incidental thereto, including the issue of warehouse receipts, negotiable or otherwise, and the making of advances or loans upon the security of goods warehoused; to maintain and conduct stores for the general sale of merchandise, both at wholesale and retail;

(6) To borrow money, and, from time to time, to make, accept, endorse, execute and issue bonds, debentures, promissory notes, bills of exchange and other obligations of the Corporation for moneys borrowed or in payment of property acquired or for any of the other objects or purposes of the Corporation or its business, and to secure the payment of any such obligations by mortgage, pledge, deed, indenture, agreement or other instrument of trust, or by other lien upon, assignment of, or agreement in regard to all or any part of the property, rights, privileges or franchises of the Corporation wheresoever situated, whether now owned or hereafter to be acquired;

(7) To apply for, obtain, register, purchase, lease, or otherwise acquire, and to hold, use, own, operate and introduce, and to sell, assign or otherwise dispose of, any trade marks, trade names, patents, inventions, improvements and processes used in connection with or acquired under letters patent of the United States or elsewhere, and to use, exercise, develop, grant licenses in respect

of, or otherwise turn to account any such trade marks, patents, licenses, processes and the like;

(8) To guarantee and to acquire, by purchase, subscription or otherwise, and to hold and own and to sell, assign, transfer, pledge or otherwise dispose of the stock, or certificates of interest in shares of stock, bonds, debentures and other securities and obligations of any other corporation, domestic or foreign, and to issue in exchange therefor the stock, bonds, or other obligations of the Corporation, and while the owner of any such stock, certificates of interest in shares of stock, bonds, debentures, obligations and other evidences of indebtedness, to possess and exercise in respect thereof all of the rights, powers and privileges of ownership, including the right to vote thereon, and also in the manner, and to the extent now or hereafter authorized or permitted by the laws of the State of North Carolina, to purchase, acquire, own and hold and to dispose of the stock, bonds or other evidence of indebtedness of the Corporation;

(9) To guarantee the payment of dividends upon any shares of the capital stock of, or the performance of any contract by any other corporation or association in which the Corporation shall have an interest, and to endorse or otherwise guarantee the payment of the principal and interest, or either, of any bonds, debentures, notes, securities, or other evidences of indebtedness created or issued by any such other corporation or association or by individuals or partnerships, to aid in any manner any other corporation or association, any bonds or other securities or evidences of indebtedness of which, or shares of stock in which (or voting trust certificates therefor) are held by or for the Corporation, or in which, or in the welfare of which, the Corporation shall have any interest, and to do any acts or things designed to protect, preserve, improve or enhance the value of any such bonds or other securities or property of the Corporation, but nothing contained herein shall be construed to authorize the Corporation to engage in the business of a guaranty or trust company;

(10) In general, to do any or all of the things hereinbefore set forth, and such other things as are incidental or conducive to the attainment of the objects and purposes of the Corporation, as principal, factor, agent, contractor or otherwise, either alone or in conjunction with any person, firm, association or corporation, and in carrying on its business, and for the purpose of attaining or furthering any of its objects, to make and perform contracts, and to do all such acts and things, and to exercise any and all such powers, to the same extent as a natural person might or could lawfully do to the extent allowed by law;

(11) To have one or more offices and to carry on its operations and transact its business within and without the State of North Carolina and in other states of the United States of America, and in the districts, territories or dependencies of the United States and in any and all foreign countries and, without restriction or limit as to the amount, to purchase or otherwise acquire, hold, own, mortgage, sell, convey or otherwise dispose of real and personal property of every class and description in any of the states, districts, territories or dependencies of the United States, and in any and all foreign countries, subject always to the laws of such state, district, territory, dependency or foreign country.

(12) To do any or all of the things herein set forth, and such other things as are incidental or conducive to the attainment of the above objects, to the same extent a natural person might or could do, and in any part of the world, in so far as the same are not inconsistent with the laws of the State of North Carolina.

The purposes and powers specified in any clause contained in this Fourth Article shall, except where otherwise expressed in said articles, be in nowise limited or restricted by reference to or inferences from the terms of any other clause of this or any other article of these Articles of Incorporation, but the purposes and powers specified in each of the clauses of this article shall be regarded as independent purposes and powers.

In general, the Corporation shall have the authority to carry on any other business in connection with the foregoing, whether manufacturing or otherwise, and to have and to exercise all the powers conferred by the laws of the State of North Carolina upon corporations formed under the North Carolina Business Corporation Act.

FIFTH: The total number of shares of Capital Stock which the Corporation shall have authority to issue is 3,600,000,000 of the par value of one and two-thirds cents (1-2/3(cent)) per share.

SIXTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

SEVENTH: No holder of the Corporation's Capital Stock shall be entitled, as of right, to subscribe for, purchase or receive any part of any new or additional issue of its capital stock, of any class, whether now or hereafter authorized (including treasury stock), or of any bonds, debentures or other securities convertible into stock, or warrants or options to purchase stock of any class, but all such additional shares of stock or bonds, debentures or other securities convertible into stock, including all stock now or hereafter authorized, may be issued and disposed of by the board of directors from time to time to such person or persons and upon such terms and for such consideration (so far as may be permitted by law) as the board of directors in their absolute discretion may from time to time fix and determine.

EIGHTH: The following provisions are intended for the regulation of the business and for the conduct of the internal affairs of the Corporation, and it is expressly provided that the same are intended to be in furtherance and not in limitation of the powers conferred by statute:

(1) The number of directors of the Corporation shall be fixed and may be altered from time to time, as may be provided in the by-laws, but at no time is the number of directors to be less than three. The directors need not be stockholders. In case of any increase in the number of directors, the additional directors may be elected by the directors or by the stockholders entitled to vote therefor at an annual or special meeting, as shall be provided in the by-laws;

(2) The board of directors may, by resolution passed by a majority of the whole board, designate three or more of their number to constitute an executive committee, to the extent provided in said resolution or in the by-laws, shall have and exercise the powers of the board of directors in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. From time to time the by-laws, or the board of directors by resolution, may provide methods for the permanent or temporary filling of any vacancy in the executive committee or in any other committee appointed by the board;

(3) The board of directors shall have power to sell, assign, transfer, convey, exchange, or otherwise dispose of the property, effects, assets, franchises and good will of the Corporation as an entirety, for cash, for the securities of any other corporation, or for any other consideration, pursuant to the vote at the special meeting called for the purpose, of the holders of at least two-thirds of the issued and outstanding Capital Stock of the Corporation.

(4) The board of directors may make by-laws from time to time, and may alter, amend or repeal any by-laws, but any by-laws made by the board of directors may be altered, amended or repealed by the stockholders entitled to vote;

(5) In case of any vacancy in the board of directors, through death, resignation, disqualification or other cause, the remaining directors by an affirmative vote of a majority thereof, may elect a successor to hold office for the unexpired portion of the term of the directors whose place shall be vacant, and until the election of a successor;

(6) The directors shall have power, from time to time, to determine whether and to what extent, and at what times and places and under what conditions and regulations, the accounts and books of the Corporation, or any of them, shall be open to the inspection of stockholders; and no stockholder shall have any right to inspect any books or account or document of the Corporation except as conferred by the statutes of the State of North Carolina, or authorized by the directors;

(7) The board of directors shall have power to appoint such standing committees as they may determine, with such powers as shall be conferred by them or as may be authorized by the by-laws;

(8) The board of directors shall elect a president and vice president and appoint a secretary and treasurer. Any two of such offices may be held by the same person, except that the president shall hold no other of such offices. The board of directors may also appoint one or more additional vice presidents, one or more assistant secretaries, and one or more assistant treasurers, and to the extent provided by the by-laws or by the board of directors by resolution from time to time, the persons so appointed shall have and exercise the powers of the president, secretary and treasurer, respectively. The board of directors may appoint other and additional officers, with such powers as the directors may deem advisable;

(9) Both stockholders and directors shall have power, if the by-laws so provide, to hold their meetings and have one or more offices without the State of North Carolina, and to keep the books of the Corporation (subject to the provisions of the statutes) outside of the State of north Carolina, at such places as may be from time to time designated;

(10) The Corporation may in its by-laws confer powers additional to the foregoing upon the directors, in addition to the powers and authorities expressly conferred upon them by the statutes;

(11) No contract or other transaction between the Corporation and any other corporation shall be affected or invalidated by the fact that any one or more of the directors of the Corporation is or are interested in, or is a director or officer, or are directors or officers of, such other corporation, and any director or directors, individually or jointly, may be a party or parties to, or may be interested in, any contract or transaction of the Corporation or in which the Corporation is interested; and no contract, act or transaction of the Corporation with any person or persons, firm or corporation, shall be affected or invalidated by the fact that any director or directors of the Corporation is a party, or are parties, to or interested in such contract, act or transaction, or in any way connected with such person or person, firm or corporation, and each and every such person or persons, firm or corporation, and each and every person who may become a director of the Corporation is hereby relieved from any liability that might otherwise exist from contracting with the Corporation for the benefit of himself or any firm, association or corporation in which he may be in any wise interested;

(12) The Corporation reserves the right to amend, alter, change, or repeal any provision herein contained, in the manner now or hereafter prescribed by law, and all the rights conferred on stockholders hereunder are granted and are to be held and enjoyed subject to such rights of amendment, alteration, change or repeal.

NINTH: The number of directors constituting the initial Board of Directors shall be twelve; and the names and addresses of the persons who are to serve as directors until the first meeting of stockholders, or until their successors are elected and qualified, are:

Name	Address
D. Wayne Calloway	700 Anderson Hill Road Purchase, New York 10577
Frank T. Cary	700 Anderson Hill Road Purchase, New York 10577
William T. Coleman, Jr.	700 Anderson Hill Road Purchase, New York 10577
Clifton C. Garvin, Jr.	700 Anderson Hill Road Purchase, New York 10577
Michael H. Jordan	700 Anderson Hill Road Purchase, New York 10577
Donald M. Kendall	700 Anderson Hill Road Purchase, New York 10577
John J. Murphy	700 Anderson Hill Road Purchase, New York 10577
Andrall E. Pearson	700 Anderson Hill Road Purchase, New York 10577
Sharon Percy Rockefeller	700 Anderson Hill Road Purchase, New York 10577
Robert H. Stewart, III	700 Anderson Hill Road Purchase, New York 10577
Robert S. Strauss	700 Anderson Hill Road Purchase, New York 10577
Arnold R. Weber	700 Anderson Hill Road

Purchase, New York 10577

TENTH: Stockholders do not have the right to cumulate their vote for the election of directors.

ELEVENTH: The name and address of the incorporator are:

Arch E. Lynch, Jr.	3600 Glenwood Avenue Raleigh, North Carolina 27605

PepsiCo, Inc.

By-Laws

As amended to July 25, 1996

Article I

Offices

Section 1.1 Principal Office. The principal office of PepsiCo, Inc. (hereinafter called the "Corporation") in the State of North Carolina shall be in the City of New Bern, County of Craven.

Section 1.2 Other Offices. The Corporation may also have an office or offices at such other place or places, either within or without the State of North Carolina, as the Board of Directors of the Corporation (hereinafter called the "Board") may from time to time by resolution determine or as may be appropriate to the business of the Corporation.

Article II

Meetings of Stockholders

Section 2.1 Place of Meetings. All meetings of the stockholders of the Corporation shall be held at the principal office of the Corporation in the State of North Carolina, or at such other place within or without the State of North Carolina as may from time to time be fixed by resolution of the Board.

Section 2.2 Annual Meetings. The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held on the first Wednesday of May in each year (or, if that day shall be a legal holiday under the laws of the State where such meeting is to be held, then on the next succeeding business day).

Section 2.3 Special Meetings. A special meeting of the stockholders of the Corporation may be called at any time by the Chairman or Vice Chairman of the Board or the Board, and shall be called by the Secretary upon the written request of stockholders holding of record in the aggregate at least thirty three and one third percent (33-1/3%) of the issued and outstanding shares of capital stock of the Corporation entitled to vote at such meeting. Such special meeting shall be held at such time and at such place within or without the State of North Carolina as may be fixed by the Chairman or Vice Chairman of the Board, in the case of meetings called by the Chairman of the Board, or by resolution of the Board, in the case of meetings called by the Board, and any meeting called at the request of stockholders pursuant hereto shall be held at the principal office of the Corporation in the State of North Carolina within seventy-five (75) days from the receipt by the Secretary of such request. Any request for a special meeting of the stockholders shall state the purpose or purposes of the proposed meeting, and such purpose or purposes shall be set forth in the notice of meeting, and the business transacted at any such special meeting of stockholders shall be limited to such purpose or purposes.

Section 2.4 Notice of Meetings. Except as otherwise prescribed by statute, the Articles of Incorporation or these By-Laws, notice of each meeting of the stockholders of the Corporation, whether annual or special, shall be given at least ten (10) days before the day on which the meeting is to be held to each stockholder entitled to vote thereat, by mailing a written or printed notice thereof, postage prepaid, addressed to him at his address as it appears on the stock ledger of the Corporation or, in the absence of knowledge on the part of the Corporation of any such address, then at the principal office of the Corporation in the State of North Carolina. Except as otherwise prescribed by statute, notice of any adjourned meeting of stockholders need not be given.

Section 2.5 Quorum, Presiding Officer. Except as otherwise prescribed by statute, the Articles of Incorporation or these By-Laws, at any meeting of the stockholders of the Corporation, the presence in person or by proxy of the holders of record of a majority of the issued and outstanding shares of capital stock of the Corporation entitled to vote thereat shall constitute a quorum for the transaction of business. In the absence of a quorum at such meeting or any adjournment or adjournments thereof, the holders of record of a majority of such shares so present in person or by proxy and entitled to vote thereat or, in the absence of all the stockholders, any officer entitled to preside at or act as Secretary of the meeting, may adjourn the meeting from time to time until a quorum shall be present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. Meetings of the stockholders shall be presided over by the Chairman or Vice Chairman of the Board, or, if neither is present, by another officer or director who shall be designated to serve in such event by the Board. The Secretary of the Corporation, or an Assistant Secretary designated by the officer presiding at the meeting, shall act as Secretary of the meeting.

Section 2.6 Voting, Inspectors of Election. Except as otherwise prescribed by statute, the Articles of Incorporation or these By-Laws, at any meeting of the stockholders of the Corporation, each stockholder shall be entitled to one vote in person or by proxy for each share of the capital stock of the Corporation registered in the name of such stockholder on the books of the Corporation on the date fixed pursuant to Section 8.3 of these By-Laws as the record date for the determination of stockholders entitled to vote at such meeting. No proxy shall be voted after eleven (11) months from its date unless said proxy provides for a longer period. Shares of its own capital stock belonging to the Corporation shall not be voted either directly or indirectly. At all meetings of the stockholders of the Corporation, a quorum being present, all matters (except as otherwise expressly prescribed by statute, the Articles of Incorporation or these By-Laws) shall be decided by the vote of the holders of a majority of the stock of the Corporation, present in person or by proxy, and entitled to vote thereat. The vote for the election of directors, other matters expressly prescribed by statute, and, upon the direction of the presiding officer of the meeting, the vote on any other question before the meeting, shall be by ballot. At all meetings of stockholders, the polls shall be opened and closed, the proxies and ballots shall be received, taken in charge and examined, and all questions concerning the qualifications of voters, the validity of proxies and the acceptance or rejection of proxies and of votes shall be decided by three (3) inspectors of election. Such inspectors of election, together with one alternate, to serve in the event of death, inability or refusal by any of said inspectors of election to serve at the meeting, none of whom need be a stockholder of the Corporation, shall be appointed by the Board, or, if no such appointment or appointments shall have been made, then by the presiding officer at the meeting. If, for any reason, any inspector of election so appointed shall fail to attend, or refuse or be unable to serve, a substitute shall be appointed to serve as inspector of election, in his place or stead, by the presiding officer at the meeting. No director or candidate for the office of director shall be appointed as an inspector. Each inspector shall take and subscribe an oath or affirmation to execute faithfully the duties of inspector at such meeting with strict impartiality and according to the best of his ability. After the balloting, the inspectors shall make a certificate of the result of the vote taken.

Section 2.7 Lists of Stockholders. It shall be the duty of the officer of the Corporation who shall have charge of the stock ledger of the Corporation, either directly or through another officer designated by him or through a transfer agent or transfer clerk appointed by the Board, to prepare and make, at least ten (10) days before every election of directors, a complete list of stockholders entitled to vote at said election, arranged in alphabetical order. Such list shall be open to the examination of any stockholder at the place where said election is to be held for said ten (10) days, and shall be produced and kept at the time and place of election, during the whole time thereof, subject to the inspection of any stockholder who may be present.

Article III

Board of Directors

Section 3.1 Powers, Number, Term, Election. The property, business and affairs of the Corporation shall be managed by the Board. The Board shall consist of fifteen (15) directors, but the number of directors may be increased, and may be decreased to any number not less than three (3), by resolution adopted by three-fourths of the whole Board; provided, however, that the number of directors which shall constitute the whole Board shall not be reduced to a number less than the number of directors then in office, unless such reduction shall become effective only at and after the next ensuing meeting of stockholders for the election of directors, or upon the resignation of an incumbent director. At all meetings of the stockholders of the Corporation for the election of directors at which a quorum shall be present, a majority of the votes cast shall elect. Each director shall hold office from the time of his election and qualification until the annual meeting of stockholders next succeeding his election and until his successor shall have been duly elected and shall have qualified, or until his death, resignation or removal. No director need be a stockholder.

Section 3.2 Place of Meetings. The Board may hold its meetings at such place or places within or without the State of North Carolina as it may from time to time by resolution determine, or as shall be specified or fixed in the respective notices or waivers of notice thereof. Any regular or special meeting may be held by conference telephone or similar communications equipment so long as all persons participating in such meeting can hear one another, and participation in such a telephonic meeting shall constitute presence in person.

Section 3.3 First Meeting. After each annual election of directors, on the same day and at the place where such election is held, the newly elected Board shall meet for the purpose of organization, the election of officers and the transaction of other business. Notice of such meeting need not be given. Such meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board, or in a waiver of notice thereof signed by all the directors.

Section 3.4 Regular Meetings. Regular meetings of the Board may be held at such time and place and in such manner as the Board may from time to time by resolution determine. Except as otherwise expressly prescribed by statute, the Articles of Incorporation or these By-Laws, notice of regular meetings need not be given.

Section 3.5 Special Meetings. Special meetings of the Board shall be held whenever called by the Chairman or Vice Chairman of the Board, or by the Secretary upon the written request filed with the Secretary by any four (4) directors. Notice of the time, place and manner of each such special meeting shall be mailed to each director, at his residence or usual place of business, not later than the second day before the day on which such meeting is to be held, or shall be sent addressed to him at such place by telegraph or other electronic transmission, or shall be delivered personally or by telephone, not later than six o'clock in the afternoon of the day before the day on which such meeting is to be held. Except as otherwise prescribed by statute, the Articles of Incorporation or these By-Laws, and except in the case of a special meeting of the Board called for the purpose of removing an officer or officers of the Corporation or the filling of a vacancy or vacancies in the Board or of amending the By-Laws, notice or waivers of notice of any meeting of the Board need not set forth the purpose or purposes of the meeting.

Section 3.6 Quorum. Except as otherwise prescribed by statute or by these By-Laws, the presence of a majority of the full Board shall constitute a quorum for the transaction of business at any meeting, and the act of a majority of the directors present at a meeting at which a quorum shall be present shall be the act of the Board. Any meeting of the Board may be adjourned by a majority vote of the directors present at such meeting. In the absence of a quorum, the Chairman or Vice Chairman of the Board or a majority of the directors present may adjourn such meeting until a quorum shall be present. Notice of any adjourned meeting need not be given. The directors shall act only as a board and the individual directors shall have no power as such.

Section 3.7 Indemnification. Unless the Board of Directors shall determine otherwise, the Corporation shall indemnify, to the full extent permitted by law, any person who was or is, or who is threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he, his testator or intestate, is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. Such indemnification may, in the discretion of the Board, include advances of a director's, officer's or employee's expenses prior to final disposition of such action, suit or proceeding. The right of indemnification provided for in this Section 3.7 shall not exclude any rights to which such persons may otherwise be entitled by contract or as a matter of law.

Section 3.8 Written Consents. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if, prior to such action, a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Article IV

Committees

Section 4.1 Designation, Vacancies, etc. The Board may from time to time by resolution create committees of directors, officers, employees, or other persons, with such functions, duties and powers as the Board shall by resolution prescribe. A majority of all the members of any such committee may determine its actions and rules or procedure, and fix the time, place and manner of its meetings, unless the Board shall otherwise provide. The Board shall have power to change the members of any such committee at any time, to fill vacancies, and to discharge any such committee, either with or without cause, at any time.

Article V

Officers

Section 5.1 Principal Officers. The principal officers of the Corporation shall be a Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, both of whom shall be chosen from among the directors, one or more Vice Presidents, a Secretary, a Treasurer, and a Controller. One person may hold any two offices. The Board may require any such officer to give security for the faithful performance of his duties.

Section 5.2 Election, Term of Office, Qualification. The principal officers of the Corporation shall be elected annually by the Board and each shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign, or until he shall have been removed in the manner hereinafter provided.

Section 5.3 Chairman and Vice Chairman of the Board. The Chairman or the Vice Chairman of the Board of Directors as shall be determined by the Board of Directors, shall be chief executive officer of the Corporation and, as such, shall have supervision of its policies, business, and affairs, and such other powers and duties as are commonly incident to the office of chief executive officer. The Chairman of the Board of Directors shall preside at the meetings of the Board and may call meetings of the Board and of any committee thereof, whenever he deems it necessary, and he shall call to order and preside at all meetings of the stockholders of the Corporation. In addition, he shall have such other powers and duties as the Board shall designate from time to time. The Chairman of the Board of Directors shall have power to sign all certificates of stock, bonds, deeds and contracts of the Corporation. The Vice Chairman of the Board shall, in the absence of the Chairman of the Board, perform all duties of the Chairman of the Board and any other duties assigned to him or for which he is designated by the Chairman of the Board. In addition, the Vice Chairman of the Board shall have such other powers and duties as the Board shall designate from time to time.

Section 5.4 Chief Executive Officer. The Chief Executive Officer of the Corporation shall have supervision of its policies, business, and affairs, and such other powers and duties as are commonly incident to the office of chief executive officer.

Section 5.5 Vice Presidents. Each Vice President shall have such powers and perform such duties as the Board or the Chairman of the Board may from time to time prescribe. The Board may elect or designate one or more of the Vice Presidents as Executive Vice Presidents, Senior Vice Presidents or with such other title as the Board may deem appropriate.

Section 5.6 The Treasurer. The Treasurer shall keep, deposit, invest and disburse the funds and securities of the Corporation, shall keep full and accurate accounts of the receipts and disbursements of the Corporation, shall maintain insurance coverage on the Corporation's assets, and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Chairman or Vice Chairman of the Board, the Chief Executive Officer or the Board.

Section 5.7 The Secretary. The Secretary shall act as secretary of, and keep the minutes of, all meetings of the Board and of the stockholders, shall be custodian of the seal of the Corporation and shall affix and attest the seal to all documents the execution of which on behalf of the Corporation under its seal shall have been specifically or generally authorized by the Board, and, in general, shall perform all the duties incident to the office of Secretary and such other duties as may from time to time be assigned by the Chairman or Vice Chairman of the Board, the Chief Executive Officer or the Board.

Section 5.8 The Controller. The Controller shall be the chief accounting officer of the Corporation, shall have charge of its accounting department and shall keep or cause to be kept full and accurate records of the assets, liabilities, business and transactions of the Corporation.

Section 5.9 Additional Officers. The Board may elect or appoint such additional officers as it may deem necessary or advisable, and may delegate the power to appoint such additional officers to any committee or principal officer. Such additional officers shall have such powers and duties and shall hold office for such terms as may be determined by the Board or such committee or officer.

Section 5.10 Salaries. The Salaries of the officers of the Corporation shall be fixed from time to time in the manner prescribed by the Board.

Article VI

Removal, Resignations, Vacancies and Salaries

Section 6.1 Removal of Directors. Any director may be removed at any time, either with or without cause, by the affirmative vote of the holders of record of a majority of the stock of the Corporation entitled to vote at a special meeting of the stockholders called for the purpose, and the vacancy in the Board caused by any such removal may be filled by the stockholders at such meeting and, if not filled thereat, the vacancy caused by such removal may be filled by the directors as provided in Section 6.4 hereof.

Section 6.2 Removal of Officers. Any officer of the Corporation elected or appointed by the Board, or appointed by any committee or principal officer of the Corporation pursuant to authority delegated by the Board, may be removed at any time, either with or without cause, by resolution adopted by a majority of the whole Board at a regular meeting of the Board or at a special meeting thereof called for such purpose.

Section 6.3 Resignation. Any director or officer of the Corporation may at any time resign by giving written notice to the Board, the Chairman of the Board, the Vice Chairman of the Board, the Chief Executive Officer, or the Secretary. Any such resignation shall take effect at the time specified therein or, if no time shall be specified therein, at the time of the receipt thereof, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.4 Vacancies. Any vacancy in the Board caused by death, resignation, disqualification, an increase in the number of directors, or any other cause, may be filled by the majority vote of the remaining directors, though less than a quorum, at any regular meeting of the Board or any special meeting thereof called for the purpose, or by the stockholders of the Corporation at the next annual meeting or at any special meeting called for the purpose, and the directors so chosen shall hold office, subject to the provisions of these By-Laws, until the next annual meeting of stockholders for the election of directors and until his successor shall be duly elected and shall qualify. Any vacancy in any office, caused by death, resignation, removal, disqualification or any other cause, shall be filled for the unexpired portion of the term in the manner prescribed in these By-Laws for regular election or appointment to such office.

Section 6.5 Compensation. Each director who shall not also be an executive officer of the Corporation or any of its subsidiary companies and receiving a regular salary for his services, in consideration of his serving as a director, shall be entitled to receive from the Corporation such fees for serving as a director as the Board shall from time to time determine, and each such director, who shall serve as a member of any committee of the Board, in consideration of his serving as a member of such committee, shall be entitled to such amount per annum or such fees for attendance at committee meetings as the Board shall from time to time determine. Nothing contained in this Section shall preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving compensation therefor.

Article VII

Contracts, Loans, Checks, Drafts, Deposits, Etc.

Section 7.1 Contracts and Loans. Except as authorized pursuant to a resolution of the Board or these By-Laws, no officer, agent or employee of the Corporation shall have any power or authority to bind the Corporation by any contract or engagement, to effect any loan on its behalf, to issue any negotiable paper in its name, to pledge its credit, to render it pecuniarily liable for any purpose or for any amount, or to pledge, hypothecate or transfer any securities or other property of the Corporation as security for any loans or advances.

Section 7.2 Checks, Drafts, etc. All checks, drafts, and other instruments or orders for the payment of monies out of the funds of the Corporation, and all notes or other evidences of indebtedness, bills of lading, warehouse receipts and insurance certificates of the Corporation shall be signed on behalf of the Corporation in such manner as shall from time to time be determined pursuant to a resolution of the Board. All checks, drafts and other instruments or orders for the payment of monies to or upon the order of the Corporation may be endorsed for deposit in such manner as shall be determined pursuant to a resolution of the Board.

Section 7.3 Proxies. Unless otherwise provided by resolution of the Chairman or Vice Chairman of the Board, the Chief Executive Officer, or any Vice President or Secretary or Assistant Secretary designated by the Board, may from time to time appoint an attorney or attorneys or agent or agents of the Corporation to cast, in the name and on behalf of the Corporation, the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

Articles VIII

Shares, Dividends, Etc.

Section 8.1 Certificates. Certificates for shares of the capital stock of the Corporation shall be in such form as shall be approved by the Board. Each such certificate shall be signed in the name of the Corporation by the Chairman of the Board, the Vice Chairman of the Board, or a Vice President, and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation; provided, however, that, where such certificate is signed (a) by a transfer agent or an assistant transfer agent or (b) by a transfer clerk acting on behalf of the Corporation, and a registrar, the signature of any such Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be a facsimile. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates shall be deemed to have been adopted by the Corporation and to have been issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures were used thereon had not ceased to be such officer or officers of the Corporation. Except as otherwise prescribed by statute, the Articles of Incorporation, or by these By-Laws, the person in whose name shares of stock shall be registered on the books of the Corporation shall be deemed to be the owner thereof for all purposes as regards the Corporation.

Section 8.2 Transfers. The Board may make such rules and regulations as it may deem expedient concerning the issue, registration and transfer of certificates representing shares of the capital stock of the Corporation and may appoint one or more transfer agents or clerks and registrars thereof.

Section 8.3 Closing of Transfer Books, Record Date. The Board may at any time by resolution direct the closing of the stock transfer books of the Corporation for a period of not exceeding fifty (50) days preceding the date of any meeting of stockholders, or the date for payment of any dividend, or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect or for a period of not exceeding sixty (60) days in connection with obtaining the consent of stockholders for any purpose; provided, however, that in lieu of closing the stock transfer books as aforesaid, the Board may fix in advance a date, not exceeding sixty (60) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment or rights, or exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid. Except where the stock transfer books of the Corporation shall have been closed or a date shall have been fixed as a record date for the determination of the stockholders entitled to vote, as hereinabove provided, no share of stock shall be voted on at any election of directors which shall have been transferred on the books of the Corporation within twenty (20) days next preceding such election of directors.

Section 8.4 Lost or Destroyed Certificates. In case of loss, theft, mutilation or destruction of any certificate evidencing shares of the capital stock of the Corporation, another may be issued in its place upon proof of such loss, theft, mutilation or destruction and upon the giving of an indemnity or other undertaking to the Corporation in such form and in such sum as the Board may direct.

Article IX

Seal, Fiscal Year, Waivers of Notice, Amendments

Section 9.1 Corporate Seal. The seal of the Corporation shall be circular in form and shall bear the name of the Corporation and the inscription "Corporate Seal, North Carolina". Said seal may be used by causing it or a facsimile thereof to be impressed or reproduced or otherwise.

Section 9.2 Fiscal Year. Each fiscal year of the Corporation shall end on the last Saturday of December.

Section 9.3 Waivers of Notice. Anything in these By-Laws to the contrary notwithstanding, notice of any meeting of the stockholders, the Board, or any committee constituted by the Board need not be given to any person entitled thereto, if such notice shall be waived by such person in writing or by telegraph, cable or wireless before, at or after such meeting, or if such person shall be present in person, or in the case of a meeting of the stockholders, be present in person or represented by proxy, at such meeting and without objecting to such lack of notice.

Section 9.4 Amendments. These By-Laws may be altered, amended or repealed or new By-Laws may be made either:

(a) by the affirmative vote of the holders of record of a majority of the outstanding stock of the Corporation entitled to vote thereon, at any annual or special meeting of the stockholders, provided that notice of the proposed alteration, amendment or repeal or of the proposed new By-Law or By-Laws be included in the notice of such meeting or waiver thereof, or

(b) by the affirmative vote of a majority of the whole Board at any regular meeting of the Board, or any special meeting thereof, provided that notice of the proposed alteration, amendment or repeal or of the proposed new By-Law or By-Laws be included in the notice of such special meeting or waiver thereof or all of the directors at the time in office be present at such special meeting. provided, however, that no change of the time or place for the election of directors shall be made within sixty (60) days next before the day on which such election is to be held, and that in case of any change of such time or place, notice thereof shall be given to each stockholder in accordance with Section 2.4 hereof at least twenty (20) days before the election is held.

By-Laws made or amended by the Board may be altered, amended or repealed by the stockholders.

EXHIBIT 11

PEPSICO, INC. AND SUBSIDIARIES
Computation of Net Income Per Share of Capital Stock - Primary
(page 1 of 2)
(in millions except per share amounts, unaudited)

	12 Weeks Ended		24 Weeks Ended	
	6/15/96	6/17/95	6/15/96	6/17/95
Shares outstanding at beginning of period	1,574	1,576	1,576	1,580
Weighted average of shares issued during the period for exercise of stock options, conversion of debentures and payment of compensation awards	2	2	7	4
Shares repurchased (weighted)	(8)	(2)	(12)	(7)
Dilutive shares contingently issuable upon exercise of stock options, conversion of debentures and payment of compensation awards, net of shares assumed to have been purchased for treasury (at the average price) with assumed proceeds from exercise of stock options and compensation awards	45	31	45	26
Total shares - primary	1,613	1,607	1,616	1,603
Net income	$ 583	$ 487	$ 977	$ 808
Net income per share - primary	$ 0.36	$ 0.30	$ 0.60	$ 0.50

PEPSICO, INC. AND SUBSIDIARIES
Computation of Net Income Per Share of Capital Stock - Fully Diluted
(page 2 of 2)
(in millions except per share amounts, unaudited)

	12 Weeks Ended		24 Weeks Ended	
	6/15/96	6/17/95	6/15/96	6/17/95
Shares outstanding at beginning of period	1,574	1,576	1,576	1,580
Shares issued during the period for exercise of stock options, conversion of debentures and payment of compensation awards	4	5	12	8
Shares repurchased (weighted)	(8)	(2)		
(12)	(7)			
Dilutive shares contingently issuable upon exercise of stock options, conversion of debentures and payment of compensation awards, net of shares assumed to have been purchased for treasury (at the higher of average or quarter-end price) with assumed proceeds from exercise of stock options and compensation awards	46	33	44	29
Total shares - fully diluted	1,616	1,612	1,620	1,610
Net income	$ 583	$ 487	$ 977	$ 808
Net income per share - fully diluted	$ 0.36	$ 0.30	$ 0.60	$ 0.50

EXHIBIT 12

PEPSICO, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges (page 1 of 2)
(in millions except ratio amounts, unaudited)

	24 Weeks Ended 6/15/96	24 Weeks Ended 6/17/95
Earnings:		
Income before income taxes.......	$1,458	$1,232
Joint ventures and minority interests, net..................	13	(5)
Amortization of capitalized interest........................	2	2
Interest expense.................	282	322
Interest portion of rent expense (a).....................	77	75
Earnings available for fixed charges.........................	$1,832	$1,626
Fixed Charges:		
Interest expense.................	$ 282	322
Capitalized interest.............	7	3
Interest portion of rent expense (a)....................	77	75
Total fixed charges............	$ 366	$ 400
Ratio of Earnings to Fixed Charges................	5.01	4.07

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

PEPSICO, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges (page 2 of 2)
(in millions except ratio amounts, unaudited)

	52 Weeks Ended 12/30/95	53 Weeks Ended 12/31/94	52 Weeks Ended 12/25/93	12/26/92	12/28/91 (a)
Earnings:					
Income before income taxes and cumulative effect of accounting changes.................	$2,432	$2,664	$2,423	$1,899	$1,660
Joint ventures and minority interests, net	11	(19)	(6)	(1)	(6)
Amortization of capitalized interest	6	5	5	5	5
Interest expense	682	645	573	586	614
Interest portion of net rent expense (b)	156	150	134	122	103
Earnings available for fixed charges	$3,287	$3,445	$3,129	$2,611	2,376
Fixed Charges:					
Interest expense	$ 682	$ 645	$ 573	$ 586	$ 614

Capitalized interest	10	5	7	7	10
Interest portion of net rent expense (b)	156	150	134	122	103
Total fixed charges	$ 848	$ 800	$ 714	$ 715	$ 727
Ratio of Earnings to Fixed Charges	3.88	4.31	4.38	3.65	3.27

(a) To improve comparability, the 1991 amounts have been restated to report, under the equity method of accounting, the results of previously consolidated snack food businesses in Spain, Portugal and Greece, which were contributed to the new Snack Ventures Europe joint venture with General Mills, Inc. in late 1992.

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

EXHIBIT 15

Accountants' Acknowledgment

The Board of Directors
PepsiCo, Inc.

We hereby acknowledge our awareness of the use of our report dated July 23, 1996 included within the Quarterly Report on Form 10-Q of PepsiCo, Inc. for the twelve and twenty-four weeks ended June 15, 1996, and incorporated by reference in the following Registration Statements and in the related Prospectuses:

Description	Registration Statement Number
Form S-3	
Pizza Hut Cincinnati, Inc. and Tri-L Pizza Huts, Inc. acquisitions	33-37271
PepsiCo SharePower Stock Option Plan for Employees of Monsieur Henri Wines, Ltd.	33-35601, 33-42122, 33-56666 & 33-66146
PepsiCo SharePower Stock Option Plan for Opco Employees	33-30658 & 33-38014
PepsiCo SharePower Stock Option Plan for PCDC Employees	33-42121
PepsiCo SharePower Stock Option Plan for Employees of Chevys, Inc.	33-66144
PepsiCo SharePower Stock Option Plan for Employees of Southern Tier Pizza Hut, Inc. and STPH Delco, Inc.	33-66148
Pepsi-Cola Bottling Company Annapolis acquisition	33-30372
$500,000,000 Euro-Medium-Term Notes	33-8677
$2,500,000,000 Debt Securities and Warrants	33-39283
Semoran Management Corporation acquisition	33-47527
$32,500,000 Puerto Rico Industrial, Medical and Environmental Pollution Control Facilities Financing Authority Adjustable Rate Industrial Revenue Bonds	33-53232
$3,322,000,000 Debt Securities and Warrants	33-57181
$2,500,000,000 Debt Securities and Warrants	33-51389
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-4	
Erin Investment Corp. acquisition	33-31844
A&M Food Services, Inc. acquisition	33-4635
Pizza Hut Titusville, Inc. acquisition	33-21607
U.S. Kentucky Fried Chicken operations of Collins Foods International, Inc. acquisition	33-37978
Pizza Management, Inc. acquisition	33-47314
Form S-8	
PepsiCo SharePower Stock Option Plan	33-35602, 33-29037, 33-42058, 33-51496, 33-54731 & 33-66150
PepsiCo SharePower Stock Option Plan for Opco Employees	33-43189
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
1979 Incentive Plan	2-65410
PepsiCo, Inc. Long Term Savings Program	2-82645, 33-51514 & 33-60965
Long Term Savings Programs of Taco Bell Corp., Pizza Hut, Inc. and Kentucky Fried Chicken Corporation, respectively	2-93163, 2-99532 & 33-10488
Restaurant Deferred Compensation Plan	333-01377

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

KPMG Peat Marwick LLP
New York, New York
July 30, 1996

5
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM PEPSICO, INC. AND SUBSIDIARIES CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS FOR THE 24 WEEKS
ENDED JUNE 15, 1996 AND IS QUALIFIED IN ITS ENTIRETY
BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
0000077476
PepsiCo, Inc.
1,000,000

Dec-28-1996
Jun-15-1996
6-MOS
350
1,028
2,855
158
1,183
6,138
17,418
7,251
26,134
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6,902
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977
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0.60