FORM 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended September 2, 2000 (12 and 36 weeks)

OR

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

For the transition period from _________to_________

Commission file number 1-1183 [GRAPHIC OMITTED]

PEPSICO, INC.

(Exact name of registrant as specified in its charter)

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        North Carolina                                         13-1584302
- ---------------------------------                            ----------------
(State or other jurisdiction of                                  (I.R.S.
Employer incorporate or organization)                        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 former fiscal year, if changed since last report.)
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ___

Number of shares of Capital Stock outstanding as of September 29, 2000:

1,443,596,950

PEPSICO, INC. AND SUBSIDIARIES

INDEX

PART I - FINANCIAL INFORMATION

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(in millions except per share amounts, unaudited)

	12 Weeks Ended		36 Weeks Ended	
	9/2/00	9/4/99	9/2/00	9/4/99
Net Sales				
New PepsiCo	$4,909	$4,579	$14,028	$12,564
Bottling operations	-	12	-	2,123
Total Net Sales	4,909	4,591	14,028	14,687
Costs and Expenses				
Cost of sales	1,865	1,793	5,433	5,945
Selling, general and administrative expenses	2,186	2,025	6,209	6,483
Amortization of intangible assets	32	35	96	140
Impairment and restructuring charge	-	-	-	65
Total Costs and Expenses	4,083	3,853	11,738	12,633
Operating Profit				
New PepsiCo	826	737	2,290	2,001
Bottling operations and equity investments	-	1	-	53
Total Operating Profit	826	738	2,290	2,054
Bottling equity income, net	76	58	135	83
Gain on bottling transactions	-	-	-	1,000
Interest expense	(53)	(72)	(156)	(300)
Interest income	15	26	43	96
Income Before Income Taxes	864	750	2,312	2,933
Provision for Income Taxes	277	266	740	1,373
Net Income	$ 587	$ 484	$ 1,572	$ 1,560
Income Per Share - Basic	$ 0.41	$ 0.33	$ 1.09	$ 1.06
Average Shares Outstanding - Basic	1,444	1,463	1,446	1,470
Income Per Share - Assuming Dilution	$ 0.40	$ 0.32	$ 1.07	$ 1.04
Average Shares Outstanding - Assuming Dilution	1,478	1,492	1,473	1,502
Cash Dividends Declared Per Share	$ 0.14	$0.135	$ 0.415	$ 0.40

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions, unaudited)

	36 Weeks Ended	
	9/2/00	9/4/99
Cash Flows - Operating Activities		
Net income	$ 1,572	$ 1,560
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on bottling transactions	-	(1,000)
Bottling equity income, net	(135)	(83)
Depreciation and amortization	642	726
Deferred income taxes	138	541
Other noncash charges and credits, net	191	385
Net change in operating working capital	(295)	(287)
Net Cash Provided by Operating Activities	2,113	1,842
Cash Flows - Investing Activities		
Capital spending	(574)	(663)
Acquisitions and investments in unconsolidated affiliates	(66)	(356)
Sales of businesses	-	464
Short-term investments, by original maturity		
More than three months - purchases	(582)	(1,740)
More than three months - maturities	577	1,763
Three months or less, net	-	(12)
Other, net	(137)	(38)
Net Cash Used for Investing Activities	(782)	(582)
Cash Flows - Financing Activities		
Proceeds from issuances of long-term debt	108	3,270
Payments of long-term debt	(716)	(1,131)
Short-term borrowings, by original maturity		
More than three months - proceeds	103	3,399
More than three months - payments	(32)	(2,388)
Three months or less, net	375	(2,930)
Cash dividends paid	(594)	(581)
Share repurchases	(1,238)	(986)
Proceeds from exercises of stock options	408	253
Net Cash Used for Financing Activities	(1,586)	(1,094)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(4)	1
Net (Decrease)/Increase in Cash and Cash Equivalents	(259)	167
Cash and Cash Equivalents - Beginning of year	964	311
Cash and Cash Equivalents - End of period	$ 705	$ 478

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(in millions except per share amounts)

ASSETS

	(Unaudited) 9/2/00	12/25/99
Current Assets		
Cash and cash equivalents	$ 705	$ 964
Short-term investments, at cost	97	92
	802	1,056
Accounts and notes receivable, less allowance: 9/00 - $106, 12/99 - $85	1,835	1,704

Inventories		
Raw materials	456	464
Work-in-process	213	89
Finished goods	306	346
	975	899
Prepaid expenses and other current assets	588	514
Total Current Assets	4,200	4,173
Property, Plant and Equipment	9,209	8,816
Accumulated Depreciation	(3,928)	(3,550)
	5,281	5,266
Intangible Assets, net		
Goodwill	3,615	3,808
Reacquired franchise rights	131	78
Trademarks and other identifiable intangibles	785	849
	4,531	4,735
Investments in Unconsolidated Affiliates	3,011	2,846
Other Assets	636	531
Total Assets	$17,659	$17,551

Continued on next page.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

(in millions except per share amounts)

LIABILITIES AND SHAREHOLDERS' EQUITY

	(Unaudited) 9/2/00	12/25/99
Current Liabilities		
Short-term borrowings	$ 116	$ 233
Accounts payable and other current liabilities	3,337	3,399
Income taxes payable	168	156
Total Current Liabilities	3,621	3,788
Long-term Debt	2,737	2,812
Other Liabilities	3,033	2,861
Deferred Income Taxes	1,380	1,209
Shareholders' Equity		
Capital Stock, par value 1 2/3 cents per share: authorized 3,600 shares, issued 9/00 and 12/99 -1,726 shares	29	29
Capital in excess of par value	963	1,081
Retained earnings	15,040	14,066
Accumulated other comprehensive loss	(1,219)	(989)
	14,813	14,187
Less: Repurchased shares, at cost: 9/00 - 282 shares, 12/99 - 271 shares	(7,925)	(7,306)
Total Shareholders' Equity	6,888	6,881
Total Liabilities and Shareholders' Equity	$17,659	$17,551

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT

OF COMPREHENSIVE INCOME

(in millions, unaudited)

	12 Weeks Ended		36 Weeks Ended	
	9/2/00	9/4/99	9/2/00	9/4/99
Net Income	$587	$484	$1,572	$1,560
Other Comprehensive (Loss)/Income				
Currency translation adjustment, net of related taxes	(12)	14	(232)	(86)
Reclassification adjustment for items realized in net income	-	-	-	174
Other	(2)	-	2	-
	(14)	14	(230)	88
Minimum pension liability adjustment, net of tax benefit of $11	-	-	-	20
	(14)	14	(230)	108
Comprehensive Income	$573	$498	$1,342	$1,668

See accompanying notes.

(unaudited)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(tabular dollars in millions; per share amounts assume dilution)

(1) The Condensed Consolidated Balance Sheet at September 2, 2000 and the Condensed Consolidated Statements of Income and Comprehensive Income for the 12 and 36 weeks ended September 2, 2000 and September 4, 1999 and the Condensed Consolidated Statement of Cash Flows for the 36 weeks ended September 2, 2000 and September 4, 1999 have not been audited and have been prepared substantially consistent with the accounting principles applied in our 1999 Annual Report on Form 10-K for the year ended December 25, 1999. In our opinion, this information includes all normal and recurring adjustments necessary for a fair presentation. The results for the 12 and 36 weeks are not necessarily indicative of the results expected for the year.

(2) We repurchased 33.7 million shares at a cost of $1.2 billion during the 36 weeks ended September 2, 2000. Through October 6, 2000, we have repurchased 35.4 million shares at a cost of $1.3 billion during the fiscal year.

(3) Reconciliation of shares outstanding at the beginning of the year to average shares outstanding:

	12 Weeks Ended		36 Weeks Ended	
	9/2/00	9/4/99	9/2/00	9/4/99
Shares outstanding at beginning of period	1,445	1,467	1,455	1,471
Weighted average number of shares issued during the period from the exercise of stock options	4	3	11	8
Weighted average number of shares repurchased	(5)	(7)	(20)	(9)
Average shares outstanding - Basic	1,444	1,463	1,446	1,470
Effect of dilutive securities				
Dilutive shares issuable upon the exercise of stock options	156	126	145	140
Shares assumed to have been repurchased with assumed proceeds from the exercise of stock options	(122)	(97)	(118)	(108)
Average shares outstanding - Assuming Dilution	1,478	1,492	1,473	1,502
Net Income	$ 587	$ 484	$1,572	$1,560

Income Per Share - Basic	$ 0.41	$ 0.33	$ 1.09	$ 1.06
Income Per Share - Assuming Dilution	$ 0.40	$ 0.32	$ 1.07	$ 1.04

(4) Business Segments

Pepsi-Cola North America results include the North American concentrate and fountain businesses. Pepsi-Cola International results for the 12 weeks include the international concentrate business and other consolidated international bottling operations for June, July and August. The 1999 results of previously consolidated bottling operations in which we now own an equity interest through their respective closing dates and the first quarter 1999 equity income or loss of unconsolidated bottling affiliates are presented as Bottling Operations/Investments. The bottling transactions are described in Note 2 of the Financial Statements included in Form 10-K for the year ended December 25, 1999.

	12 Weeks Ended		36 Weeks Ended	
Net Sales	9/2/00	9/4/99	9/2/00	9/4/99
Frito-Lay				
- -North America	$2,060	$1,915	$ 5,914	$ 5,532
- -International	967	869	2,910	2,523
	3,027	2,784	8,824	8,055
Pepsi-Cola				
- -North America	821	774	2,258	2,138
- -International	514	504	1,314	1,244
	1,335	1,278	3,572	3,382
Intercompany elimination	-	-	-	(422)
	1,335	1,278	3,572	2,960
Tropicana	547	517	1,632	1,549
Combined Segments	4,909	4,579	14,028	12,564
Bottling Operations	-	12	-	2,123
Total Net Sales	$4,909	$4,591	$14,028	$14,687
Operating Profit				
Frito-Lay				
- -North America (a)	$ 460	$ 417	$ 1,272	$ 1,090
- -International	114	99	328	268
	574	516	1,600	1,358
Pepsi-Cola				
- -North America	211	174	593	551
- -International	66	55	148	115
	277	229	741	666
Tropicana	46	37	157	116
Combined Segments	897	782	2,498	2,140
Corporate Unallocated	(71)	(45)	(208)	(139)
New PepsiCo Operating Profit	826	737	2,290	2,001
Bottling Operations/Investments	-	1	-	53
Total Operating Profit	$ 826	$ 738	$ 2,290	$ 2,054

(a) For the 36 weeks in 1999, includes an asset impairment and restructuring charge of $65 million.

Total Assets	
9/2/00	12/25/99

Frito-Lay		
- - North America	$ 4,108	$ 4,013
- - International	4,017	4,170
Pepsi-Cola		
- - North America	922	729
- - International	1,482	1,454
Tropicana	3,770	3,708
Combined segments	14,299	14,074
Corporate	765	1,008
Bottling Operations/Investments	2,595	2,469
Total Assets	$17,659	$17,551

(5) Supplemental Cash Flow Information

	36 Weeks Ended	
	9/2/00	9/4/99
Interest paid	$122	$ 272
Income taxes paid	$426	$ 378
Supplemental Schedule of Noncash Investing and Financing Activities		
Fair value of assets acquired	$ 82	$ 491
Cash paid	(66)	(356)
Liabilities assumed	$ 16	$ 135

(6) Accounting Standards

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS 133, as amended by SFAS 137 and SFAS 138, is effective for our fiscal year beginning 2001. SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that we recognize all derivative instruments as either assets or liabilities in the Condensed Consolidated Balance Sheet and measure those instruments at fair value. While the impact of the adoption of this statement is dependent on the fair value of our derivatives and related financial instruments at the date of adoption, it is not expected to have a material impact on our results of operations.

In May 2000, the FASB's Emerging Issues Task Force reached a consensus on Issue No. 00-14, *Accounting for Certain ain Sales Incentives*. EITF 00-14 addresses the recognition and income statement classification of various sales incentives. The adoption of this consensus is not expected to have a material impact on our results of operations. The consensus is effective for the fourth quarter of 2000.

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

General

Tabular dollars are presented in millions. All per share amounts assume dilution, are computed using average shares outstanding and are based on unrounded amounts. Percentage changes are based on unrounded amounts.

In the discussions below, the year-over-year dollar change:

- in concentrate shipments to franchisees, including bottling operations in which we now own an equity interest, for Pepsi-Cola,
- in bottler case sales by company-owned bottling operations for Pepsi-Cola International,
- in pound or kilo sales of salty and sweet snacks for Frito-Lay and
- in four gallon equivalent cases for Tropicana

is referred to as *volume*. Price changes over the prior year and the impact of product, package and country sales mix changes are referred to as *effective net pricing*.

<u>Cautionary Statements</u>

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

Bottling Transaction

In August, two of our anchor bottlers in which we own equity interests, Whitman Corporation and PepsiAmericas, Inc., announced plans to merge later this year. Under the proposed plan, PepsiAmericas would become a wholly-owned subsidiary of Whitman. PepsiAmericas shareholders may elect from a cash-for-stock option, a stock-for-stock option or an earn-out option. We have agreed that we will only participate in the earn-out option. The proposed merger is subject to certain closing conditions including approval by shareholders of both companies.

Analysis of Consolidated Operations

Net Sales

	12 Weeks Ended		% Change	36 Weeks Ended		% Change
	9/2/00	9/4/99	B/(W)	9/2/00	9/4/99	B/(W)
Reported	$4,909	$4,591	7	$14,028	$14,687	(4)
New PepsiCo	$4,909	$4,579	7	$14,028	$12,564	12
Intercompany elimination*	-	-	-	-	422	NM
New PepsiCo before elimination	$4,909	$4,579	7	$14,028	$12,986	8

*Reflects intercompany concentrate sales between Pepsi-Cola North America and Pepsi-Cola International, and those previously consolidated bottling operations in which we now own an equity interest.
NM - Not meaningful

For the quarter, reported net sales increased $318 million. New PepsiCo net sales increased $330 million. This increase primarily reflects volume gains at Frito-Lay and Tropicana and higher effective net pricing at Frito-Lay and Pepsi-Cola. These advances were partially offset by a net unfavorable foreign currency impact.

Year-to date reported net sales declined $659 million. New PepsiCo net sales, before the intercompany elimination, increased $1,042 million. This increase primarily reflects volume gains at Frito-Lay, Tropicana and Pepsi-Cola International and higher effective net pricing at Frito-Lay and Pepsi-Cola. These increases were partially offset by a net unfavorable foreign currency impact.

Operating Profit and Margin

	12 Weeks Ended		Change	36 Weeks Ended		Change
	9/2/00	9/4/99	B/(W)	9/2/00	9/4/99	B/(W)
Reported						
Total Operating Profit	$826	$738	12%	$2,290	$2,054	12%
Total Operating Profit Margin	16.8%	16.1%	0.7	16.3%	14.0%	2.3
Ongoing						
New PepsiCo Operating Profit	$826	$737	12%	$2,290	$2,066	11%
New PepsiCo Operating Profit Margin*	16.8%	16.1%	0.7	16.3%	15.9%	0.4

Ongoing new PepsiCo excludes the effect of an impairment and restructuring charge of $65 for the 36 weeks in 1999.
* Based on new PepsiCo net sales before intercompany elimination.

For the quarter, reported operating profit margin increased 0.7 percentage points. Ongoing operating profit margin increased 0.7 percentage points primarily reflecting the favorable margin impact of the higher effective net pricing and increased volume as well as production leverage at Tropicana. These were partially offset by the unfavorable margin impact of increased selling and distribution expenses at Frito-Lay International, general and administrative expenses at Corporate and Pepsi-Cola and advertising and marketing expenses at Tropicana and Pepsi-Cola.

Year-to-date reported operating profit margin increased 2.3 percentage points. Ongoing operating profit margin increased 0.4 percentage points primarily reflecting the favorable margin impact of the higher effective net pricing and increased volume, as well as reduced commodity costs at Tropicana and Frito-Lay North America. These were partially offset by the margin impact of increases in advertising and marketing expenses at Pepsi-Cola, Tropicana and Frito-Lay North America, general and administrative expenses primarily at Corporate and Pepsi-Cola and selling and distribution expenses primarily at Frito-Lay International and the absence of the 1999 gain on the sale of a chocolate business in Poland.

Interest Expense, net

For the quarter, interest expense, net of interest income, declined $8 million or 15%. Interest expense declined $19 million or 26% reflecting lower average debt levels partially offset by higher average interest rates. Lower average debt levels reflect the late third quarter 1999 repayment of borrowings used to finance the Tropicana acquisition. Interest income decreased $11 million or 45% primarily due to lower average investment balances, partially offset by favorable changes in the fair value of equity derivative contracts.

Year-to-date interest expense, net of interest income, declined $91 million or 45%. Interest expense declined $144 million or 48% reflecting significantly lower average debt levels slightly offset by higher average interest rates. Lower average debt levels reflect the third quarter 1999 repayment of borrowings used to finance the Tropicana acquisition and the absence of the financing relating to The Pepsi Bottling Group. Interest income decreased $53 million or 55% primarily due to lower average investment balances partially offset by favorable changes in the fair value of equity derivative contracts.

Provision for Income Taxes

	12 Weeks Ended		36 Weeks Ended	
	9/2/00	9/4/99	9/2/00	9/4/99
Reported				
Provision for Income Taxes	$277	$266	$740	$1,373
Effective tax rate	32.0%	35.5%	32.0%	46.8%
Ongoing				
Provision for Income Taxes	$277	$241	$740	$643
Effective tax rate	32.0%	32.2%	32.0%	32.2%

Ongoing for the 12 weeks in 1999 excludes the income tax expense of $25 related to the PepCom bottling transaction and for the 36 weeks in 1999 also excludes the tax effects of $730 related to the PBG and Whitman bottling transactions and of $25 related to the impairment and restructuring charge.

For the quarter, the reported effective tax rate decreased 3.5 percentage points. The ongoing effective tax rate remained relatively flat.

Year-to-date the reported effective tax rate decreased 14.8 percentage points. The ongoing effective tax rate remained relatively flat.

Net Income and Net Income Per Share

	12 Weeks Ended		% Change	36 Weeks Ended		% Change
	9/2/00	9/4/99	B/(W)	9/2/00	9/4/99	B/(W)
Net Income						
Reported	$ 587	$ 484	22	$1,572	$1,560	1
Ongoing	$ 587	$ 509	16	$1,572	$1,355	16
Net Income Per Share						
Reported	$0.40	$0.32	23	$ 1.07	$ 1.04	3
Ongoing	$0.40	$0.34	17	$ 1.07	$ 0.90	18

Ongoing for the 12 weeks in 1999 excludes the income tax expense of $25 related to the PepCom bottling transaction and for the 36 weeks in 1999 also excludes the effects of a net gain of $1 billion ($270 after-tax) and an impairment and restructuring charge of $65 ($40 after-tax) for the 36 weeks in 1999.

For the quarter, reported net incomincreased $103 million and the related net income per shareincreased $0.08. Ongoing net income increased $78 million and the related net income per share increased $0.06. The ongoing increase primarily reflects higher new

PepsiCo operating profit and higher bottling equity income. The increase in ongoing net income per share also reflects the benefit of a 1.0% reduction in average shares outstanding assuming dilution.

Year-to-date reported net income increased $12 million and the related net income per shareincreased $0.03. Ongoing net income increased $217 million and the related net income per share increased $0.17. The ongoing increase primarily reflects higher new PepsiCo operating profit and lower net interest expense. The increase in ongoing net income per share also reflects the benefit of a 2.0% reduction in average shares outstanding assuming dilution.

Segments of the Business

Additional information concerning our operating segments is presented in Note 4 to the Condensed Consolidated Financial Statements.

Frito-Lay

The standard volume measure is pounds for North America and kilos for International. Pound and kilo growth are reported on a systemwide basis.

Frito-Lay North America

	12 Weeks Ended		% Change	36 Weeks Ended		% Change
	9/2/00	9/4/99	B/(W)	9/2/00	9/4/99	B/(W)
Net Sales	$2,060	$1,915	8	$5,914	$5,532	7
Operating Profit						
Reported	$ 460	$ 417	10	$1,272	$1,090	17
Ongoing	$ 460	$ 417	10	$1,272	$1,155	10

Ongoing excludes an impairment and restructuring charge of $65 for the 36 weeks in 1999.

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12 Weeks

Net sales grew $145 million due to increased volume and higher effective net pricing. Sales of our new Oberto's natural beef jerky snacks and Snack Kit products accounted for approximately one-fourth of this growth.

Pound volume advanced 5% primarily led by double-digit growth in Lay's brand potato chips. Double-digit growth for variety packs and Doritos 3D's brand corn snacks, as well as strong single-digit growth in Tostitos brand tortilla chips and Cheetos brand cheese-flavored snacks, also contributed to the volume advance.

Operating profit increased $43 million primarily reflecting the higher volume and higher effective net pricing. The margin impact of these favorable factors contributed to the ongoing operating profit margin improvement.

36 Weeks

Net sales grew $382 million due to increased volume and higher effective net pricing. Sales of our new Snack Kit products and Oberto's natural beef jerky snacks accounted for approximately one-fourth of this growth.

Pound volume advanced 5% primarily driven by growth in most of our core brands, excluding the low-fat and no-fat versions, and by our new Snack Kit products. The growth in core brands was led by solid single-digit growth in Lay's brand potato chips and Tostitos brand tortilla chips and double-digit growth in Cheetos brand cheese-flavored snacks. These gains were partially offset by declines in WOW! brand products.

Reported operating profit increased $182 million. Ongoing operating profit increased $117 million primarily reflecting the higher volume, reduced commodity costs and higher effective net pricing. The margin impact of these favorable factors contributed to the ongoing operating profit margin improvement.

Frito-Lay International

	12 Weeks Ended		% Change	36 Weeks Ended		% Change
	9/2/00	9/4/99	B/(W)	9/2/00	9/4/99	B/(W)

Net Sales	$967	$869	11	$2,910	$2,523	15
Operating Profit	$114	$ 99	16	$ 328	$ 268	23

12 Weeks

Net sales increased $98 million. The increase was primarily driven by volume growth at Sabritas in Mexico and at Walkers in the U.K., and effective net pricing at Sabritas and Gamesa in Mexico. The net impact from acquisitions/divestitures contributed 2 percentage points of growth. Weaker foreign currencies, primarily in the U.K. and Australia, decreased net sales by 3 percentage points.

Salty snack kilos increased 12%, led by double-digit growth at Sabritas, at our Latin American joint ventures and at our European joint venture. Sweet snack kilos increased 3% led by Gamesa in Mexico.

Operating profit increased $15 million, reflecting solid performances at Sabritas, at Gamesa, in Turkey and in Poland. The net impact of weaker foreign currencies, primarily in the U.K., decreased operating profit by 3 percentage points.

36 Weeks

Net sales increased $387 million. The increase was primarily driven by volume growth at Sabritas in Mexico and Walkers in the U.K., largely due to promotional programs, and effective net pricing at Gamesa in Mexico. The net impact from acquisitions/divestitures contributed almost 2 percentage points of growth.

Salty snack kilos increased 14%, led by Sabritas in Mexico, our Latin American joint ventures, our European joint venture and Walkers in the U.K. Excluding the impact of the sale of our chocolate business in Poland in 1999, sweet snack kilos increased 5% led by our businesses in Mexico. Including the chocolate business in Poland, sweet snack kilos increased 2%.

Operating profit increased $60 million driven primarily by strong operating performances at Sabritas and Gamesa. The net impact from acquisitions/divestitures decreased operating profits by 3 percentage points.

Pepsi-Cola

To facilitate comparisons, net sales are presented prior to the elimination in 1999 of intercompany concentrate sales between Pepsi-Cola North America and Pepsi-Cola International, and those previously consolidated bottling operations in which we now own an equity interest.

System bottler cases sales (BCS) represent PepsiCo-owned brands as well as brands that we have been granted the right to produce, distribute and market nationally and are sold by system bottlers. Third quarter BCS include the months of June, July and August. The net sales and operating profit of Pepsi-Cola International include the operating results of June, July and August.

Pepsi-Cola North America

	12 Weeks Ended		% Change B/(W)	36 Weeks Ended		% Change B/(W)
	9/2/00	9/4/99		9/2/00	9/4/99	
Net Sales	$821	$774	6	$2,258	$2,138	6
Intercompany elimination	-	-		-	(400)	NM
Reported	$821	$774	6	$2,258	$1,738	30
Operating Profit	$211	$174	21	$ 593	$ 551	8

NM - Not meaningful

12 Weeks

Net sales increased $47 million due largely to higher concentrate and fountain pricing and Aquafina royalties. The higher pricing was partially offset by increased fountain customer support.

BCS volume increased 1% versus prior year reflecting mid single-digit growth in Diet Pepsi and solid double-digit growth in Aquafina bottled water. These gains were partially offset by a low single-digit decline in brand Pepsi and a double-digit decline in Pepsi One. Concentrate shipments were flat.

Operating profit increased $37 million primarily due to the higher concentrate pricing and Aquafina royalties. These increases were partially offset by the increased customer support. Advertising and marketing expenses grew at a slower rate than sales, while general and administrative expenses grew at a faster rate.

36 Weeks

Reported net sales increased $520. Before the 1999 elimination of intercompany concentrate sales, net sales increased $120 million due largely to higher concentrate and fountain pricing and Aquafina royalties. The higher pricing was partially offset by increased fountain customer support.

BCS volume was flat versus prior year reflecting strong double-digit growth in Aquafina and the national launch of FruitWorks, as well as low single-digit growth in Diet Pepsi. These gains were partially offset by a low single-digit decline in brand Pepsi and a double-digit decline in Pepsi One. Concentrate shipments decreased 1%.

Operating profit increased $42 million primarily due to the higher concentrate pricing and Aquafina royalties. These increases were partially offset by the increased customer support, higher advertising and marketing expenses and general and administrative expenses, and a first quarter charge related to a customer bankruptcy. Advertising and marketing expenses grew at a slower rate than sales, while general and administrative expenses grew at a significantly faster rate. The higher general and administrative expense is a result of building the concentrate company infrastructure.

Pepsi-Cola International

	12 Weeks Ended		% Change	36 Weeks Ended		% Change
	9/2/00	9/4/99	B/(W)	9/2/00	9/4/99	B/(W)
Net Sales	$514	$504	2	$1,314	$1,244	6
Intercompany elimination	-	-	-	-	(22)	NM
Reported	$514	$504	2	$1,314	$1,222	7
Operating Profit	$ 66	$ 55	21	$148	$ 115	28

NM - Not meaningful

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12 Weeks

Reported net sales increased $10 million. This increase was primarily due to higher effective net pricing and volume gains, partially offset by a net unfavorable foreign currency impact. The net unfavorable foreign currency impact, primarily in Germany, reduced net sales by 3 percentage points.

BCS increased 5%. This increase reflects strong double digit growth in China, a strong volume recovery in Russia, solid growth in Mexico coupled with double-digit growth in Brazil and Egypt. From June through August, total concentrate shipments to franchisees, including those wholly-owned bottlers in which we own an equity interest, grew 2% while their BCS grew at a higher rate.

Operating profit increased $11 million primarily reflecting the higher effective net pricing and volume gains, partially offset by higher advertising and marketing expenses and general and administrative expenses.

36 Weeks

Reported net sales increased $92 million. Before the elimination of intercompany concentrate sales, net sales increased $70 million. This increase was primarily due to volume gains and higher effective net pricing, partially offset by a net unfavorable foreign currency impact. The net unfavorable foreign currency impact, primarily in Germany, reduced net sales by 3 percentage points.

BCS increased 6%. This reflects broad-based increases led by strong volume recovery in Russia, double digit growth in China and solid growth in Mexico. Through August, total concentrate shipments to franchisees, including those previously wholly-owned bottlers in which we own an equity interest, grew 4% while their BCS grew at a higher rate.

Operating profit increased $33 million primarily reflecting the higher effective net pricing and volume gains, partially offset by higher advertising and marketing expenses, higher general and administrative expenses and net unfavorable foreign currency impact.

Tropicana

The standard measure of volume is four-gallon equivalent cases.

	12 Weeks Ended		% Change	36 Weeks Ended		% Change
	9/2/00	9/4/99	B/(W)	9/2/00	9/4/99	B/(W)
Net Sales	$547	$517	6	$1,632	$1,549	5
Operating Profit	$ 46	$ 37	25	$ 157	$ 116	36

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12 Weeks

Net sales increased $30 million due primarily to volume gains in the U.S. partially offset by lower effective net pricing primarily as a result of higher trade spending, and a net unfavorable foreign currency impact. The net unfavorable foreign currency impact, primarily in Europe, reduced net sales by 1 percentage point.

Equivalent case volume grew 9%, led by continued double-digit worldwide growth in Pure Premium. Pure Premium growth continues to be driven by double-digit growth in nutritionals and blends, as well as the expanded distribution of the Pure Premium 128 ounce product. Tropicana Twister also contributed to this volume growth.

Operating profit increased $9 million primarily due to favorable production leverage, including lower orange juice costs, and the volume gains. These increases were partially offset by the higher trade spending and increased media spending and consumer promotions.

36 Weeks

Net sales increased $83 million due to volume gains in the U.S. and in Europe partially offset by lower effective net pricing primarily as a result of higher trade spending, and a net unfavorable foreign currency impact. The net unfavorable foreign currency impact, primarily in Europe, reduced net sales by 1 percentage point.

Equivalent case volume grew 7%, led by continued double-digit worldwide growth in Pure Premium, primarily reflecting strong double-digit growth in Pure Premium nutritionals and blends.

Operating profit increased $41 million primarily due to the volume gains and production leverage, including lower orange juice costs. These increases were partially offset by the higher trade spending and increased media spending and consumer promotions.

Cash Flows

We generated $2.1 billion from operating activities in the 36 weeks ended September 2, 2000 which was primarily used for accelerating the share repurchase program, long-term debt payments, dividend payments and capital spending.

Liquidity and Capital Resources

We maintain $1.5 billion of revolving credit facilities. Of the $1.5 billion, $600 million expires in June 2001. The remaining $900 million expires in June 2005. The credit facilities exist largely to support issuances of short-term debt. Annually, these facilities can be extended an additional year upon the mutual consent of PepsiCo and the lending institutions.

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

EURO

During 1999, 11 of 15 member countries of the European Union fixed conversion rates between their existing currencies (legacy currencies) and one common currency-the EURO. The euro trades on currency exchanges and may be used in business transactions. Conversion to the euro eliminated currency exchange rate risk between the member countries. Beginning in January 2002, new EURO-denominated bills and coins will be issued, and legacy currencies will be withdrawn from circulation. Our operating subsidiaries affected by the euro conversion have established plans to address the issues raised by the euro currency conversion. These issues include, among others, the need to adapt computer and financial systems, business processes and equipment, such as vending machines, to accommodate EURO-denominated transactions, and the impact of one common currency on pricing. Since financial systems and processes currently accommodate multiple currencies, the plans contemplate conversion in 2001 if not already addressed in conjunction with other system or process initiatives. We do not expect the system and equipment conversion costs to be material. Due to numerous uncertainties, we cannot reasonably estimate the long-term effects one common currency will have on pricing and the resulting impact, if any, on financial condition or results of operations.

Independent Accountants' Review Report

The Board of Directors
PepsiCo, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of PepsiCo, Inc. and Subsidiaries as of September 2, 2000 and the related condensed consolidated statements of income and comprehensive income for the twelve and thirty-six weeks ended September 2, 2000 and September 4, 1999, and the condensed consolidated statement of cash flows for the thirty-six weeks ended September 2, 2000 and September 4, 1999. These financial statements are the responsibility of PepsiCo, Inc.'s management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of PepsiCo, Inc. and Subsidiaries as of December 25, 1999, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended not presented herein; and in our report dated February 9, 2000, 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 25, 1999, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG LLP

New York, New York
October 4, 2000

PART II - OTHER INFORMATION AND SIGNATAURES

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Index to Exhibits on page 23.

(b) Reports on Form 8-K

None

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

PepsiCo, Inc.

(Registrant)

Date: October 11, 2000

Peter A. Bridgman
Senior Vice President and Controller

Date: October 11, 2000

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

INDEX TO EXHIBIT

ITEM 6 (a)

EXHIBITS

Exhibit 12	Computation of Ratio of Earnings to Fixed Charges
Exhibit 15	Accountants' Acknowledgment
Exhibit 27.1	Financial Data Schedule

PEPSICO, INC. AND SUBSIDIARIES

Computation of Ratio of Earnings to Fixed Charges

(in millions except ratio amounts, unaudited)

	36 Weeks Ended	
	9/2/00	9/4/99
Earnings:		(a)
Income before income taxes	$2,312	$2,933
Joint ventures and minority interests, net	(116)	(67)
Amortization of capitalized interest	5	3
Interest expense	156	300
Interest portion of rent expense (b)	22	35
Earnings available for fixed charges	$2,379	$3,204
Fixed Charges:		
Interest expense	$ 156	$ 300
Capitalized interest	2	5
Interest portion of rent expense (b)	22	35
Total fixed charges	$ 180	$ 340
Ratio of Earnings to Fixed Charges (c)	13.19	9.44

(a) Includes the impact of an asset impairment and restructuring charge of $65 and gain on bottling transactions of $1 billion. Excluding the charge and the gain, the ratio of earnings to fixed charges for the 36 weeks ended September 4, 1999 would have been 6.68.

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

(c) Based on unrounded amounts.

Accountants' Acknowledgment

The Board of Directors
PepsiCo, Inc.

We hereby acknowledge our awareness of the use of our report dated October 4, 2000 included within the Quarterly Report on Form 10-Q of PepsiCo, Inc. for the twelve and thirty-six weeks ended September 2, 2000, and incorporated by reference in the following Registration Statements and in the related Prospectuses:

Description	Registration Statement Number
Form S-3	
PepsiCo SharePower Stock Option Plan for PCDC Employees	33-42121
$32,500,000 Puerto Rico Industrial, Medical and Environmental Pollution Control Facilities Financing Authority Adjustable Rate Industrial Revenue Bonds	33-53232
Extension of the PepsiCo SharePower Stock Option Plan to Employees of Snack Ventures Europe, a joint venture between PepsiCo Foods International and General Mills, Inc.	33-50685
$4,587,000,000 Debt Securities and Warrants	33-64243
Form S-8	
PepsiCo SharePower Stock Option Plan	33-35602, 33-29037, 33-42058, 33-51496, 33-54731 & 33-66150
1988 Director Stock Plan	33-22970
1979 Incentive Plan and the 1987 Incentive Plan	33-19539
1994 Long-Term Incentive Plan	33-54733
1995 Stock Option Incentive Plan	33-61731 & 333-09363
1979 Incentive Plan	2-65410
PepsiCo, Inc. Long Term Savings Program	2-82645, 33-51514 & 33-60965
PepsiCo 401(K) Plan	333-89265

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

KPMG LLP

New York, New York
October 11, 2000

5
This Schedule Contains Summary Financial Information Extracted
from PepsiCo, Inc. and Subsidiaries Condensed Consolidated
Financial Statements for the 36 Weeks Ended September 2, 2000
and is Qualified in its Entirety by Reference to such Financial
Statements.

0000077476
PepsiCo, Inc.
1,000,000

Dec-30-2000
Sep-2-2000
9-MOS
705
97
1,835
106
975
4,200
9,209
3,928
17,659
3,621
2,737
29
0
0
6,859
17,659
14,028
14,028
5,433
5,433
0
0
(156)
2,312
740
1,572
0
0
0
1,572
1.09
1.07