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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 March 24, 2012 (12 weeks)

OR

__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number 1-1183

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

North Carolina	13-1584302
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer 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 __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES X NO __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer X	Accelerated filer __
Non-accelerated filer __ (Do not check if a smaller reporting company)	Smaller reporting company __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES __ NO X

Number of shares of Common Stock outstanding as of April 20, 2012: 1,563,964,807

PEPSICO, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION
ITEM 1. Condensed Consolidated Financial Statements.

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

	12 Weeks Ended	
	3/24/12	3/19/11
Net Revenue	**$12,428**	$11,937
Cost of sales	**5,889**	5,447
Selling, general and administrative expenses	**4,792**	4,739
Amortization of intangible assets	**25**	25
Operating Profit	**1,722**	1,726
Interest expense	**(198)**	(180)
Interest income and other	**23**	17
Income before income taxes	**1,547**	1,563
Provision for income taxes	**414**	419
Net income	**1,133**	1,144
Less: Net income attributable to noncontrolling interests	**6**	1
Net Income Attributable to PepsiCo	**$ 1,127**	$ 1,143
Net Income Attributable to PepsiCo per Common Share		
Basic	**$ 0.72**	$ 0.72
Diluted	**$ 0.71**	$ 0.71
Weighted-average common shares outstanding		
Basic	**1,568**	1,583
Diluted	**1,584**	1,605
Cash dividends declared per common share	**$ 0.515**	$ 0.48

See accompanying notes to the condensed consolidated financial statements.

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
(in millions, unaudited)

	12 Weeks Ended	
	3/24/12	3/19/11
Net Income	**$ 1,133**	$ 1,144
Other Comprehensive Income		
Currency translation adjustment	**1,687**	645
Cash flow hedges, net of tax:		
Net derivative (losses)/gains[(a)]	**(14)**	8
Reclassification of net losses to net income[(b)]	**7**	4
Pension and retiree medical, net of tax:		
Reclassification of losses/(gains) to net income[(c)]	**25**	(3)
Remeasurement of net liabilities[(d)]	**7**	–
Unrealized gains/(losses) on securities, net of tax[(e)]	**13**	(13)
Other	**36**	(18)
Total Other Comprehensive Income	**1,761**	623
Comprehensive Income	**2,894**	1,767
Comprehensive income attributable to noncontrolling interests	**(2)**	(29)
Comprehensive Income Attributable to PepsiCo	**$ 2,892**	$ 1,738

(a) Net of tax benefits of $1 million in 2012 and tax expense of $13 million in 2011.
(b) Net of tax benefits of $5 million in 2012 and tax expense of $2 million in 2011.
(c) Net of tax benefits of $15 million in 2012 and tax benefits of $1 million in 2011.
(d) Net of tax expense of $4 million in 2012.
(e) Net of tax benefits of $5 million in 2011.

See accompanying notes to the condensed consolidated financial statements.

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

	12 Weeks Ended	
	3/24/12	3/19/11
Operating Activities		
Net income	**$ 1,133**	$ 1,144
Depreciation and amortization	**555**	523
Stock-based compensation expense	**56**	72
Restructuring and impairment charges	**33**	–
Cash payments for restructuring charges	**(44)**	(1)
Merger and integration charges	**2**	55
Cash payments for merger and integration charges	**(20)**	(117)
Excess tax benefits from share-based payment arrangements	**(35)**	(24)
Pension and retiree medical plan contributions	**(1,100)**	(59)
Pension and retiree medical plan expenses	**129**	119
Deferred income taxes and other tax charges and credits	**120**	(98)
Change in accounts and notes receivable	**(71)**	(271)
Change in inventories	**(266)**	(77)
Change in prepaid expenses and other current assets	**(197)**	(137)
Change in accounts payable and other current liabilities	**(960)**	(1,028)
Change in income taxes payable	**90**	362
Other, net	**(115)**	(83)
Net Cash (Used for)/Provided by Operating Activities	**(690)**	380
Investing Activities		
Capital spending	**(316)**	(433)
Sales of property, plant and equipment	**17**	12
Acquisition of Wimm-Bill-Dann Foods OJSC (WBD), net of cash and cash equivalents acquired	**–**	(2,428)
Investment in WBD	**–**	(164)
Other acquisitions and investments in noncontrolled affiliates	**(32)**	(28)
Divestitures	**9**	–
Short-term investments, by original maturity		
More than three months – maturities	**–**	6
Three months or less, net	**52**	57
Other investing, net	**13**	(1)
Net Cash Used for Investing Activities	**(257)**	(2,979)

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

	12 Weeks Ended	
	3/24/12	3/19/11
Financing Activities		
Proceeds from issuances of long-term debt	**$ 2,733**	$ 9
Payments of long-term debt	**(9)**	(10)
Short-term borrowings, by original maturity		
More than three months – proceeds	**13**	21
More than three months – payments	**(107)**	(64)
Three months or less, net	**(1,696)**	1,160
Cash dividends paid	**(816)**	(769)
Share repurchases – common	**(142)**	(361)
Share repurchases – preferred	**(1)**	(2)
Proceeds from exercises of stock options	**274**	218
Excess tax benefits from share-based payment arrangements	**35**	24
Other financing	**(1)**	–
Net Cash Provided by Financing Activities	**283**	226
Effect of exchange rate changes on cash and cash equivalents	**82**	92
Net Decrease in Cash and Cash Equivalents	**(582)**	(2,281)
Cash and Cash Equivalents, Beginning of Year	**4,067**	5,943
Cash and Cash Equivalents, End of Period	**$ 3,485**	$ 3,662

See accompanying notes to the condensed consolidated financial statements.

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

	(Unaudited) **3/24/12**	12/31/11
Assets		
Current Assets		
Cash and cash equivalents	**$ 3,485**	$ 4,067
Short-term investments	**328**	358
Accounts and notes receivable, less allowance: 3/12 – $168, 12/11 – $157	**7,158**	6,912
Inventories		
Raw materials	**2,071**	1,883
Work-in-process	**302**	207
Finished goods	**1,841**	1,737
	4,214	3,827
Prepaid expenses and other current assets	**2,393**	2,277
Total Current Assets	**17,578**	17,441
Property, Plant and Equipment	**36,193**	35,140
Accumulated Depreciation	**(16,188)**	(15,442)
	20,005	19,698
Amortizable Intangible Assets, net	**1,960**	1,888
Goodwill	**17,208**	16,800
Other Nonamortizable Intangible Assets	**15,093**	14,557
Nonamortizable Intangible Assets	**32,301**	31,357
Investments in Noncontrolled Affiliates	**1,515**	1,477
Other Assets	**1,032**	1,021
Total Assets	**$ 74,391**	$ 72,882

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

	(Unaudited) 3/24/12	12/31/11
Liabilities and Equity		
Current Liabilities		
Short-term obligations	**$ 5,656**	$ 6,205
Accounts payable and other current liabilities	**11,180**	11,757
Income taxes payable	**149**	192
Total Current Liabilities	**16,985**	18,154
Long-term Debt Obligations	**22,054**	20,568
Other Liabilities	**7,323**	8,266
Deferred Income Taxes	**5,075**	4,995
Total Liabilities	**51,437**	51,983
Commitments and Contingencies		
Preferred Stock, no par value	**41**	41
Repurchased Preferred Stock	**(158)**	(157)
PepsiCo Common Shareholders’ Equity		
Common stock, par value 1 2/3 cents per share:		
Authorized 3,600 shares, issued 3/12 and 12/11 – 1,865 shares	**31**	31
Capital in excess of par value	**4,251**	4,461
Retained earnings	**40,631**	40,316
Accumulated other comprehensive loss	**(4,464)**	(6,229)
Less: repurchased common stock, at cost: 3/12 – 298 shares, 12/11 – 301 shares	**(17,691)**	(17,875)
Total PepsiCo Common Shareholders’ Equity	**22,758**	20,704
Noncontrolling interests	**313**	311
Total Equity	**22,954**	20,899
Total Liabilities and Equity	**$ 74,391**	$ 72,882

See accompanying notes to the condensed consolidated financial statements.

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

	12 Weeks Ended			
	3/24/12		3/19/11	
	Shares	**Amount**	Shares	Amount
Preferred Stock	**0.8**	**$ 41**	0.8	$ 41
Repurchased Preferred Stock				
Balance, beginning of year	**(0.6)**	**(157)**	(0.6)	(150)
Redemptions	**(–)**	**(1)**	(–)	(2)
Balance, end of period	**(0.6)**	**(158)**	(0.6)	(152)
Common Stock	**1,865**	**31**	1,865	31
Capital in Excess of Par Value				
Balance, beginning of year		**4,461**		4,527
Stock-based compensation expense		**56**		72
Stock option exercises/RSUs converted[(a)]		**(194)**		(160)
Withholding tax on RSUs converted		**(52)**		(40)
Other		**(20)**		8
Balance, end of period		**4,251**		4,407
Retained Earnings				
Balance, beginning of year		**40,316**		37,090
Net income attributable to PepsiCo		**1,127**		1,143
Cash dividends declared – common		**(809)**		(762)
Cash dividends declared – RSUs		**(3)**		(5)
Balance, end of period		**40,631**		37,466
Accumulated Other Comprehensive Loss				
Balance, beginning of year		**(6,229)**		(3,630)
Currency translation adjustment		**1,691**		617
Cash flow hedges, net of tax:				
Net derivative (losses)/gains		**(14)**		8
Reclassification of net losses to net income		**7**		4
Pension and retiree medical, net of tax:				
Reclassification of net losses/(gains) to net income		**25**		(3)
Remeasurement of net liabilities		**7**		–
Unrealized gains/(losses) on securities, net of tax		**13**		(13)
Other		**36**		(18)
Balance, end of period		**(4,464)**		(3,035)
Repurchased Common Stock				
Balance, beginning of year	**(301)**	**(17,875)**	(284)	(16,745)
Share repurchases	**(5)**	**(294)**	(7)	(413)
Stock option exercises	**6**	**356**	5	296
Other	**2**	**122**	2	89
Balance, end of period	**(298)**	**(17,691)**	(284)	(16,773)
Total Common Shareholders' Equity		**22,758**		22,096
Noncontrolling Interests				
Balance, beginning of year		**311**		312
Net income attributable to noncontrolling interests		**6**		1
Currency translation adjustment		**(4)**		28
Acquisitions and divestitures		**(1)**		1,348
Other, net		**1**		–
Balance, end of period		**313**		1,689
Total Equity		**$ 22,954**		$ 23,674

(a) Includes total tax benefits of $14 million in 2012 and $13 million in 2011.

See accompanying notes to the condensed consolidated financial statements.

PEPSICO, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation and Our Divisions

Basis of Presentation

Our Condensed Consolidated Balance Sheet as of March 24, 2012 and the Condensed Consolidated Statements of Income, Comprehensive Income, Cash Flows and Equity for the 12 weeks ended March 24, 2012 and March 19, 2011 have not been audited. These statements have been prepared on a basis that is substantially consistent with the accounting principles applied in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. In our opinion, these financial statements include all normal and recurring adjustments necessary for a fair presentation. The results for the 12 weeks are not necessarily indicative of the results expected for the full year.

While the majority of our results are reported on a period basis, most of our international operations report on a monthly calendar basis for which the months of January and February are reflected in our first quarter results.

In the first quarter of 2011, Quaker Foods North America (QFNA) changed its method of accounting for certain U.S. inventories from the last-in, first-out (LIFO) method to the average cost method. This change was considered preferable by management as we believe that the average cost method of accounting for all U.S. foods inventories improves our financial reporting by better matching revenues and expenses and better reflecting the current value of inventory. In addition, the change from the LIFO method to the average cost method enhances the comparability of QFNA's financial results with our other food businesses, as well as with peer companies where the average cost method is widely used. The impact of this change on consolidated net income in the first quarter of 2011 was approximately $9 million (or less than a penny per share).

Our significant interim accounting policies include the recognition of a pro rata share of certain estimated annual sales incentives, and certain advertising and marketing costs, in proportion to revenue and volume, as applicable, and the recognition of income taxes using an estimated annual effective tax rate. Raw materials, direct labor and plant overhead, as well as purchasing and receiving costs, costs directly related to production planning, inspection costs and raw material handling facilities, are included in cost of sales. The costs of moving, storing and delivering finished product are included in selling, general and administrative expenses.

The following information is unaudited. Tabular dollars are in millions, except per share amounts. All per share amounts reflect common per share amounts, assume dilution unless otherwise noted, and are based on unrounded amounts. Certain reclassifications were made to the prior year's amounts to conform to the 2012 presentation. This report should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Our Divisions

We are organized into four business units, as follows:

1. PepsiCo Americas Foods (PAF), which includes Frito-Lay North America (FLNA), Quaker Foods North America (QFNA) and all of our Latin American food and snack businesses (LAF);

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2. PepsiCo Americas Beverages (PAB), which includes all of our North American and Latin American beverage businesses;
3. PepsiCo Europe, which includes all beverage, food and snack businesses in Europe, including South Africa; and
4. PepsiCo Asia, Middle East and Africa (AMEA), which includes all beverage, food and snack businesses in AMEA, excluding South Africa.

Our four business units comprise six reportable segments (also referred to as divisions), as follows:

- FLNA,
- QFNA,
- LAF,
- PAB,
- Europe, and
- AMEA.

	12 Weeks Ended			
	Net Revenue		**Operating Profit**	
	3/24/12	3/19/11	**3/24/12**	3/19/11
FLNA	**$ 3,010**	$ 2,904	**$ 780**	$ 774
QFNA	**623**	640	**187**	214
LAF	**1,235**	1,108	**183**	171
PAB	**4,448**	4,531	**525**	558
Europe	**1,845**	1,626	**81**	63
AMEA	**1,267**	1,128	**148**	146
Total division	**12,428**	11,937	**1,904**	1,926
Corporate Unallocated				
Net impact of mark-to-market on commodity hedges			**84**	31
Restructuring and impairment charges			**2**	–
Merger and integration charges			**–**	(42)
Other			**(268)**	(189)
	$12,428	$11,937	**$ 1,722**	$ 1,726

	Total Assets	
	3/24/12	12/31/11
FLNA	**$ 6,075**	$ 6,120
QFNA	**1,205**	1,174
LAF	**4,967**	4,731
PAB	**31,690**	31,187
Europe	**19,755**	18,479
AMEA	**6,305**	6,048
Total division	**69,997**	67,739
Corporate[(a)]	**4,394**	5,143
	$74,391	$ 72,882

(a) Corporate assets consist principally of cash and cash equivalents, short-term investments, derivative instruments and property, plant and equipment.

Acquisitions and Divestitures

WBD

On February 3, 2011, we acquired the ordinary shares, including shares underlying American Depositary Shares (ADS) and Global Depositary Shares (GDS), of WBD, a company incorporated in the Russian Federation, which represented in the aggregate approximately 66% of WBD's outstanding ordinary shares, pursuant to the purchase agreement dated December 1, 2010 between PepsiCo and certain selling shareholders of WBD for approximately $3.8 billion in cash. The acquisition of those shares increased our total ownership to approximately 77%, giving us a controlling interest in WBD. Under the guidance on accounting for business combinations, once a controlling interest is obtained, we are required to recognize and measure 100% of the identifiable assets acquired, liabilities assumed and noncontrolling interests at their full fair values. Our fair market valuations of the identifiable assets acquired and liabilities assumed have been completed and the final valuations did not materially differ from those fair values reported as of December 31, 2011.

On March 10, 2011, we commenced tender offers in Russia and the U.S. for all remaining outstanding ordinary shares and ADSs of WBD for 3,883.70 Russian rubles per ordinary share and 970.925 Russian rubles per ADS, respectively. The Russian offer was made to all holders of ordinary shares and the U.S. offer was made to all holders of ADSs. We completed the Russian offer on May 19, 2011 and the U.S. offer on May 16, 2011. After completion of the offers, we paid approximately $1.3 billion for WBD's ordinary shares (including shares underlying ADSs) and increased our total ownership of WBD to approximately 98.6%.

On June 30, 2011, we elected to exercise our squeeze-out rights under Russian law with respect to all remaining WBD ordinary shares not already owned by us. Therefore, under Russian law, all remaining WBD shareholders were required to sell their ordinary shares (including those underlying ADSs) to us at the same price that was offered to WBD shareholders in the Russian tender offer. Accordingly, all registered holders of ordinary shares on August 15, 2011 (including the ADS depositary) received 3,883.70 Russian rubles per ordinary share. After completion of the squeeze-out in September 2011 (during our fourth quarter), we paid approximately $79 million for WBD's ordinary shares (including shares underlying ADSs) and increased our total ownership to 100% of WBD.

Tingyi-Asahi Beverages Holding Co Ltd

On March 31, 2012 (during our second quarter), we completed a transaction with Tingyi (Cayman Islands) Holding Corp. (Tingyi). Under the terms of the agreement, we contributed our company-owned and joint venture bottling operations in China to Tingyi's beverage subsidiary, Tingyi-Asahi Beverages Holding Co Ltd (TAB), and received as consideration a 5% indirect equity interest in TAB. As a result of this transaction, TAB is now our franchise bottler in China. We also have a call option to increase our indirect holding in TAB to 20% by 2015. We anticipate recording an after-tax loss of approximately $200 million associated with this transaction in our second quarter results. This loss will be reflected in items affecting comparability in our 2012 second quarter Form 10-Q (see "Items Affecting Comparability" in Management's Discussion and Analysis of Financial Condition and Results of Operations).

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Intangible Assets

	3/24/12	12/31/11
Amortizable intangible assets, net		
Acquired franchise rights	**$ 929**	$ 916
Reacquired franchise rights	**110**	110
Brands	**1,440**	1,417
Other identifiable intangibles	**862**	777
	3,341	3,220
Accumulated amortization	**(1,381)**	(1,332)
	$ 1,960	$ 1,888

The change in the book value of nonamortizable intangible assets is as follows:

	Balance 12/31/11	Acquisitions/ (Divestitures)	Translation and Other	**Balance 3/24/12**
FLNA				
Goodwill	$ 311	$ –	$ 4	**$ 315**
Brands	30	–	1	**31**
	341	–	5	**346**
QFNA				
Goodwill	175	–	–	**175**
LAF				
Goodwill	793	(162)	37	**668**
Brands	157	112	9	**278**
	950	(50)	46	**946**
PAB				
Goodwill	9,932	2	20	**9,954**
Reacquired franchise rights	7,342	(1)	24	**7,365**
Acquired franchise rights	1,562	–	2	**1,564**
Brands	168	–	5	**173**
	19,004	1	51	**19,056**
Europe				
Goodwill	4,900	78	392	**5,370**
Reacquired franchise rights	732	–	63	**795**
Acquired franchise rights	218	–	11	**229**
Brands	4,178	(96)	397	**4,479**
	10,028	(18)	863	**10,873**
AMEA				
Goodwill	689	–	37	**726**
Brands	170	–	9	**179**
	859	–	46	**905**
Total goodwill	16,800	(82)	490	**17,208**
Total reacquired franchise rights	8,074	(1)	87	**8,160**
Total acquired franchise rights	1,780	–	13	**1,793**
Total brands	4,703	16	421	**5,140**
	$ 31,357	$ (67)	$ 1,011	**$ 32,301**

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Stock-Based Compensation

For the 12 weeks ended March 24, 2012, we recognized stock-based compensation expense of $50 million ($56 million recorded as stock-based compensation expense, $1 million included in merger and integration charges and income of $7 million included in restructuring and impairment charges). For the 12 weeks ended March 19, 2011, we recognized stock-based compensation expense of $79 million ($72 million recorded as stock-based compensation expense and $7 million included in merger and integration charges).

In connection with our multi-year productivity plan (Productivity Plan) announced in February 2012, the Compensation Committee of PepsiCo's Board of Directors elected to delay the grant of the annual equity award from March to April, in order to appropriately administer the award following employee headcount reductions. Therefore, for the 12 weeks ended March 24, 2012, we did not issue any grants of stock options or restricted stock units (RSU). For the 12 weeks ended March 19, 2011, we granted 6.4 million stock options and 5.1 million RSUs at a weighted-average grant price of $63.75, under the terms of our 2007 Long-Term Incentive Plan.

Our weighted-average Black-Scholes fair value assumptions in the prior year were as follows:

	12 Weeks Ended 3/19/11
Expected life	6 yrs.
Risk free interest rate	2.6%
Expected volatility[a]	16%
Expected dividend yield	2.9%

(a) Reflects movements in our stock price over the most recent historical period equivalent to the expected life.

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Pension and Retiree Medical Benefits

The components of net periodic benefit cost for pension and retiree medical plans are as follows:

	12 Weeks Ended					
	Pension				Retiree Medical	
	3/24/12	3/19/11	**3/24/12**	3/19/11	**3/24/12**	3/19/11
	U.S.		International			
Service cost	**$ 95**	$ 82	**$ 18**	$ 17	**$ 12**	$ 12
Interest cost	**123**	126	**20**	21	**15**	20
Expected return on plan assets	**(184)**	(162)	**(26)**	(24)	**(5)**	(3)
Amortization of prior service cost/(benefit)	**4**	3	**–**	–	**(6)**	(7)
Amortization of experience loss	**60**	33	**10**	7	**–**	3
	98	82	**22**	21	**16**	25
Curtailment gain	**(7)**	(9)	**–**	–	**–**	–
Special termination benefits	**4**	10	**–**	–	**4**	1
Total expense	**$ 95**	$ 83	**$ 22**	$ 21	**$ 20**	$ 26

During the first quarter of 2012, we made discretionary contributions of $860 million to our pension plans and $140 million to our retiree medical plans.

Income Taxes

A rollforward of our reserves for all federal, state and foreign tax jurisdictions, is as follows:

	3/24/12	12/31/11
Balance, beginning of year	**$ 2,167**	$ 2,022
Additions for tax positions related to the current year	**45**	233
Additions for tax positions from prior years	**5**	147
Reductions for tax positions from prior years	**(5)**	(46)
Settlement payments	**(4)**	(156)
Statute of limitations expiration	**–**	(15)
Translation and other	**(7)**	(18)
Balance, end of period	**$ 2,201**	$ 2,167

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Net Income Attributable to PepsiCo per Common Share

The computations of basic and diluted net income attributable to PepsiCo per common share are as follows:

	12 Weeks Ended			
	3/24/12		3/19/11	
	Income	**Shares[a]**	Income	Shares[a]
Net income attributable to PepsiCo	**$ 1,127**		$ 1,143	
Preferred shares:				
Dividends	**–**		–	
Redemption premium	**(1)**		(2)	
Net income available for PepsiCo common shareholders	**$ 1,126**	**1,568**	$ 1,141	1,583
Basic net income attributable to PepsiCo per common share	**$ 0.72**		$ 0.72	
Net income available for PepsiCo common shareholders	**$ 1,126**	**1,568**	$ 1,141	1,583
Dilutive securities:				
Stock options and RSUs[b]	**–**	**15**	–	21
ESOP convertible preferred stock	**1**	**1**	2	1
Diluted	**$ 1,127**	**1,584**	$ 1,143	1,605
Diluted net income attributable to PepsiCo per common share	**$ 0.71**		$ 0.71	

(a) Weighted-average common shares outstanding (in millions).

(b) Options to purchase 29.6 million shares in 2012 and 31.3 million shares in 2011 were not included in the calculation of earnings per share because these options were out-of-the-money. These out-of-the-money options had average exercise prices of $66.93 in 2012 and $66.85 in 2011.

Debt Obligations and Commitments

In the first quarter of 2012, we issued:

- $750 million of 0.750% senior notes maturing in 2015;
- $1.250 billion of 2.750% senior notes maturing in 2022; and
- $750 million of 4.000% senior notes maturing in 2042.

The net proceeds from the issuances of the above notes were used for general corporate purposes, including the repayment of commercial paper.

As of March 24, 2012, we had $1.2 billion of commercial paper outstanding.

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Long-Term Contractual Commitments[a]

	Payments Due by Period				
	Total	2012	2013 – 2014	2015 – 2016	2017 and beyond
Long-term debt obligations[b]	$21,289	$ –	$4,930	$4,195	$ 12,164
Interest on debt obligations[c]	8,521	711	1,545	1,223	5,042
Operating leases	1,861	367	632	355	507
Purchasing commitments	3,123	1,113	1,525	422	63
Marketing commitments	2,461	200	570	526	1,165
	$37,255	$2,391	$9,202	$6,721	$ 18,941

(a) Reflects non-cancelable commitments as of March 24, 2012 based on foreign exchange rates in effect on that date and excludes any reserves for uncertain tax positions as we are unable to reasonably predict the ultimate amount or timing of settlement.

(b) Excludes $3,743 million related to current maturities of long-term debt, $441 million related to the fair value step-up of debt acquired in connection with our acquisitions of The Pepsi Bottling Group, Inc. (PBG) and PepsiAmericas, Inc. (PAS), and $324 million related to the increase in carrying value of long-term debt reflecting the gains on our fair value interest rate swaps.

(c) Interest payments on floating-rate debt are estimated using interest rates effective as of March 24, 2012.

Most long-term contractual commitments, except for our long-term debt obligations, are not recorded on our balance sheet. Non-cancelable operating leases primarily represent building leases. Non-cancelable purchasing commitments are primarily for packaging materials, sugar and other sweeteners, oranges and orange juice. Non-cancelable marketing commitments are primarily for sports marketing. Bottler funding to independent bottlers is not reflected in our long-term contractual commitments as it is negotiated on an annual basis. Accrued liabilities for pension and retiree medical plans are not reflected in our long-term contractual commitments because they do not represent expected future cash outflows. See *Pension and Retiree Medical Benefits* for additional information regarding our pension and retiree medical obligations.

Restructuring, Impairment and Integration Charges

In the 12 weeks ended March 24, 2012, we incurred restructuring and impairment charges of $33 million ($23 million after-tax or $0.01 per share) in conjunction with our Productivity Plan, including $8 million recorded in the FLNA segment, $5 million recorded in the QFNA segment, $6 million recorded in the LAF segment, $8 million recorded in the PAB segment, $9 million recorded in the AMEA segment and income of $1 million and $2 million recorded in the Europe segment and in corporate unallocated expenses, respectively, representing adjustments of previously recorded amounts. All of these net charges were recorded in selling, general and administrative expenses. Substantially all cash payments related to these charges are expected to be paid by the end of 2012. The Productivity Plan includes actions in every aspect of our business that we believe will strengthen our complementary food, snack and beverage businesses by leveraging new technologies and processes across PepsiCo’s operations, go-to-market and information systems; heightening the focus on best practice sharing across the globe; consolidating manufacturing, warehouse and sales facilities; and implementing simplified organization structures, with wider spans of control and fewer layers of management. The Productivity Plan is expected to enhance PepsiCo’s cost-competitiveness, provide a source of funding for future brand-building and innovation initiatives, and serve as a financial cushion for potential macroeconomic uncertainty beyond 2012.

A summary of our Productivity Plan activity in 2012 is as follows:

	Severance and Other Employee Costs	Asset Impairment	Other Costs	Total
Liability as of December 31, 2011	$ 249	$ –	$ 27	$276
2012 restructuring and impairment charges	(2)	17	18	33
Cash payments	(24)	–	(20)	(44)
Non-cash charges	–	(17)	–	(17)
Liability as of March 24, 2012	$ 223	$ –	$ 25	$248

In the 12 weeks ended March 24, 2012, we incurred merger and integration charges of $2 million ($2 million after-tax with a nominal amount per share) related to our acquisition of WBD. These charges were recorded in selling, general and administrative expenses in the Europe segment. Cash payments related to these charges are expected to be paid by the end of 2012.

In the 12 weeks ended March 19, 2011, we incurred merger and integration charges of $55 million ($49 million after-tax or $0.03 per share) related to our acquisitions of PBG, PAS and WBD, including $21 million recorded in the PAB segment, $42 million recorded in corporate unallocated expenses and income of $8 million recorded in the Europe segment, primarily reflecting a gain on our previously held equity interest in WBD. All of these net charges were recorded in selling, general and administrative expenses. These charges also include closing costs and advisory fees related to our acquisition of WBD. Substantially all cash payments related to these charges were paid by the end of 2011.

A summary of our merger and integration activity in 2012 is as follows:

	Severance and Other Employee Costs	Other Costs	Total
Liability as of December 31, 2011	$ 98	$ 7	$105
2012 merger and integration charges	2	–	2
Cash payments	(19)	(1)	(20)
Non-cash charges	4	(1)	3
Liability as of March 24, 2012	$ 85	$ 5	$ 90

Financial Instruments

We are exposed to market risks arising from adverse changes in:

- commodity prices, affecting the cost of our raw materials and energy,
- foreign exchange rates and currency restrictions, and
- interest rates.

In the normal course of business, we manage these risks through a variety of strategies, including productivity initiatives, global purchasing programs and hedging strategies. Our hedging strategies include the use of derivatives. Certain derivatives are designated as either cash flow or fair value hedges and qualify for hedge accounting treatment, while others do not qualify and are marked to market through earnings. Cash flows from derivatives used to manage commodity, foreign exchange or interest risks are classified as operating activities. See “Our Business Risks” in Management’s Discussion and Analysis of Financial Condition and Results of Operations for further unaudited information on our business risks.

For cash flow hedges, changes in fair value are deferred in accumulated other comprehensive loss within common shareholders’ equity until the underlying hedged item is recognized in net income. For fair value hedges, changes in fair value are recognized immediately in earnings, consistent with the underlying hedged item. Hedging transactions are limited to an underlying exposure. As a result, any change in the value of our derivative instruments would be substantially offset by an opposite change in the value of the underlying hedged items. Hedging ineffectiveness and a net earnings impact occur when the change in the value of the hedge does not offset the change in the value of the underlying hedged item. If the derivative instrument is terminated, we continue to defer the related gain or loss and then include it as a component of the cost of the underlying hedged item. Upon determination that the underlying hedged item will not be part of an actual transaction, we recognize the related gain or loss in net income immediately.

We also use derivatives that do not qualify for hedge accounting treatment. We account for such derivatives at market value with the resulting gains and losses reflected in our income statement. We do not use derivative instruments for trading or speculative purposes. We perform assessments of our counterparty credit risk regularly, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent assessment of our counterparty credit risk, we consider this risk to be low. In addition, we enter into derivative contracts with a variety of financial institutions that we believe are creditworthy in order to reduce our concentration of credit risk.

Commodity Prices

We are subject to commodity price risk because our ability to recover increased costs through higher pricing may be limited in the competitive environment in which we operate. This risk is managed through the use of fixed-price purchase orders, pricing agreements and derivatives. In addition, risk to our supplies of certain raw materials is mitigated through purchases from multiple geographies and suppliers. We use derivatives, with terms of no more than three years, to economically hedge price fluctuations related to a portion of our anticipated commodity purchases, primarily for metals, energy and agricultural products. For those derivatives that qualify for hedge accounting, any ineffectiveness is recorded immediately in corporate unallocated expenses. Ineffectiveness is not material. We classify both the earnings and cash flow impact from these derivatives consistent with the underlying hedged item. During the next 12 months, we expect to reclassify net losses of $33 million related to these hedges from accumulated other comprehensive loss into net income. Derivatives used to hedge commodity price risk that do not qualify for hedge accounting are marked to market each period and reflected in our income statement.

Our open commodity derivative contracts that qualify for hedge accounting had a face value of $552 million as of March 24, 2012 and $573 million as of March 19, 2011.

Our open commodity derivative contracts that do not qualify for hedge accounting had a face value of $628 million as of March 24, 2012 and $300 million as of March 19, 2011.

Foreign Exchange

Financial statements of foreign subsidiaries are translated into U.S. dollars using period-end exchange rates for assets and liabilities and weighted-average exchange rates for revenues and expenses. Adjustments resulting from translating net assets are reported as a separate component of accumulated other comprehensive loss within common shareholders' equity as currency translation adjustment.

We enter into derivatives, primarily forward contracts with terms of no more than two years, to manage our exposure to foreign currency transaction risk. Exchange rate gains or losses related to foreign currency transactions are recognized as transaction gains or losses in our income statement as incurred.

Our foreign currency derivatives had a total face value of $2.7 billion as of March 24, 2012 and $2.3 billion as of March 19, 2011. During the next 12 months, we expect to reclassify net losses of $9 million related to foreign currency contracts that qualify for hedge accounting from accumulated other comprehensive loss into net income. Additionally, ineffectiveness is not material. For foreign currency derivatives that do not qualify for hedge accounting treatment, all losses and gains were offset by changes in the underlying hedged items, resulting in no net material impact on earnings.

Interest Rates

We centrally manage our debt and investment portfolios considering investment opportunities and risks, tax consequences and overall financing strategies. We use various interest rate derivative instruments including, but not limited to, interest rate swaps, cross currency interest rate swaps, Treasury locks and swap locks to manage our overall interest expense and foreign exchange risk. These instruments effectively change the interest rate and currency of specific debt issuances. Certain of our fixed rate indebtedness has been swapped to floating rates. The notional amount, interest payment and maturity date of the interest rate and cross-currency swaps match the principal, interest payment and maturity date of the related debt. Our Treasury locks and swap locks are entered into to protect against unfavorable interest rate changes relating to forecasted debt transactions.

The notional amounts of the interest rate derivative instruments outstanding as of March 24, 2012 and March 19, 2011 were $8.33 billion and $9.23 billion, respectively. We classify both the earnings and cash flow impact from these interest rate derivative instruments consistent with the underlying hedged item. For those interest rate derivative instruments that qualify for cash flow hedge accounting, any ineffectiveness is recorded immediately. Ineffectiveness is not material. During the next 12 months, we expect to reclassify net losses of $23 million related to these hedges from accumulated other comprehensive loss into net income.

As of March 24, 2012, approximately 32% of total debt, after the impact of the related interest rate derivative instruments, was exposed to variable rates, compared to 38% as of December 31, 2011.

Fair Value Measurements

The fair values of our financial assets and liabilities as of March 24, 2012 and March 19, 2011 are categorized as follows:

	2012		2011	
	Assets[(a)]	**Liabilities[(a)]**	Assets[(a)]	Liabilities[(a)]
Available-for-sale securities[(b)]	**$ 72**	**$ –**	$ 70	$ –
Short-term investments – index funds[(c)]	**$ 166**	**$ –**	$ 177	$ –
Prepaid forward contracts[(d)]	**$ 37**	**$ –**	$ 43	$ –
Deferred compensation[(e)]	**$ –**	**$ 523**	$ –	$ 553
Derivatives designated as fair value hedging instruments:				
Interest rate derivatives[(f)]	**$ 274**	**$ 2**	$ 293	$ 4
Derivatives designated as cash flow hedging instruments:				
Forward exchange contracts[(g)]	**$ 9**	**$ 18**	$ 4	$ 38
Interest rate derivatives[(f)]	**–**	**–**	3	12
Commodity contracts [(h)]	**14**	**42**	90	17
	$ 23	**$ 60**	$ 97	$ 67
Derivatives not designated as hedging instruments:				
Forward exchange contracts[(g)]	**$ 30**	**$ 9**	$ 6	$ 11
Interest rate derivatives[(f)]	**95**	**128**	14	52
Commodity contracts[(h)]	**39**	**30**	59	1
	$ 164	**$ 167**	$ 79	$ 64
Total derivatives at fair value	**$ 461**	**$ 229**	$ 469	$ 135
Total	**$ 736**	**$ 752**	$ 759	$ 688

(a) Financial assets are classified on our balance sheet within prepaid expenses and other current assets and other assets, with the exception of available-for-sale securities and short-term investments. Financial liabilities are classified on our balance sheet within accounts payable, other current liabilities and other liabilities. Unless specifically indicated, all financial assets and liabilities are categorized as Level 2 assets or liabilities.

(b) Based on the price of common stock. Categorized as a Level 1 asset.

(c) Based on price changes in index funds used to manage a portion of market risk arising from our deferred compensation liability. Categorized as a Level 1 asset.

(d) Based primarily on the price of our common stock.

(e) Based on the fair value of investments corresponding to employees' investment elections. As of March 24, 2012 and March 19, 2011, $49 million and $63 million, respectively, are categorized as Level 1 liabilities. The remaining balances are categorized as Level 2 liabilities.

(f) Based on LIBOR forward rates.

(g) Based on recently reported market transactions of spot and forward rates.

(h) Based on recently reported market transactions, primarily swap arrangements, except for liabilities as of March 19, 2011, which primarily related to commodity futures contracts. The futures contracts are valued based on average prices on futures exchanges and categorized as Level 1 liabilities.

The fair value of our debt obligations as of March 24, 2012 was $30 billion, based upon prices of similar instruments in the marketplace.

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The effective portion of the pre-tax (gains)/losses on our derivative instruments are categorized in the tables below.

	12 Weeks Ended					
	Fair Value/Non-designated Hedges		Cash Flow Hedges			
	(Gains) /Losses Recognized in Income Statement[a]		Losses/(Gains) Recognized in Accumulated Other Comprehensive Loss		(Gains)/Losses Reclassified from Accumulated Other Comprehensive Loss into Income Statement[b]	
	3/24/12	3/19/11	**3/24/12**	3/19/11	**3/24/12**	3/19/11
Forward exchange contracts	**$ (10)**	$ (1)	**$ 29**	$ 25	**$ (3)**	$ 5
Interest rate derivatives	**27**	(22)	**4**	(6)	**4**	3
Commodity contracts	**(49)**	(39)	**(18)**	(40)	**11**	(6)
Total	**$ (32)**	$ (62)	**$ 15**	$ (21)	**$ 12**	$ 2

(a) Interest rate derivatives gains are primarily from fair value hedges and are included in interest expense. These gains are substantially offset by increases in the value of the underlying debt, which is also included in interest expense. All other gains/losses are from non-designated hedges and are included in corporate unallocated expenses.

(b) Interest rate losses are included in interest expense. All other gains/losses are primarily included in cost of sales.

Recent Accounting Pronouncements

In the second quarter of 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law. The PPACA changes the tax treatment related to an existing retiree drug subsidy (RDS) available to sponsors of retiree health benefit plans that provide a benefit that is at least actuarially equivalent to the benefits under Medicare Part D. As a result of the PPACA, RDS payments will effectively become taxable in tax years beginning in 2013, by requiring the amount of the subsidy received to be offset against our deduction for health care expenses. The provisions of the PPACA required us to record the effect of this tax law change beginning in our second quarter of 2010, and consequently we recorded a one-time related tax charge of $41 million in the second quarter of 2010. In the first quarter of 2012, we began pre-paying funds within our 401(h) voluntary employee beneficiary associations (VEBA) trust to fully cover prescription drug benefit liabilities for Medicare eligible retirees. As a result, the receipt of future Medicare subsidy payments for prescription drugs will not be taxable and, consequently, we recorded a $55 million tax benefit reflecting this change.

In June 2011, the Financial Accounting Standards Board (FASB) amended its accounting guidance on the presentation of comprehensive income in financial statements to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items that are recorded in other comprehensive income. The new accounting guidance requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. In December 2011, the FASB approved a deferral of the effective date of certain requirements related to the presentation and disclosure of reclassification adjustments from other comprehensive income to net income. The provisions of the retained guidance were effective as of the beginning of our 2012 fiscal year. Accordingly, we have presented the components of net income and other comprehensive income for the 12 weeks ended March 24, 2012 and March 19, 2011 as two separate but consecutive statements. We will continue to monitor the FASB's activities related to the deferral of the presentation and disclosure of reclassification adjustments from other comprehensive income to net income.

In September 2011, the FASB issued new accounting guidance that permits an entity to first assess qualitative factors of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. An entity would continue to perform the historical first step of the impairment test if it fails the qualitative assessment, while no further analysis would be required if it passes. The provisions of the new guidance are effective for our 2012 annual goodwill impairment test. We are currently evaluating the impact of the new guidance on our financial statements.

In December 2011, the FASB issued new disclosure requirements that are intended to enhance current disclosures on offsetting financial assets and liabilities. The new disclosures require an entity to disclose both gross and net information about financial instruments eligible for offset on the balance sheet and instruments and transactions subject to an agreement similar to a master netting arrangement. The provisions of the new disclosure requirements are effective as of the beginning of our 2014 fiscal year. We are currently evaluating the impact of the new guidance on our financial statements.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

FINANCIAL REVIEW

Our discussion and analysis is an integral part of understanding our financial results. Also refer to Basis of Presentation and Our Divisions in the notes to the condensed consolidated financial statements. Tabular dollars are in millions, except per share amounts. All per share amounts reflect common per share amounts, assume dilution unless otherwise noted and are based on unrounded amounts. Percentage changes are based on unrounded amounts.

Our Critical Accounting Policies

Sales Incentives and Advertising and Marketing Costs

We offer sales incentives and discounts through various programs to customers and consumers. These incentives and discounts are accounted for as a reduction of revenue. A number of our sales incentives, such as bottler funding to independent bottlers and customer volume rebates, are based on annual targets, and accruals are established during the year for the expected payout. These accruals are based on contract terms and our historical experience with similar programs and require management judgment with respect to estimating customer participation and performance levels. Differences between estimated expense and actual incentive costs are normally insignificant and are recognized in earnings in the period such differences are determined. In addition, certain advertising and marketing costs are also based on annual targets and recognized during the year incurred.

For interim reporting, our policy is to allocate our forecasted full-year sales incentives for most of our programs to each of our interim reporting periods in the same year that benefits from the programs. The allocation methodology is based on our forecasted sales incentives for the full year and the proportion of each interim period's actual gross revenue and volume, as applicable, to our forecasted annual gross revenue and volume, as applicable. Based on our review of the forecasts at each interim period, any changes in estimates and the related allocation of sales incentives are recognized in the interim period as they are identified. In addition, we apply a similar allocation methodology for interim reporting purposes for other marketplace spending, which includes the costs of advertising and other marketing activities.

Income Taxes

In determining our quarterly provision for income taxes, we use an estimated annual effective tax rate which is based on our expected annual income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Subsequent recognition, derecognition and measurement of a tax position taken in a previous period are separately recognized in the quarter in which they occur.

Our Business Risks

This Quarterly Report on Form 10-Q contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Statements that constitute forward-looking statements within the meaning of the Reform Act are generally identified through the

inclusion of words such as "believe," "expect," "intend," "estimate," "project," "anticipate," "will" and variations of such words and other similar expressions. All statements addressing our future operating performance, and statements addressing events and developments that we expect or anticipate will occur in the future, are forward-looking statements within the meaning of the Reform Act. These forward-looking statements are based on currently available information, operating plans and projections about future events and trends. They inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in any such forward-looking statements. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Our operations outside of the United States generated approximately 40% of our net revenue in the 12 weeks ended March 24, 2012. As a result, we are exposed to foreign currency risks, including unforeseen economic changes and political unrest. During 2011, the economic environment in Europe deteriorated and certain countries experienced debt and credit issues as well as currency fluctuations. We are identifying actions to potentially mitigate the unfavorable impact, if any, on our 2012 results. During the 12 weeks ended March 24, 2012, unfavorable foreign currency decreased net revenue growth by 1 percentage point, primarily due to depreciation of the Mexican peso and Indian rupee, partially offset by appreciation of the Chinese yuan. Currency declines against the U.S. dollar which are not offset could adversely impact our future results.

We expect to be able to reduce the impact of volatility in our raw material and energy costs through our hedging strategies and ongoing sourcing initiatives.

See *Financial Instruments* in the notes to the condensed consolidated financial statements for further discussion of our derivative instruments, including their fair values as of March 24, 2012 and March 19, 2011. Cautionary statements included in Item 1A. Risk Factors and in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, should be considered when evaluating our trends and future results.

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Results of Operations – Consolidated Review

Items Affecting Comparability

Our reported financial results are impacted by the following items in each of the following periods:

	12 Weeks Ended	
	3/24/12	3/19/11
Operating profit		
Mark-to-market net gains	**$ 84**	$ 31
Restructuring and impairment charges	**$ (33)**	$ –
Merger and integration charges	**$ (2)**	$ (55)
Inventory fair value adjustments	**$ –**	$ (34)
Net income attributable to PepsiCo		
Mark-to-market net gains	**$ 60**	$ 19
Restructuring and impairment charges	**$ (23)**	$ –
Merger and integration charges	**$ (2)**	$ (49)
Inventory fair value adjustments	**$ –**	$ (21)
Net income attributable to PepsiCo per common share – diluted		
Mark-to-market net gains	**$ 0.04**	$ 0.01
Restructuring and impairment charges	**$ (0.01)**	$ –
Merger and integration charges	**$ (–)**	$ (0.03)
Inventory fair value adjustments	**$ –**	$ (0.01)

Mark-to-Market Net Impact

We centrally manage commodity derivatives on behalf of our divisions. These commodity derivatives include metals, energy and agricultural products. Certain of these commodity derivatives do not qualify for hedge accounting treatment and are marked to market with the resulting gains and losses recognized in corporate unallocated expenses. These gains and losses are subsequently reflected in division results when the divisions take delivery of the underlying commodity. Therefore, the divisions realize the economic effects of the derivative without experiencing any resulting mark-to-market volatility, which remains in corporate unallocated expenses.

For the 12 weeks ended March 24, 2012, we recognized $84 million ($60 million after-tax or $0.04 per share) of mark-to-market net gains on commodity hedges in corporate unallocated expenses.

In the 12 weeks ended March 19, 2011, we recognized $31 million ($19 million after-tax or $0.01 per share) of mark-to-market net gains on commodity hedges in corporate unallocated expenses.

Restructuring and Impairment Charges

For the 12 weeks ended March 24, 2012, we incurred restructuring and impairment charges of $33 million ($23 million after-tax or $0.01 per share) in conjunction with our multi-year Productivity Plan, including $8 million recorded in the FLNA segment, $5 million recorded in the QFNA segment,

$6 million recorded in the LAF segment, $8 million recorded in the PAB segment, $9 million recorded in the AMEA segment and income of $1 million and $2 million recorded in the Europe segment and in corporate unallocated expenses, respectively, representing adjustments of previously recorded amounts. The Productivity Plan includes actions in every aspect of our business that we believe will strengthen our complementary food, snack and beverage businesses by leveraging new technologies and processes across PepsiCo's operations, go-to-market and information systems; heightening the focus on best practice sharing across the globe; consolidating manufacturing, warehouse and sales facilities; and implementing simplified organization structures, with wider spans of control and fewer layers of management. The Productivity Plan is expected to enhance PepsiCo's cost-competitiveness, provide a source of funding for future brand-building and innovation initiatives, and serve as a financial cushion for potential macroeconomic uncertainty beyond 2012. As a result, we expect to incur pre-tax charges of approximately $910 million, $383 million of which was reflected in our 2011 results, approximately $425 million of which will be reflected in our 2012 results and the balance of which will be reflected in our 2013, 2014 and 2015 results. These charges will be comprised of approximately $500 million of severance and other employee-related costs; approximately $325 million for other costs, including consulting-related costs and the termination of leases and other contracts; and approximately $85 million for asset impairments (all non-cash) resulting from plant closures and related actions. These charges resulted in cash expenditures of $30 million in 2011 and cash expenditures of $44 million in the first quarter of 2012, and we anticipate approximately $506 million of additional related cash expenditures during the remainder of 2012, with the balance of approximately $175 million of related cash expenditures in 2013 through 2015. We expect that the Productivity Plan will be substantially completed by the end of 2012 with incremental productivity initiatives continuing through the end of 2015.

Merger and Integration Charges

In the 12 weeks ended March 24, 2012, we incurred merger and integration charges of $2 million ($2 million after-tax with a nominal amount per share) related to our acquisition of WBD and recorded in the Europe segment.

In the 12 weeks ended March 19, 2011, we incurred merger and integration charges of $55 million ($49 million after-tax or $0.03 per share) related to our acquisitions of PBG, PAS and WBD, including $21 million recorded in the PAB segment, $42 million recorded in corporate unallocated expenses and income of $8 million recorded in the Europe segment, primarily reflecting a gain on our previously held equity interest in WBD. These charges also include closing costs and advisory fees related to our acquisition of WBD.

Inventory Fair Value Adjustments

In the 12 weeks ended March 19, 2011, we recorded $34 million ($21 million after-tax or $0.01 per share) of incremental costs in cost of sales related to fair value adjustments to the acquired inventory included in WBD's balance sheet at the acquisition date and other related hedging contracts included in PBG's and PAS's balance sheets at the acquisition date.

Non-GAAP Measures

Certain measures contained in this Form 10-Q are financial measures that are adjusted for items affecting comparability (see "Items Affecting Comparability" for a detailed list and description of each of these items), as well as, in certain instances, adjusted for foreign currency. These

measures are not in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Items adjusted for currency assume foreign currency exchange rates used for translation based on the rates in effect for the comparable prior-year period. In order to compute our constant currency results, we multiply or divide, as appropriate, our current year U.S. dollar results by the current year average foreign exchange rates and then multiply or divide, as appropriate, those amounts by the prior year average foreign exchange rates. We believe investors should consider these non-GAAP measures in evaluating our results as they are more indicative of our ongoing performance and with how management evaluates our operational results and trends. These measures are not, and should not be viewed as, a substitute for U.S. GAAP reporting measures. See also "Management Operating Cash Flow."

Volume

Since our divisions each use different measures of physical unit volume, a common servings metric is necessary to reflect our consolidated physical unit volume. For the 12 weeks ended March 24, 2012, total servings increased 2%. For the 12 weeks ended March 19, 2011, total servings increased 9%. 2012 servings growth reflects an adjustment to the base year (2011) for divestitures that occurred in 2011, as applicable.

We discuss volume for our beverage businesses on a bottler case sales (BCS) basis in which all beverage volume is converted to an 8-ounce-case metric. Most of our beverage volume is sold by our company-owned and franchise-owned bottlers, and that portion is based on our bottlers' sales to retailers and independent distributors. The remainder of our volume is based on our direct shipments to retailers and independent distributors. We report our international beverage volume on a monthly basis. Our first quarter includes beverage volume outside of North America for January and February. Concentrate shipments and equivalents (CSE) represent our physical beverage volume shipments to independent bottlers, retailers and independent distributors, and is the measure upon which our revenue is based.

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Consolidated Results

Total Net Revenue and Operating Profit

	12 Weeks Ended		
	3/24/12	3/19/11	Change
Total net revenue	**$12,428**	$11,937	4%
Operating profit			
FLNA	**$ 780**	$ 774	1%
QFNA	**187**	214	(12)%
LAF	**183**	171	7%
PAB	**525**	558	(6)%
Europe	**81**	63	29%
AMEA	**148**	146	2%
Corporate Unallocated			
Mark-to-market net gains	**84**	31	175%
Restructuring and impairment charges	**2**	–	n/m
Merger and integration charges	**–**	(42)	n/m
Other	**(268)**	(189)	42%
Total operating profit	**$ 1,722**	$ 1,726	–%
Total operating profit margin	**13.9%**	14.5%	(0.6)

n/m = not meaningful

See “Results of Operations – Division Review” for a tabular presentation and discussion of key drivers of net revenue.

On a reported basis, total operating profit was flat and operating margin decreased 0.6 percentage points. Operating profit performance was primarily driven by higher commodity costs, offset by the net revenue growth. Commodity cost inflation was approximately $300 million compared to the prior year period, primarily attributable to PAB and FLNA. Items affecting comparability (see “Items Affecting Comparability”) positively contributed 6 percentage points to total operating profit performance and 0.9 percentage points to total operating margin.

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Other Consolidated Results

	12 Weeks Ended		
	3/24/12	3/19/11	Change
Interest expense, net	**$ (175)**	$ (163)	$ (12)
Tax rate	**26.7%**	26.8%	
Net income attributable to PepsiCo	**$ 1,127**	$ 1,143	(1)%
Net income attributable to PepsiCo per common share – diluted	**$ 0.71**	$ 0.71	–%
Mark-to-market net gains	**(0.04)**	(0.01)	
Restructuring and impairment charges	**0.01**	–	
Merger and integration charges	**–**	0.03	
Inventory fair value adjustments	**–**	0.01	
Net income attributable to PepsiCo per common share – diluted, excluding above items*	**$ 0.69****	$ 0.74	(7)%

* *See "Non-GAAP Measures"*
** *Does not sum due to rounding*

Net interest expense increased $12 million, primarily reflecting higher average debt balances and higher rates on international borrowings, partially offset by gains in the market value of investments used to economically hedge a portion of our deferred compensation costs.

The reported tax rate decreased 0.1% compared to the prior year, primarily reflecting current year planning initiatives, including the pre-payment of Medicare subsidy liabilities, partially offset by income mix shift and the favorable resolution of certain tax matters in 2011.

Net income attributable to PepsiCo decreased 1% and net income attributable to PepsiCo per common share was flat. Items affecting comparability (see "Items Affecting Comparability") increased both net income attributable to PepsiCo and net income attributable to PepsiCo per common share by 7 percentage points.

Results of Operations – Division Review

The results and discussions below are based on how our Chief Executive Officer monitors the performance of our divisions. Accordingly, 2012 volume growth measures reflect an adjustment to the base year (2011) for divestitures that occurred in 2011. See "Items Affecting Comparability" for a discussion of items to consider when evaluating our results and related information regarding non-GAAP measures.

Furthermore, in the discussions of net revenue and operating profit below, "effective net pricing" reflects the year-over-year impact of discrete pricing actions, sales incentive activities and mix resulting from selling varying products in different package sizes and in different countries, and "net pricing" reflects the year-over-year combined impact of list price changes, weight changes per package, discounts and allowances. Additionally, "acquisitions and divestitures", except as otherwise noted, reflect all mergers and acquisitions activity, including the impact of acquisitions, divestitures and changes in ownership or control in consolidated subsidiaries and nonconsolidated equity investees.

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Net Revenue 12 Weeks Ended	FLNA	QFNA	LAF	PAB	Europe	AMEA	Total
March 24, 2012	**$3,010**	**$ 623**	**$1,235**	**$4,448**	**$ 1,845**	**$ 1,267**	**$12,428**
March 19, 2011	$2,904	$ 640	$1,108	$4,531	$ 1,626	$ 1,128	$11,937
% Impact of:							
Volume[(a)]	(2)%	(5)%	4.5%	(2)%	(0.5)%	5%	(1)%
Effective net pricing[(b)]	6	3	11	4	5	7	5.5
Foreign exchange	–	–	(6)	–	(4)	–	(1)
Acquisitions and divestitures	–	–	1	(3)	13	–	1
% Change[(c)]	*4%*	*(3)%*	*11%*	*(2)%*	*13%*	*12%*	*4%*

(a) Excludes the impact of acquisitions and divestitures. In certain instances, volume growth varies from the amounts disclosed in the following divisional discussions due to nonconsolidated joint venture volume, and, for our beverage businesses, temporary timing differences between BCS and CSE. Our net revenue excludes nonconsolidated joint venture volume, and, for our beverage businesses, is based on CSE.

(b) Includes the year-over-year impact of discrete pricing actions, sales incentive activities and mix resulting from selling varying products in different package sizes and in different countries.

(c) Amounts may not sum due to rounding.

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Frito-Lay North America

	12 Weeks Ended		%
	3/24/12	3/19/11	Change
Net revenue	**$ 3,010**	$ 2,904	4
Impact of foreign currency translation			–
Net revenue growth, on a constant currency basis*			4
Operating profit	**$ 780**	$ 774	1
Restructuring and impairment charges	**8**	–	
Operating profit excluding above item	**$ 788**	$ 774	2
Impact of foreign currency translation			–
Operating profit growth excluding above item, on a constant currency basis*			2

* See "Non-GAAP Measures"

Net revenue increased 4% and pound volume declined 2%. The volume decline primarily reflects high-single-digit declines in trademark Lay's and dips, partially offset by double-digit growth in variety packs. Volume performance was negatively impacted by approximately 2 percentage points due to the extra week of results in 2011, which caused the key pre-New Year's holiday week to be included in the fourth quarter of 2011 rather than in the first quarter of 2012. Net revenue growth was driven by effective net pricing, which more than offset the volume declines.

Operating profit grew 1%, reflecting the net revenue growth, partially offset by higher commodity costs, primarily cooking oil. Restructuring and impairment charges reduced operating profit growth by 1 percentage point.

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Quaker Foods North America

	12 Weeks Ended		%
	3/24/12	3/19/11	Change
Net revenue	**$ 623**	$ 640	(3)
Impact of foreign currency translation			–
Net revenue growth, on a constant currency basis*			(2)**
Operating profit	**$ 187**	$ 214	(12)
Restructuring and impairment charges	**5**	–	
Operating profit excluding above item	**$ 192**	$ 214	(10)
Impact of foreign currency translation			–
Operating profit growth excluding above item, on a constant currency basis*			(10)

* See “Non-GAAP Measures”

** *Does not sum due to rounding*

Net revenue declined 3% and volume declined 5%. The volume decline primarily reflects high single-digit declines in Oatmeal and ready-to-eat cereals and double-digit declines in Chewy granola bars, partially offset by a mid-single-digit increase in grits. Net revenue performance benefited from positive net pricing.

Operating profit declined 12%, reflecting higher commodity costs. Additionally, the benefit from a change in accounting methodology for inventory recorded in the prior year contributed 7 percentage points to the operating profit decline. Restructuring charges negatively impacted operating profit performance by 2 percentage points.

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Latin America Foods

	12 Weeks Ended		%
	3/24/12	3/19/11	Change
Net revenue	**$ 1,235**	$ 1,108	11
Impact of foreign currency translation			6
Net revenue growth, on a constant currency basis*			17
Operating profit	**$ 183**	$ 171	7
Restructuring and impairment charges	**6**	–	
Operating profit excluding above item	**$ 189**	$ 171	10
Impact of foreign currency translation			8
Operating profit growth excluding above item, on a constant currency basis*			18

* See “Non-GAAP Measures”

Volume grew 15%, primarily reflecting acquisitions in Brazil and Argentina in the fourth quarter of 2011, which contributed 10 percentage points to the volume growth. Additionally, Mexico grew at a mid-single-digit rate and Brazil grew at a low-single-digit rate (excluding the impact of the acquisition).

Net revenue increased 11%, primarily reflecting favorable effective net pricing and the volume growth. Unfavorable foreign currency reduced net revenue growth by 6 percentage points. Acquisitions and divestitures contributed over 1 percentage point to the net revenue growth.

Operating profit increased 7%, primarily reflecting the net revenue growth, partially offset by higher commodity costs. Unfavorable foreign currency reduced operating profit growth by 8 percentage points and acquisitions and divestitures reduced operating profit growth by 5 percentage points. Restructuring and impairment charges reduced operating profit growth by 3 percentage points.

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PepsiCo Americas Beverages

	12 Weeks Ended		%
	3/24/12	3/19/11	Change
Net revenue	**$ 4,448**	$ 4,531	(2)
Impact of foreign currency translation			–
Net revenue growth, on a constant currency basis*			(2)
Operating profit	**$ 525**	$ 558	(6)
Restructuring and impairment charges	**8**	–	
Merger and integration charges	**–**	21	
Inventory fair value adjustments	**–**	9	
Operating profit excluding above items*	**$ 533**	$ 588	(9)
Impact of foreign currency translation			1
Operating profit growth excluding above items, on a constant currency basis*			(9)**

* See "Non-GAAP Measures"
** *Does not sum due to rounding*

Volume decreased 1%, primarily reflecting North America volume declines of 2.5%, partially offset by a 3.5% increase in Latin America volume. North America volume declines were driven by a 4% decline in CSD volume, while non-carbonated beverage volume was unchanged. Latin America volume growth primarily reflected a double-digit increase in Mexico and a high-single-digit increase in Argentina, partially offset by a double-digit decline in Venezuela.

Net revenue decreased 2%, primarily reflecting the divestiture of our Mexico beverage business in the fourth quarter of 2011, which contributed 4 percentage points to the net revenue decline. Additionally, volume declines were more than offset by favorable effective net pricing.

Reported operating profit decreased 6%, primarily reflecting higher commodity costs, partially offset by favorable effective net pricing and lower general and administrative costs. Excluding the items affecting comparability in the above table (see "Items Affecting Comparability"), operating profit decreased 9%. The divestiture of our Mexico beverage business increased reported operating profit by nearly 1 percentage point.

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Europe

	12 Weeks Ended		%
	3/24/12	3/19/11	Change
Net revenue	**$ 1,845**	$ 1,626	13
Impact of foreign currency translation			4
Net revenue growth, on a constant currency basis*			18**
Operating profit	**$ 81**	$ 63	29
Restructuring and impairment charges	**(1)**	–	
Merger and integration charges	**2**	(8)	
Inventory fair value adjustments	**–**	25	
Operating profit excluding above items*	**$ 82**	$ 80	2.5
Impact of foreign currency translation			2
Operating profit growth excluding above items, on a constant currency basis*			4**

* See "Non-GAAP Measures"

** *Does not sum due to rounding*

Snacks volume grew 17%, primarily reflecting our acquisition of WBD, which contributed 15 percentage points to volume growth and grew at a high-single-digit rate for the comparable post-acquisition period in February. Mid-single-digit increases in the United Kingdom and South Africa were partially offset by low-single-digit declines in Turkey and the Netherlands.

Beverage volume increased 10%, primarily reflecting our acquisition of WBD, which contributed 11 percentage points to volume growth and grew at a high-single-digit rate for the comparable post-acquisition period in February. A double-digit decrease in Russia (ex-WBD) and a high-single-digit decrease in Turkey were partially offset by a double-digit increase in the United Kingdom and a mid-single-digit increase in Germany.

Net revenue grew 13%, primarily reflecting our acquisition of WBD and favorable effective net pricing. Unfavorable foreign currency reduced net revenue growth by 4 percentage points.

Reported operating profit increased 29%, primarily reflecting the net revenue growth and lower advertising and marketing expenses, partially offset by higher commodity costs. Excluding the items affecting comparability in the above table (see "Items Affecting Comparability"), operating profit increased 2.5%. Operating profit performance was negatively impacted by unfavorable settlements of promotional spending accruals in the current year compared to the prior year, which decreased reported operating profit growth by 15 percentage points. Acquisitions contributed 7 percentage points to operating profit growth, partially offset by unfavorable foreign currency, which reduced operating profit growth by 2 percentage points.

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Asia, Middle East & Africa

	12 Weeks Ended		%
	3/24/12	3/19/11	Change
Net revenue	**$ 1,267**	$ 1,128	12
Impact of foreign currency translation			–
Net revenue growth, on a constant currency basis*			12
Operating profit	**$ 148**	$ 146	2
Restructuring and impairment charges	**9**	–	
Operating profit excluding above item	**$ 157**	$ 146	7
Impact of foreign currency translation			(1)
Operating profit growth excluding above item, on a constant currency basis*			6

* See “Non-GAAP Measures”

Snacks volume grew 16%, reflecting broad-based increases driven by double-digit growth in the Middle East, Australia and India. Additionally, China grew at a low-single-digit rate.

Beverage volume grew 2%, reflecting broad-based increases driven by double-digit growth in the Middle East and India, partially offset by an 11% decline in China, primarily due to the timing of the New Year’s holiday and the impact of the introduction of a 500 ml PET value package in the third quarter of 2011, which largely replaced our 600 ml offering in that market. Acquisitions had a nominal impact on the beverage volume growth rate.

Net revenue grew 12%, reflecting favorable effective net pricing and the volume growth.

Operating profit grew 2%, driven primarily by the net revenue growth, partially offset by higher commodity costs. Restructuring charges reduced operating profit growth by nearly 6 percentage points. Favorable foreign currency increased operating profit growth by 1 percentage point and acquisitions and divestitures reduced operating profit growth by 0.5 percentage points.

Our Liquidity and Capital Resources

We believe that our cash generating capability and financial condition, together with our revolving credit facilities and other available methods of debt financing (including long-term debt financing which, depending upon market conditions, we may use to replace a portion of our commercial paper borrowings), will be adequate to meet our operating, investing and financing needs. Sources of cash available to us to fund cash outflows, such as our anticipated share repurchases and dividend payments, include cash from operations and proceeds obtained in the U.S. debt markets. However, there can be no assurance that volatility in the global capital and credit markets will not impair our ability to access these markets on terms commercially acceptable to us or at all.

As of March 24, 2012, we had cash, cash equivalents and short-term investments of $2.9 billion outside the U.S. In addition, currency restrictions enacted by the government in Venezuela have impacted our ability to pay dividends outside of the country from our snack and beverage operations in Venezuela. As of March 24, 2012, our operations in Venezuela held 11% of our cash and cash equivalents balance. To the extent foreign earnings are repatriated, such amounts would be subject to income tax liabilities, both in the U.S. and in the various applicable foreign tax jurisdictions.

Operating Activities

During the 12 weeks in 2012, net cash used for operating activities was $690 million, compared to net cash provided of $380 million in the prior year period. The operating cash flow performance primarily reflects discretionary pension and post-retirement contributions of $1.0 billion in the current year.

Investing Activities

During the 12 weeks in 2012, net cash used for investing activities was $257 million, primarily reflecting $299 million for net capital spending.

Financing Activities

During the 12 weeks in 2012, net cash provided by financing activities was $283 million, primarily reflecting net proceeds from long-term debt of $2.7 billion and stock option proceeds of $274 million, partially offset by net payments of short-term borrowings of $1.8 billion and the return of operating cash flow to our shareholders through share repurchases and dividend payments of $958 million. We anticipate dividends and share repurchases of more than $6 billion in 2012.

Management Operating Cash Flow

We focus on management operating cash flow as a key element in achieving maximum shareholder value, and it is the primary measure we use to monitor cash flow performance. However, it is not a measure provided by accounting principles generally accepted in the U.S. Therefore, this measure is not, and should not be viewed as, a substitute for U.S. GAAP cash flow measures. Since net capital spending is essential to our product innovation initiatives and maintaining our operational capabilities, we believe that it is a recurring and necessary use of cash. As such, we believe investors should also consider net capital spending when evaluating our cash from operating activities. Additionally, we consider certain items (included in the table below), in evaluating management operating cash flow. We believe investors should consider these items in evaluating our management operating cash flow results.

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The table below reconciles net cash provided by operating activities, as reflected in our cash flow statement, to our management operating cash flow excluding the impact of the items below.

	12 Weeks Ended	
	3/24/12	3/19/11
Net cash (used for)/provided by operating activities	**$ (690)**	$ 380
Capital spending	**(316)**	(433)
Sales of property, plant and equipment	**17**	12
Management operating cash flow	**(989)**	(41)
Discretionary pension and retiree medical contributions	**1,000**	–
Payments related to restructuring charges	**44**	1
Merger and integration payments (after-tax)	**20**	97
Capital investments related to the PBG/PAS integration	**4**	21
Management operating cash flow excluding above items	**$ 79**	$ 78

We expect to continue to return management operating cash flow to our shareholders through dividends and share repurchases while maintaining credit ratings that provide us with ready access to global and capital credit markets. However, see Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, for certain factors that may impact our operating cash flows.

Any downgrade of our credit ratings by a credit rating agency, especially any downgrade to below investment grade, could increase our future borrowing costs or impair our ability to access capital and credit markets on terms commercially acceptable to us, or at all. In addition, any downgrade of our current short-term credit ratings could impair our ability to access the commercial paper market with the same flexibility that we have experienced historically, and therefore require us to rely more heavily on more expensive types of debt financing. See Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and *Debt Obligations and Commitments* in the notes to the condensed consolidated financial statements.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
PepsiCo, Inc.:

We have reviewed the accompanying Condensed Consolidated Balance Sheet of PepsiCo, Inc. and Subsidiaries as of March 24, 2012, and the related Condensed Consolidated Statements of Income, Comprehensive Income, Cash Flows and Equity for the twelve weeks ended March 24, 2012 and March 19, 2011. These interim condensed consolidated financial statements are the responsibility of PepsiCo, Inc.'s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), 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 accompanying interim condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheet of PepsiCo, Inc. and Subsidiaries as of December 31, 2011, and the related Consolidated Statements of Income, Cash Flows and Equity for the fiscal year then ended not presented herein; and in our report dated February 27, 2012 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 31, 2011, is fairly stated, in all material respects, in relation to the Consolidated Balance Sheet from which it has been derived.

/s/ KPMG LLP

New York, New York
April 26, 2012

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks" and *Financial Instruments* in the notes to the condensed consolidated financial statements. In addition, see Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

ITEM 4. Controls and Procedures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

During our first fiscal quarter of 2012, we continued migrating certain of our financial processing systems to an enterprise-wide systems solution. These systems implementations are part of our ongoing global business transformation initiative, and we plan to continue implementing such systems throughout other parts of our businesses over the course of the next few years. Moreover, we continue to integrate our WBD business, which was acquired in 2011. In connection with these implementations and integration, and resulting business process changes, we continue to enhance the design and documentation of our internal control over financial reporting processes to maintain suitable controls over our financial reporting.

Except as described above, there were no changes in our internal control over financial reporting during our first fiscal quarter of 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings.

We and our subsidiaries are party to a variety of legal, administrative, regulatory and government proceedings, claims and inquiries arising in the normal course of business. While the results of these proceedings, claims and inquiries cannot be predicted with certainty, management believes that the final outcome of the foregoing will not have a material adverse effect on our consolidated financial statements, results of operations or cash flows. See Item 1. Business – Regulatory Environment and Environmental Compliance in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

ITEM 1A. Risk Factors.

There have been no material changes with respect to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

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ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

A summary of our common stock repurchases (in millions, except average price per share) during the first quarter under the $15.0 billion repurchase program authorized by our Board of Directors and publicly announced on March 15, 2010, and expiring on June 30, 2013, is set forth in the following table. All such shares of common stock were repurchased pursuant to open market transactions, other than 381,528 shares of common stock which were repurchased pursuant to a privately negotiated block trade transaction.

Issuer Purchases of Common Stock

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that may Yet Be Purchased Under the Plans or Programs
12/31/11				$ 11,047
1/1/12 – 1/28/12	–	–	–	–
				11,047
1/29/12 – 2/25/12	–	–	–	–
				11,047
2/26/12 – 3/24/12	4.5	$ 65.15	4.5	(294)
Total	4.5	$ 65.15	4.5	$ 10,753

PepsiCo also repurchases shares of its convertible preferred stock from an employee stock ownership plan (ESOP) fund established by Quaker in connection with share redemptions by ESOP participants. The following table summarizes our convertible preferred share repurchases during the first quarter.

Issuer Purchases of Convertible Preferred Stock

Period	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that may Yet Be Purchased Under the Plans or Programs
12/31/11				
1/1/12 – 1/28/12	1,600	$ 326.58	N/A	N/A
1/29/12 – 2/25/12	500	$ 316.06	N/A	N/A
2/26/12 – 3/24/12	1,900	$ 313.31	N/A	N/A
Total	4,000	$ 318.96	N/A	N/A

ITEM 6. Exhibits

See Index to Exhibits on page 48.

SIGNATURES

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

PepsiCo, Inc.
(Registrant)

Date: April 26, 2012

/s/ Marie T. Gallagher
Marie T. Gallagher
Senior Vice President and Controller

Date: April 26, 2012

/s/ Maura Abeln Smith
Maura Abeln Smith
PepsiCo General Counsel, Public Policy &
Government Affairs and Corporate Secretary
(Duly Authorized Officer)

INDEX TO EXHIBITS
ITEM 6

EXHIBITS

Exhibit 2.1	Agreement and Plan of Merger dated as of August 3, 2009, among PepsiCo, Inc., The Pepsi Bottling Group, Inc. and Pepsi-Cola Metropolitan Bottling Company, Inc. (the schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K), which is incorporated herein by reference to Exhibit 2.1 to PepsiCo's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 4, 2009.
Exhibit 2.2	Agreement and Plan of Merger dated as of August 3, 2009, among PepsiCo, Inc., PepsiAmericas, Inc. and Pepsi-Cola Metropolitan Bottling Company, Inc. (the schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K), which is incorporated herein by reference to Exhibit 2.2 to PepsiCo's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 4, 2009.
Exhibit 2.3	Purchase Agreement dated as of December 1, 2010 among PepsiCo, Inc., Pepsi-Cola (Bermuda) Limited, Gavril A. Yushvaev, David Iakobachvili, Mikhail V. Dubinin, Sergei A. Plastinin, Alexander S. Orlov, Mikhail I. Vishnaykov, Aladaro Limited, Tony D. Maher, Dmitry Ivanov, Wimm Bill Dann Finance Cyprus Ltd. and Wimm-Bill-Dann Finance Co. Ltd. (the schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K), which is incorporated herein by reference to Exhibit 2.1 to PepsiCo's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 2, 2010.
Exhibit 3.1	Articles of Incorporation of PepsiCo, Inc., as amended and restated, effective as of May 9, 2011, which are incorporated herein by reference to Exhibit 3.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 9, 2011.
Exhibit 3.2	By-laws of PepsiCo, Inc., as amended, effective as of March 8, 2012, which are incorporated herein by reference to Exhibit 3.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 12, 2012.
Exhibit 4.1	Form of 0.750% Senior Note due 2015, which is incorporated herein by reference to Exhibit 4.1 to PepsiCo's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 2, 2012.
Exhibit 4.2	Form of 2.750% Senior Note due 2022, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 2, 2012.

Exhibit 4.3	Form of 4.000% Senior Note due 2042, which is incorporated herein by reference to Exhibit 4.3 to PepsiCo's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 2, 2012.
Exhibit 4.4	Board of Directors Resolutions Authorizing PepsiCo's Officers to Establish the Terms of the 0.750% Senior Note due 2015, the 2.750% Senior Note due 2022 and the 4.000% Senior Note due 2042, which are incorporated herein by reference to Exhibit 4.4 to PepsiCo's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 2, 2012.
Exhibit 10.1	Form of Annual Long-Term Incentive Award Agreement.
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges.
Exhibit 15	Letter re: Unaudited Interim Financial Information.
Exhibit 31	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101	The following materials from PepsiCo, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 24, 2012 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statement of Income, (ii) the Condensed Consolidated Statement of Comprehensive Income, (iii) the Condensed Consolidated Statement of Cash Flows, (iv) the Condensed Consolidated Balance Sheet, (v) the Condensed Consolidated Statement of Equity, and (vi) notes to the condensed consolidated financial statements.

2012 PEPSICO ANNUAL LONG-TERM INCENTIVE AWARD

PEPSICO EQUITY PERFORMANCE UNITS / LONG-TERM CASH AWARD
TERMS AND CONDITIONS

These Terms and Conditions shall constitute an agreement (this "**Agreement**"), effective as of **April 2, 2012** (the "**Grant Date**"), by and between PepsiCo, Inc., a North Carolina corporation having its principal office at 700 Anderson Hill Road, Purchase, New York 10577 ("**PepsiCo**," and with its divisions and direct and indirect subsidiaries, the "**Company**"), and you (the "**Participant**").

W I T N E S S E T H:

WHEREAS, the Board of Directors and shareholders of PepsiCo have approved the PepsiCo, Inc. 2007 Long-Term Incentive Plan (the "**Plan**"), for the purposes and subject to the provisions set forth in the Plan; and

WHEREAS, pursuant to the authority granted to it in the Plan, the Compensation Committee of the Board of Directors of PepsiCo (the "**Committee**"), at a meeting held on or prior to the Grant Date, duly authorized the grant to the Participant of PepsiCo equity performance units ("**PEPunits**") and a long-term cash award ("**LTC Award**") each with an April 2, 2012 Grant Date and in the respective amounts set forth in the award summary provided to the Participant by the Plan's service provider (the "**Award Summary**"); and

WHEREAS, awards granted under the Plan are to be evidenced by an Agreement in such form and containing such terms and conditions as the Committee shall determine.

NOW, THEREFORE, it is mutually agreed as follows:

A. Terms and Conditions Applicable to PEPunits. These terms and conditions shall apply with respect to the PEPunits with an April 2, 2012 Grant Date granted to the Participant as indicated on the Award Summary.

1. Grant. In consideration of the Participant remaining in the employ of the Company and agreeing to be bound by the covenants of Paragraph C, PepsiCo hereby grants to the Participant, on the terms and conditions set forth herein, a target number of PEPunits as indicated on the Award Summary. All PEPunits granted hereunder are intended to be Performance Awards (as defined in the Plan) that satisfy the conditions for the Performance-Based Exception (as defined in the Plan) under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "**Code**").

2. Vesting and Payment. PEPunits may only vest while the Participant is actively employed by the Company. Subject to Paragraphs A.3 and A.4 below, the PEPunits earned in accordance with Paragraph A.3 shall vest on April 2, 2015 (the "**Vesting Date**") and be paid as soon as practicable after such date (the "**Payment Date**"). PEPunits that become earned and payable shall be settled in shares of PepsiCo Common Stock, with the Participant receiving one share of PepsiCo Common Stock for each PEPUnit earned. No fractional shares shall be delivered under this Agreement, and any fractional share that may be payable shall be rounded to the nearest whole share. Any amount that the Company may be required to withhold upon the settlement of PEPunits in respect of applicable foreign, federal (including FICA), state and local taxes, must be paid in full at the time of the issuance of shares. Unless the Participant makes other arrangements to satisfy this withholding obligation in accordance with procedures approved by the Company in its discretion, the Company will withhold shares to satisfy the required withholding obligation related to the settlement of PEPunits.

3. Earning and Forfeiture of PEPunits. Subject to the terms and conditions set forth herein, the number of PEPunits that are earned with respect to the 2012-2014 three year performance period (the "**Performance Period,**" which shall constitute a "Performance Period" as defined in the Plan) shall equal the product of (a) the target number of PEPunits set forth in the Award Summary, (b) the Absolute Stock Price Adjustment and (c) the Relative TSR Adjustment.

(a) Absolute Stock Price Adjustment. The Absolute Stock Price Adjustment shall equal the quotient obtained by dividing (i) the average of the Closing Prices on all trading days occurring during the 90 calendar day period prior to the Vesting Date, by (ii) the average of the Closing Prices on all trading days occurring during the 90 calendar day period prior to the Grant Date. The Absolute Stock Price Adjustment shall be rounded to the second decimal and subject to the following limitations: (i) the maximum Absolute Stock Price Adjustment shall be 1.50; and (ii) if the quotient calculated as described in the preceding sentence is less than or equal to 0.50, the Absolute Stock Price Adjustment shall be zero (0).

(b) Relative TSR Adjustment. The Relative TSR Adjustment shall be determined based on the percentile ranking of PepsiCo's total shareholder return for the Performance Period relative to an index of peer companies selected by the Committee, calculated in accordance with the method established by the Committee ("**Relative TSR**"). The Relative TSR Adjustment shall be rounded to the second decimal and subject to the following limitations: (i) if Relative TSR is greater than or equal to the 75th percentile, the Relative TSR Adjustment shall be 1.25; and (ii) if Relative TSR is less than or equal to the 25th percentile, the Relative TSR Adjustment shall be 0.75. The Relative TSR Adjustment for Relative TSR performance between the levels identified in the preceding sentence shall be determined by straight-line interpolation.

(c) Notwithstanding the achievement of any performance targets established under Paragraphs A.3(a) and (b) above, for any PEPunits to vest or become payable the Committee must determine that the minimum level of performance established by the Committee with respect to a Performance Measure (as defined in the Plan) selected by the Committee for the Performance Period, and communicated to the Participant, has been met. If the Committee determines that the minimum level of performance has not been met, then no PEPunits held by any such Participant shall vest or become payable, and such PEPunits shall be forfeited and cancelled.

Notwithstanding the level of performance achieved with respect to such Performance Measure, the Committee has the discretion to reduce the number of PEPunits earned to reflect the level of performance achieved with respect to the performance targets established under Paragraphs A.3(a) and (b), above. The Committee's right to exercise this discretion with respect to the number of PEPunits earned shall continue until the date on which the PEPunits are paid to the Participant.

Any PEPunits that are not earned in accordance with this Paragraph A.3 shall be forfeited and cancelled. Except in the case of death or Total Disability, the PEPunits for which a Participant has satisfied the performance criteria will be payable in one payment as soon as practicable after April 2, 2015.

4. Effect of Termination of Employment, Retirement, Death and Total Disability.

(a) Termination of Employment. PEPunits may vest and become payable only while the Participant is actively employed by the Company. Thus, vesting ceases upon the termination of the Participant's active employment with the Company. Subject to subparagraphs 4(b), 4(c) and 4(d), all unvested PEPunits shall automatically be forfeited and cancelled upon the date that the Participant's active employment with the Company terminates regardless of whether any such PEPunits have previously been earned in accordance with Paragraph A.3 above. An authorized severance leave of absence will not be treated as active employment, and, as a result, the vesting of PEPunits will not be extended by any such period.

(b) Retirement Prior to Age 62. If the Participant's employment terminates prior to the Vesting Date by reason of the Participant's Retirement prior to attaining at least age 62, then a whole number of the target PEPunits granted hereunder shall vest on the Participant's last day of active employment with the Company, with such number determined in proportion to the Participant's active service (measured in calendar days) during the period commencing on the Grant Date and ending on the Vesting Date (the "**Vesting Period**"). All PEPunits that vest in accordance with the foregoing sentence shall remain subject to the earning and forfeiture provisions of Paragraphs A.2 and A.3.

(c) Retirement on or After Age 62. If the Participant's employment terminates by reason of the Participant's Retirement after attaining at least age 62, then the PEPunits granted hereunder shall become fully vested on the Participant's last day of active employment with the Company. All such vested PEPunits shall remain subject to the earning and forfeiture provisions of Paragraphs A.2 and A.3.

(d) Death or Total Disability. If the Participant's employment terminates by reason of death or Total Disability, then the target number of PEPunits set forth in the Award Summary shall become fully vested on the Participant's last day of active employment with the Company (which, for purposes of Total Disability, means the effective date of Total Disability), and shall be paid as soon as practicable following the date of termination.

(e) Transfers to a Related Entity. In the event the Participant transfers to a Related Entity and such transfer is arranged and approved by PepsiCo, the PEPunits shall continue to vest (and their time of payment shall be determined) after such transfer by treating the Participant's employment with the Related Entity as employment with the Company for purposes of this Agreement. All such PEPunits shall remain subject to the earning and forfeiture provisions of Paragraphs A.2 and A.3.

5. No Rights as Shareholder. The Participant shall have no rights as a holder of PepsiCo Common Stock with respect to the PEPunits granted hereunder unless and until such PEPunits have been settled in shares of Common Stock that have been registered in the Participant's name as owner.

B. Terms and Conditions Applicable to LTC Award. These terms and conditions shall apply with respect to the LTC Award with an April 2, 2012 Grant Date granted to the Participant as indicated on the Award Summary.

1. Grant. In consideration of the Participant remaining in the employ of the Company and agreeing to be bound by the covenants of Paragraph C, PepsiCo hereby grants to the Participant, on the terms and conditions set forth herein, an LTC Award in the target amount indicated on the Award Summary. The LTC Award granted hereunder is intended to be a Performance Award (as defined in the Plan) that satisfies the conditions for the Performance-Based Exception (as defined in the Plan) under Code Section 162(m).

2. Vesting and Payment. The LTC Award may only vest while the Participant is actively employed by the Company. Subject to Paragraphs B.3 and B.4 below, the LTC Award earned in accordance with Paragraph B.3 shall vest on the Vesting Date and be paid in cash as soon as practicable after such date (the "**Payment Date**"). Any amount that the Company may be required to withhold upon the settlement of the LTC Award in respect of applicable foreign, federal (including FICA), state and local taxes, must be paid in full at the time of payment. Unless the Participant makes other arrangements to satisfy this withholding obligation in accordance with procedures approved by the Company in its discretion, the Company will withhold a portion of the cash settlement amount of the LTC Award sufficient to satisfy any related required withholding obligation.

3. Earning and Forfeiture of LTC Award. The Participant can earn between 0% and 150% of the target amount of the LTC Award granted hereunder. The portion of the LTC Award that is earned shall be determined based on the achievement of performance targets established by the Committee. Any portion of the LTC Award that is not earned in accordance with this Paragraph B.3 shall be forfeited and cancelled. Subject to the terms and conditions set forth herein, the LTC Award shall be earned as follows:

(a) One-half of the LTC Award shall be earned based on and subject to the level of achievement with respect to a Performance Measure selected by the Committee for the Performance Period pursuant to the performance scale established by the Committee and communicated to the Participant. The Committee shall determine and certify the results of the level of achievement of such target.

(b) One-half of the LTC Award shall be earned based on and subject to the level of achievement with respect to a second Performance Measure selected by the Committee for the Performance Period pursuant to the performance scale established by the Committee and communicated to the Participant. The Committee shall determine and certify the results of the level of achievement of such target.

(c) Notwithstanding the achievement of any performance targets established under Paragraphs B.3(a) and (b) above, for any amount of the LTC Award to vest or become payable the Committee must determine that the minimum level of performance established by the Committee with respect to a third Performance Measure selected by the Committee for the Performance Period, and communicated to the Participant, has been met. If the Committee determines that the minimum level of performance has not been met, then no amount of the LTC Award held by the Participant shall vest or become payable, and the LTC Award shall be forfeited and cancelled.

Notwithstanding the level of performance achieved with respect to such Performance Measure, or the level of performance achieved with respect to the performance targets established under Paragraphs B.3(a) and (b) above, the Committee has the discretion to reduce the amount of the LTC Award to be paid. The Committee's right to exercise this discretion with respect to the earned portion of the LTC Award shall continue until the date on which the LTC Award is paid to the Participant. Except in the case of death or Total Disability, the portion of the LTC Award with respect to which a Participant has satisfied the performance criteria will be payable in one payment as soon as practicable after April 2, 2015.

4. Effect of Termination of Employment, Retirement, Death and Total Disability.

(a) Termination of Employment. The LTC Award may vest and become payable only while the Participant is actively employed by the Company. Thus, vesting ceases upon the termination of the Participant's active employment with the Company. Subject to subparagraphs 4(b) and 4(c), any unvested portion of the LTC Award shall automatically be forfeited and cancelled upon the date that the Participant's active employment with the Company terminates regardless of whether any portion of such LTC Award has previously been earned in accordance with Paragraph B.3 above. An authorized severance leave of absence will not be treated as active employment, and, as a result, the vesting of any LTC Award will not be extended by any such period.

(b) Retirement Prior to Age 62. If the Participant's employment terminates prior to the Vesting Date by reason of the Participant's Retirement prior to attaining at least age 62, then a portion of the target LTC Award granted hereunder shall vest on the Participant's last day of active employment with the Company, with such number determined in proportion to the Participant's active service (measured in calendar days) during the Vesting Period. Any portion of an LTC Award that vests in accordance with the foregoing sentence shall remain subject to the earning and forfeiture provisions of Paragraphs B.2 and B.3 (with subparagraphs 3(a) and 3(b) of Paragraph B each being applied to one half of the LTC Award that vests in accordance with the foregoing sentence and with subparagraph 3(c) being applied to such vested portion of the LTC Award).

(c) Retirement on or After Age 62. If the Participant's employment terminates by reason of the Participant's Retirement after attaining at least age 62, then the LTC Award granted hereunder shall become fully vested on the Participant's last day of active employment with the Company (which, for purposes of Total Disability, means the effective date of Total Disability). Any such vested LTC Award shall remain subject to the earning and forfeiture provisions of Paragraphs B.2 and B.3.

(d) Death or Total Disability. If the Participant's employment terminates by reason of death or Total Disability, then the target amount of the LTC Award set forth in the Award Summary shall become fully vested on the Participant's last day of active employment with the Company (which, for purposes of Total Disability, means the effective date of Total Disability), and shall be paid as soon as practicable following the date of termination.

(e) Transfers to a Related Entity. In the event the Participant transfers to a Related Entity and such transfer is arranged and approved by PepsiCo, the LTC Award shall continue to vest (and the time of payment shall be determined) after such transfer by treating the Participant's employment with the Related Entity as employment with the Company for purposes of this Agreement. Any such LTC Award shall remain subject to the earning and forfeiture provisions of Paragraphs B.2 and B.3.

C. Prohibited Conduct. In consideration of the Company disclosing and providing access to Confidential Information, as more fully described in Paragraph C.2 below, after the date hereof, the grant by the Company of the PEPunits and the LTC Award, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Participant and the Company, intending to be legally bound, hereby agree as follows.

1. Non-Competition and Non-Solicitation. The Participant hereby covenants and agrees that at all times during his or her employment with the Company and for a period of twelve months after the termination of the Participant's employment with the Company for any reason whatsoever (including a termination due to the Participant's Retirement), he or she will not, without the prior written consent of PepsiCo's chief human resources officer or chief legal officer, either directly or indirectly, for himself/herself or on behalf of or in conjunction with any other person, partnership, corporation or other entity, engage in any activities prohibited in the following Paragraphs C.1(a) through (c):

(a) The Participant shall not, in any country in which the Company operates, accept any employment, assignment, position or responsibility, provide services in any capacity, or acquire any ownership interest that involves the Participant's Participation in an entity that markets, sells, distributes or produces Covered Products, unless such entity makes retail sales or consumes Covered Products without in any way competing with the Company;

(b) With respect to Covered Products, the Participant shall not directly or indirectly solicit for competitive business purposes any customer or Prospective Customer of the Company called on, serviced by, or contacted by the Participant in any capacity during his or her employment; or

(c) The Participant shall not in any way, directly or indirectly (including through someone else acting on the Participant's recommendation, suggestion, identification or advice), solicit any Company employee to leave the Company's employment or to accept any position with any other entity.

Notwithstanding anything in this Paragraph C.1, the Participant shall not be considered to be in violation of Paragraph C.1(a) solely by reason of owning, directly or indirectly, up to five percent (5%) in the aggregate of any class of securities of any publicly traded corporation engaged in the prohibited activities described in Paragraph C.1(a).

2. Non-Disclosure. In order to assist the Participant with his or her duties, the Company shall continue to provide the Participant with access to confidential and proprietary operational information and other confidential information that is either information not known by actual or potential competitors, customers and third parties of the Company or is proprietary information of the Company ("**Confidential Information**"). Such Confidential Information shall include all non-public information the Participant acquired as a result of his or her positions with the Company that might be of any value to a competitor of the Company, or that might cause any economic loss or substantial embarrassment to the Company or its customers, bottlers, distributors or suppliers if used or disclosed. Examples of such Confidential Information include, without limitation, non-public information about the Company's customers, suppliers, distributors and potential acquisition targets; its business operations, structure and methods of operation; its product lines, formulae and pricing; its processes, machines and inventions; its research and know-how; its production techniques; its financial data; its advertising and promotional ideas and strategy; information maintained in its computer systems; devices, processes, compilations of information and records; and its plans and strategies. The Participant agrees that such Confidential Information remains confidential even if committed to the Participant's memory. The Participant agrees, during the term of his or her employment and at all times thereafter, not to use, divulge, or furnish or make accessible to any third party, company, corporation or other organization (including but not limited to, customers, competitors, or governmental agencies), without the Company's prior written consent, any Confidential Information of the Company, except as necessary in his or her position with the Company.

3. Return of Confidential Information and Company Property. The Participant agrees that whenever the Participant's employment with the Company ends for any reason, (a) all documents containing or referring to the Company's Confidential Information as may be in the Participant's possession, or over which the Participant may have control, and all other property of the Company provided to the Participant by the Company during the course of the Participant's employment with the Company will be returned by the Participant to the Company immediately, with no request being required; and (b) all Company computer and computer-related equipment and software, and all Company property, files, records, documents, drawings, specifications, lists, equipment, and similar items relating to the business of the Company, whether prepared by the Participant or otherwise, coming into the Participant's possession or control during the course of his employment shall remain the exclusive property of the Company, and shall be delivered by the Participant to the Company immediately, with no request being required.

4. Misconduct. During the term of his or her employment with the Company, the Participant shall not engage in any of the following acts that are considered to be contrary to the Company's best interests: (a) breaching any contract with or violating any obligation to the Company, including the Company's Code of Conduct, Insider Trading Policy or any other written policies of the Company, (b) unlawfully trading in the securities of PepsiCo or of any other company based on information gained as a result of his or her employment with the Company, (c) committing a felony or other serious crime, (d) engaging in any activity that constitutes gross misconduct in the performance of his or her employment duties or (e) engaging in any action that constitutes gross negligence or misconduct and that causes or contributes to the need for an accounting adjustment to PepsiCo's financial results.

5. Reasonableness of Provisions. The Participant agrees that: (a) the terms and provisions of this Agreement are reasonable and constitute an otherwise enforceable agreement to which the terms and provisions of this Paragraph C are ancillary or a part of; (b) the consideration provided by the Company under this Agreement is not illusory; (c) the restrictions contained in this Paragraph C are necessary and reasonable for the protection of the legitimate business interests and goodwill of the Company; and (d) the consideration given by the Company under this Agreement, including, without limitation, the provision by the Company of Confidential Information to the Participant, gives rise to the Company's interest in the covenants set forth in this Paragraph C.

6. Repayment and Forfeiture. The Participant specifically recognizes and affirms that each of the covenants contained in Paragraphs C.1 through C.4 of this Agreement is a material and important term of this Agreement that has induced the Company to provide for the award of the PEPunits and the LTC Award granted hereunder, the disclosure of Confidential Information referenced herein, and the other promises made by the Company herein. The Participant further agrees that in the event that (i) the Company determines that the Participant has breached any term of Paragraphs C.1 through C.4 or (ii) all or any part of Paragraph C is held or found invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction in an action between the Participant and the Company, in addition to any other remedies at law or in equity the Company may have available to it, the Company may in its sole discretion:

(a) cancel any unpaid PEPunits or any LTC Award granted hereunder; and

(b) require the Participant to pay to the Company the value (determined as of the date paid) of any PEPunits and any portion of any LTC Award granted hereunder that have been paid out.

7. Equitable Relief. In the event the Company determines that the Participant has breached or attempted or threatened to breach any term of Paragraph C, in addition to any other remedies at law or in equity the Company may have available to it, it is agreed that the Company shall be entitled, upon application to any court of proper jurisdiction, to a temporary restraining order or preliminary injunction (without the necessity of (a) proving irreparable harm, (b) establishing that monetary damages are inadequate or (c) posting any bond with respect thereto) against the Participant prohibiting such breach or attempted or threatened breach by proving only the existence of such breach or attempted or threatened breach.

8. Extension of Restrictive Period. The Participant agrees that the period during which the covenants contained in this Paragraph C shall be effective shall be computed by excluding from such computation any time during which the Participant is in violation of any provision of Paragraph C.

9. Acknowledgments. The Company and the Participant agree that it was their intent to enter into a valid and enforceable agreement. The Participant and the Company thereby acknowledge the reasonableness of the restrictions set forth in Paragraph C, including the reasonableness of the geographic area, duration as to time and scope of activity restrained. The Participant further acknowledges that his or her skills are such that he or she can be gainfully employed in noncompetitive employment and that the agreement not to compete will not prevent him or her from earning a living. The Participant agrees that if any covenant contained in Paragraph C of this Agreement is found by a court of competent jurisdiction to contain limitations as to time, geographical area, or scope of activity that are not reasonable and impose a greater restraint than is necessary to protect the goodwill or other business interest of the Company, then the court shall reform the covenant to the extent necessary to cause the limitations contained in the covenant as to time, geographical area, and scope of activity to be restrained to be reasonable and to impose a restraint that is not greater than necessary to protect the goodwill and other business interests of the Company and to enforce the covenants as reformed.

10. Provisions Independent. The covenants on the part of the Participant in this Paragraph C shall be construed as an agreement independent of any other agreement, including any employee benefit agreement, and independent of any other provision of this Agreement, and the existence of any claim or cause of action of the Participant against the Company, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants.

11. Notification of Subsequent Employer. The Participant agrees that the Company may notify any person or entity employing the Participant or evidencing an intention of employing the Participant of the existence and provisions of this Agreement.

12. Transfers to a Related Entity. In the event the Participant transfers to a Related Entity as a result of actions by PepsiCo, any reference to "Company" in this Paragraph C shall be deemed to refer to such Related Entity in addition to the Company.

D. Additional Terms and Conditions.

1. Adjustment for Change in Common Stock. In the event of any change in the outstanding shares of PepsiCo Common Stock by reason of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination or exchange of shares, spin-off or other similar corporate change, the Absolute Stock Price Adjustment and the number and type of shares to which the PEPunits held by the Participant relate shall be adjusted to such extent (if any), determined to be appropriate and equitable by the Committee.

2. Nontransferability. Unless the Committee specifically determines otherwise: (a) the PEPunits and LTC Award are personal to the Participant and (b) neither the PEPunits nor the LTC Award shall be transferable or assignable, other than in the case of the Participant's death by will or the laws of descent and distribution, and any such purported transfer or assignment shall be null and void.

3. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "**Covered Products**" means any product that falls into one or more of the following categories, so long as the Company is producing, marketing, selling or licensing such product anywhere in the world: beverages, including without limitation carbonated soft drinks, tea, water, juice drinks, sports drinks, coffee drinks, energy drinks and value added dairy drinks; juices and juice products; dairy products; snacks, including salty snacks, sweet snacks, meat snacks, granola and cereal bars, and cookies; hot cereals; pancake mixes; value-added rice products; pancake syrup; value-added pasta products; ready-to-eat cereals; dry pasta products; or any product or service that the Participant had reason to know was under development by the Company during the Participant's employment with the Company.

(b) "**Closing Price**" of a share of PepsiCo Common Stock on any date shall mean an amount equal to the closing sales price for a share of PepsiCo Common Stock as reported on the composite tape for securities listed on the New York Stock Exchange on the date in question (or if no sales of Common Stock were made on said Exchange on such date, on the immediately preceding day on which sales were made on such Exchange).

(c) "**Participation**" shall be construed broadly to include, without limitation: (i) serving as a director, officer, employee consultant or contractor with respect to such a business entity; (ii) providing input, advice, guidance or suggestions to such a business entity; or (iii) providing a recommendation or testimonial on behalf of such a business entity or one or more products it produces.

(d) "**Prospective Customer**" shall mean any individual or entity of which the Participant has gained knowledge as a result of the Participant's employment with the Company and with which the Participant dealt with or had contact with during the six (6) months preceding his or her termination of employment with the Company.

(e) "**Related Entity**" shall mean any entity (i) as to which PepsiCo directly or indirectly owns 20% or more, but less than a majority, of the entity's voting securities, general partnership interests, or other voting or management rights at the relevant time and (ii) which the Committee or its delegate deems in its sole discretion to be a related entity at the relevant time.

(f) "**Retirement**" shall mean (i) early, normal or late retirement as used in the U.S. pension plan of the Company in which the Participant participates (if any) and for which the Participant is eligible pursuant to the terms of such plan or (ii) termination of employment after attaining at least age 55 and completing at least 10 years of service with the Company (or, if earlier, after attaining at least age 65 and completing at least five years of service with the Company), with the number of years of service completed by a Participant subject to clause (ii) to be calculated in accordance with administrative procedures established from time to time under the Plan.

(g) "**Total Disability**" shall mean being considered totally disabled under the PepsiCo Long-Term Disability Program (as amended and restated from time to time), with such status having resulted in benefit payments from such plan or another Company-sponsored disability plan and 12 months having elapsed since the Participant was so considered to be disabled from the cause of the current disability. The effective date of a Participant's Total Disability shall be the first day that all of the foregoing requirements are met.

4. Notices. Any notice to be given to PepsiCo in connection with the terms of this Agreement shall be addressed to PepsiCo at 700 Anderson Hill Road, Purchase, New York 10577, Attention: Senior Vice President, Total Rewards, or such other address as PepsiCo may hereafter designate to the Participant. Any such notice shall be deemed to have been duly given when personally delivered, addressed as aforesaid, or when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited, postage prepaid, with the federal postal service.

5. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any assignee or successor in interest to PepsiCo, whether by merger, consolidation or the sale of all or substantially all of PepsiCo's assets. PepsiCo will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PepsiCo expressly to assume and agree to perform this Agreement in the same manner and to the same extent that PepsiCo would be required to perform it if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of the Participant or his or her legal representative and any person to whom the PEPunits and LTC Award may be transferred by will or the applicable laws of descent and distribution.

6. No Contract of Employment; Agreement's Survival. This Agreement is not a contract of employment. This Agreement does not impose on the Company any obligation to retain the Participant in its employ and shall not interfere with the ability of the Company to terminate the Participant's employment relationship at any time. This Agreement shall survive the termination of the Participant's employment for any reason. If an entity ceases to be a majority-owned subsidiary of PepsiCo for purposes of Rule 12b-2 of the Exchange Act or a Related Entity, such cessation shall, for purposes of this Agreement, be deemed to be a termination of employment with the Company with respect to any Participant employed by such entity, unless the Committee or its delegate determines otherwise in its sole discretion.

7. Registration, Listing and Qualification of Shares. The Committee may require that the Participant make such representations and agreements and furnish such information as the Committee deems

appropriate to assure compliance with or exemption from the requirements of any securities exchange, any foreign, federal, state or local law, any governmental regulatory body, or any other applicable legal requirement, and PepsiCo Common Stock shall not be issued unless and until the Participant makes such representations and agreements and furnished such information as the Committee deems appropriate.

8. Amendment; Waiver. The terms and conditions of this Agreement may be amended in writing by the chief personnel officer or chief legal officer of PepsiCo (or either of their delegates); provided, however, that (i) no such amendment shall adversely affect the awards granted hereunder without the Participant's written consent (except to the extent the Committee reasonably determines that such amendment is necessary or appropriate to comply with applicable law, including the provisions of Code Section 409A and the regulations thereunder pertaining to the deferral of compensation, or the rules and regulations of any stock exchange on which PepsiCo Common Stock is listed or quoted); and (ii) the amendment must be permitted under the Plan. The Company's failure to insist upon strict compliance with any provision of this Agreement or failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not be deemed to be a waiver of such provision or any such right, power or remedy which the Board (as defined in the Plan), the Committee or the Company has under this Agreement.

9. Severability or Reform by Court. In the event that any provision of this Agreement is deemed by a court to be broader than permitted by applicable law, then such provision shall be reformed (or otherwise revised or narrowed) so that it is enforceable to the fullest extent permitted by applicable law. If any provision of this Agreement shall be declared by a court to be invalid or unenforceable to any extent, the validity or enforceability of the remaining provisions of this Agreement shall not be affected.

10. Plan Controls. The PEPunits, the LTC Award and the terms and conditions set forth herein are subject in all respects to the terms and conditions of the Plan and any guidelines, policies or regulations which govern administration of the Plan, which shall be controlling. The Committee reserves its rights to amend or terminate the Plan at any time without the consent of the Participant; provided, however, that PEPunits and LTC Awards outstanding under the Plan at the time of such action shall not, without the Participant's written consent, be adversely affected thereby (except to the extent the Committee reasonably determines that such amendment or termination is necessary or appropriate to comply with applicable law, including the provisions of Code Section 409A and the regulations thereunder pertaining to the deferral of compensation, or the rules and regulations of any stock exchange on which PepsiCo Common Stock is listed or quoted). All interpretations or determinations of the Committee or its delegate shall be final, binding and conclusive upon the Participant (and his or her legal representatives and any recipient of a transfer of the PEPunits or LTC Award permitted by this Agreement) on any question arising hereunder or under the Plan or other guidelines, policies or regulations which govern administration of the Plan.

11. Participant Acknowledgements. By entering into this Agreement, the Participant acknowledges and agrees that:

(a) the PEPunits and the LTC Award will be exclusively governed by the terms of the Plan, including the right reserved by the Company to amend or cancel the Plan at any time without the Company incurring liability to the Participant (except for PEPunits and LTC Awards already granted under the Plan);

(b) the Participant has been provided a copy of PepsiCo's Prospectus relating to the Plan, the PEPunits (and the shares covered thereby) and the LTC Award;

(c) PEPunits and LTC Awards are not a constituent part of the Participant's salary and that the Participant is not entitled, under the terms and conditions of his/her employment, or by accepting or being awarded any PEPunits or LTC Awards pursuant to this Agreement, to require options, performance stock units, cash or other awards to be granted to him/her in the future under the Plan or any other plan;

(d) upon payment of PEPunits or LTC Awards, the Participant will arrange for payment to the Company an estimated amount to cover employee payroll taxes resulting from such payment and/or, to the extent necessary, any balance may be withheld from the Participant's wages;

(e) benefits received under the Plan will be excluded from the calculation of termination indemnities or other severance payments;

(f) in the event of termination of the Participant's employment, a severance or notice period to which the Participant may be entitled under local law and which follows the date of termination specified in a notice of termination or other document evidencing the termination of the Participant's employment will not be treated as active employment for purposes of this Agreement and, as a result, vesting of unvested PEPunits or LTC Awards will not be extended by any such period; and

(g) this Agreement will be interpreted and applied so that the PEPunits and the LTC Award, to the extent possible, will not be subject to Code Section 409A. To the extent such awards are subject to Code Section 409A because of the Participant's eligibility for Retirement, then payments limited to the earliest permissible payment date under Code Section 409A shall be made following a Change in Control only (i) upon a Change in Control if it qualifies under Code Section 409A(a)(2)(A)(v) (a "**409A CIC**"), and (ii) upon a termination of employment if it occurs after a 409A CIC and it constitutes a Section 409A separation from service (and in this case, the six-month delay of Code Section 409A(a)(2)(B)(i) shall apply to "specified employees," determined under the default rules of Section 409A or such other rules as apply generally under the Company's Section 409A plans). Notwithstanding any other provision of this Agreement, this Agreement will be modified to the extent the Committee reasonably determines is necessary or appropriate for such PEPunits or LTC Awards to comply with Code Section 409A.

12. Right of Set-Off. The Participant agrees, in the event that the Company in its reasonable judgment determines that the Participant owes the Company any amount due to any loan, note, obligation or indebtedness, including but not limited to amounts owed to the Company pursuant to the Company's tax equalization program or the Company's policies with respect to travel and business expenses, and if the Participant has not satisfied such obligation(s), then the Company may instruct the plan administrator to withhold and/or sell shares of PepsiCo Common Stock acquired by the Participant upon settlement of the PEPunits (to the extent such PEPunits are not subject to Code Section 409A), or the Company may deduct funds equal to the amount of such obligation from other funds due to the Participant from the Company (including with respect to any LTC Award) to the maximum extent permitted by Code Section 409A.

13. Electronic Delivery and Acceptance. The Participant hereby consents and agrees to electronic delivery of any Plan documents, proxy materials, annual reports and other related documents. The Participant hereby consents to any and all procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of Plan documents (including documents relating to any programs adopted under the Plan), and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. Participant consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan, including any program adopted under the Plan.

14. Data Privacy. Participant hereby acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Paragraph D.14. Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent

may affect Participant's ability to participate in the Plan. The Company and Participant's employer hold certain personal information about Participant, that may include his/her name, home address and telephone number, date of birth, social security number or other employee identification number, salary grade, hire data, salary, nationality, job title, any shares of PepsiCo Common Stock, or details of all options, performance stock units or any other entitlement to shares of stock awarded, cancelled, purchased, vested, or unvested, for the purpose of managing and administering the Plan ("**Data**"). PepsiCo and/or its subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Participant's participation in the Plan, and PepsiCo and/or any of its subsidiaries may each further transfer Data to any third parties assisting PepsiCo in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. Participant's authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on Participant's behalf to a broker or other third party with whom Participant may elect to deposit any shares of stock acquired pursuant to the Plan. Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing consent may affect Participant's ability to participate in the Plan.

15. Stock Ownership/Exercise & Hold Guidelines. The Participant agrees as a condition of this grant that, in the event that the Participant is or becomes subject to the Company's Stock Ownership or Exercise & Hold Guidelines, the Participant shall not sell any shares obtained upon settlement of the PEPunits unless such sale complies with the Stock Ownership and Exercise & Hold Guidelines as in effect from time to time.

16. Governing Law. Notwithstanding the provisions of Paragraphs D.10 and D.11, this Agreement shall be governed, construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of law rules or principles.

17. Choice of Venue. Notwithstanding the provisions of Paragraphs D.10 and D.11, any action or proceeding seeking to enforce any provision of or based on any right arising out of this Agreement may be brought against the Participant or the Company only in the courts of the State of New York or, if it has or can acquire jurisdiction, in the United States District Court for the Southern District of New York, and the Participant and the Company consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein.

18. Entire Agreement. This Agreement contains all the understanding and agreements between the Participant and the Company regarding the subject matter hereof.

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EXHIBIT 12

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

	12 Weeks Ended	
	3/24/12	3/19/11
Earnings:		
Income before income taxes	**$ 1,547**	$ 1,563
Unconsolidated affiliates' interests, net	**(6)**	(11)
Interest expense [a]	**198**	180
Interest portion of rent expense [b]	**49**	43
Earnings available for fixed charges	**$ 1,788**	$ 1,775
Fixed Charges:		
Interest expense [a]	**$ 198**	$ 180
Capitalized interest	**1**	2
Interest portion of rent expense [b]	**49**	43
Total fixed charges	**$ 248**	$ 225
Ratio of Earnings to Fixed Charges [c]	**7.22**	7.90

(a) Excludes interest related to our reserves for income taxes as such interest is included in provision for income taxes.
(b) One-third of net rent expense is the portion deemed representative of the interest factor.
(c) Based on unrounded amounts.

EXHIBIT 15

Accountant's Acknowledgement

The Board of Directors and Shareholders
PepsiCo, Inc.:

We hereby acknowledge our awareness of the use of our report dated April 26, 2012 included within the Quarterly Report on Form 10-Q of PepsiCo, Inc. for the twelve weeks ended March 24, 2012, and incorporated by reference in the following Registration Statements and in the related Prospectuses:

Description, Registration Statement Number

Form S-3

- PepsiCo Automatic Shelf Registration Statement, 333-177307
- PepsiCo Automatic Shelf Registration Statement, 333-154314
- PepsiAmericas, Inc. 2000 Stock Incentive Plan, 333-165176
- PBG 2004 Long Term Incentive Plan, PBG 2002 Long Term Incentive Plan, PBG Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan and PBG Stock Incentive Plan, 333-165177

Form S-8

- The PepsiCo 401(k) Plan for Hourly Employees, 333-150868
- The PepsiCo 401(k) Plan for Salaried Employees, 333-150867
- PepsiCo, Inc. 2007 Long-Term Incentive Plan, 333-142811, 333-166740
- PepsiCo, Inc. 2003 Long-Term Incentive Plan, 333-109509
- PepsiCo SharePower Stock Option Plan, 33-35602, 33-29037, 33-42058, 33-51496, 33-54731, 33-66150 and 333-109513
- Director Stock Plan, 33-22970 and 333-110030
- 1979 Incentive Plan and the 1987 Incentive Plan, 33-19539
- 1994 Long-Term Incentive Plan, 33-54733
- PepsiCo, Inc. 1995 Stock Option Incentive Plan, 33-61731, 333-09363 and 333-109514
- 1979 Incentive Plan, 2-65410
- PepsiCo, Inc. Long Term Savings Program, 2-82645, 33-51514 and 33-60965
- PepsiCo 401(k) Plan, 333-89265
- Retirement Savings and Investment Plan for Union Employees of Tropicana Products, Inc. and Affiliates and the Retirement Savings and Investment Plan for Union Employees of Tropicana Products, Inc. and Affiliates (Teamster Local Union #173), 333-65992
- The Quaker Long Term Incentive Plan of 1990, The Quaker Long Term Incentive Plan of 1999 and The Quaker Oats Company Stock Option Plan for Outside Directors, 333-66632
- The Quaker 401(k) Plan for Salaried Employees and The Quaker 401(k) Plan for Hourly Employees, 333-66634
- The PepsiCo 401(k) Plan for Salaried Employees, 333-76196
- The PepsiCo 401(k) Plan for Hourly Employees, 333-76204
- The PepsiCo Share Award Plan, 333-87526
- PBG 401(k) Savings Program, PBG 401(k) Program, PepsiAmericas, Inc. Salaried 401(k) Plan and PepsiAmericas, Inc. Hourly 401(k) Plan, 333-165106
- PBG 2004 Long Term Incentive Plan, PBG 2002 Long Term Incentive Plan, PBG Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan, PBG Directors' Stock Plan, PBG Stock Incentive Plan and PepsiAmericas, Inc. 2000 Stock Incentive Plan, 333-165107

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

/s/ KPMG LLP

New York, New York
April 26, 2012

CERTIFICATION

I, **Indra K. Nooyi,** certify that:

1. I have reviewed this quarterly report on Form 10-Q of PepsiCo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2012

/s/ Indra K. Nooyi

Indra K. Nooyi
Chairman of the Board of Directors
and Chief Executive Officer

CERTIFICATION

I, **Hugh F. Johnston,** certify that:

1. I have reviewed this quarterly report on Form 10-Q of PepsiCo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2012

/s/ Hugh F. Johnston

Hugh F. Johnston
Executive Vice President and Chief Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PepsiCo, Inc. (the "Corporation") on Form 10-Q for the quarterly period ended March 24, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Indra K. Nooyi, Chairman of the Board of Directors and Chief Executive Officer of the Corporation, certify to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: April 26, 2012

/s/ Indra K. Nooyi

Indra K. Nooyi
Chairman of the Board of Directors
and Chief Executive Officer

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PepsiCo, Inc. (the "Corporation") on Form 10-Q for the quarterly period ended March 24, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Hugh F. Johnston, Executive Vice President and Chief Financial Officer of the Corporation, certify to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: April 26, 2012

/s/ Hugh F. Johnston
Hugh F. Johnston
Executive Vice President and Chief Financial Officer