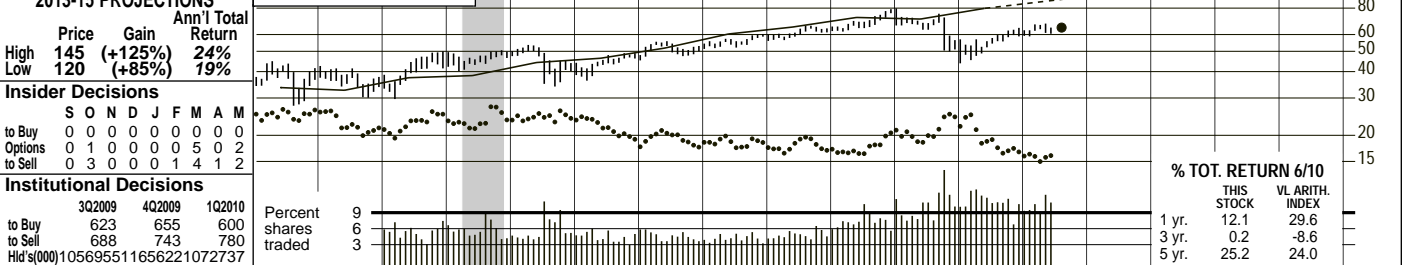


PEPSICO, INC. NYSE-PEP

RECENT PRICE **64.73** **P/E RATIO** **15.6** (Trailing: 16.8 Median: 21.0) **RELATIVE P/E RATIO** **1.01** **DIV'D YLD** **3.0%** **VALUE LINE**

TIMELINESS 3 Lowered 6/26/09	High: 42.6	49.9	50.5	53.5	48.9	55.7	60.3	66.0	79.0	79.8	64.5	67.6						Target Price Range																																						
SAFETY 1 Raised 5/11/01	Low: 30.1	29.7	40.3	34.0	36.2	45.3	51.3	56.0	61.9	49.7	43.8	58.8						2013 2014 2015																																						
TECHNICAL 3 Lowered 3/26/10	LEGENDS — 16.5 x "Cash Flow" p sh - - - Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07																																																							
BETA .60 (1.00 = Market)	2013-15 PROJECTIONS <table border="1"> <tr> <th></th> <th>Price</th> <th>Gain</th> <th>Ann'l Total Return</th> </tr> <tr> <td>High</td> <td>145</td> <td>(+125%)</td> <td>24%</td> </tr> <tr> <td>Low</td> <td>120</td> <td>(+85%)</td> <td>19%</td> </tr> </table>																		Price	Gain	Ann'l Total Return	High	145	(+125%)	24%	Low	120	(+85%)	19%																											
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1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC. 13-15		
18.02	19.30	20.48	13.93	15.19	14.00	14.13	13.79	14.58	15.82	17.43	19.66	21.45	24.59	27.85	27.62	36.45	40.25	Sales per sh A ^g	51.50	
2.13	2.37	2.32	1.89	2.04	1.98	2.27	2.32	2.68	2.81	3.14	3.65	3.95	4.38	4.30	4.84	5.70	5.70	"Cash Flow" per sh	7.90	
1.11	1.24	1.17	1.10	1.16	1.23	1.48	1.66	1.96	2.05	2.32	2.69	3.00	3.34	3.21	3.77	4.15	4.60	Earnings per sh A ^g B	6.65	
.35	.39	.45	.49	.52	.54	.56	.58	.60	.63	.85	1.01	1.16	1.43	1.60	1.75	1.86	1.96	Div'ds Decl'd per sh C ^a	2.26	
1.43	1.34	1.48	1.00	.96	.77	.74	.75	.83	.79	.83	1.05	1.26	1.51	1.58	1.36	1.40	1.40	Cap'l Spending per sh	1.70	
4.34	4.64	4.29	4.62	4.35	4.73	5.01	4.91	5.37	6.94	8.03	8.58	9.36	10.71	7.77	11.12	13.10	15.50	Book Value per sh E	24.60	
1579.8	1576.0	1545.0	1502.0	1471.0	1455.0	1446.0	1756.0	1722.0	1705.0	1679.0	1656.0	1638.0	1605.0	1553.0	1565.0	1550.0	1540.0	Common Shs Outst'g F	1485.0	
15.9	18.5	26.5	32.5	32.4	29.8	27.7	27.8	23.6	21.5	22.1	20.6	20.4	20.5	20.5	14.7	Bold figures are Value Line estimates			Avg Ann'l P/E Ratio	20.0
1.04	1.24	1.66	1.87	1.69	1.70	1.80	1.42	1.29	1.23	1.17	1.10	1.10	1.09	1.23	.98				Relative P/E Ratio	1.35
2.0%	1.7%	1.4%	1.4%	1.4%	1.5%	1.4%	1.3%	1.3%	1.4%	1.7%	1.8%	1.9%	2.1%	2.4%	3.2%				Avg Ann'l Div'd Yield	1.9%

CAPITAL STRUCTURE as of 6/12/10
 Total Debt \$24079 mill. Due in 5 Yrs \$3859 mill.
 LT Debt \$19586 mill. LT Interest \$600 mill.
 (Total interest coverage: 21.9x) (50% of Cap'l)

2008	2009	6/12/10	BUSINESS: PepsiCo, Inc. operates four major businesses: Frito-Lay North America, 30% of sales and 40% of operating profits in '09; PepsiCo Beverages North America, 23% and 25%; Quaker Foods NA, 4% and 7%; and PepsiCo Intl. (snacks and beverages), 42% and 29%. Quaker Oats acquired, 8/01; Pepsi Bottling Group and PepsiAmericas acq. 2/10. Major beverage products: Pepsi-Cola, Gatorade, Mountain Dew, and Tropicana. Specialty snack foods: Frito-Lay (brand names include Doritos, Ruffles, and Lay's), Walkers, Smith's, Sabritas. Has about 203,000 employees, insiders own less than 1% of stock (3/10 Proxy). Chairman, Pres., & CEO: Indra Nooyi. Inc.: NC. Add.: 700 Anderson Hill Road, Purchase, NY 10577. Tel.: 914-253-2000. Internet: www.pepsico.com.	
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Leases, Uncapitalized \$282 mill.

Pension Assets-12/09 \$6.8 bill. Oblig. \$8.3 bill.

Pfd Stock 243,553 shs., each conv. into 4.96 common shs.

Common Stock 1,612,718,843 shs. as of 4/16/10

MARKET CAP: \$104 billion (Large Cap)

CURRENT POSITION (SMILL)	2008	2009	6/12/10	2008	2009	6/12/10
Cash Assets	2277	3943	4529	1098.0	1082.0	1112.0
Receivables	4683	4624	6880	2183.0	3004.0	3503.0
Inventory (FIFO)	2522	2618	3530	32.0%	32.0%	31.2%
Other	1324	1386	1804	10.7%	12.4%	13.9%
Current Assets	10806	12571	16743	669.0	855.0	361.0
Accts Payable	8273	8127	9843	2346.0	2651.0	2187.0
Debt Due	369	464	4493	7249.0	8674.0	9291.0
Other	145	165	236	23.5%	27.2%	31.0%
Current Liab.	8787	8756	14572	30.1%	34.6%	37.7%

ANNUAL RATES of change (per sh)

Past 10 Yrs.	Past 5 Yrs.	Est'd '07-'09 to '13-'15
Sales 6.5%	11.0%	11.5%
"Cash Flow" 8.5%	9.5%	10.0%
Earnings 11.5%	10.5%	11.5%
Dividends 12.0%	18.0%	6.0%
Book Value 8.0%	8.0%	16.5%

Cal-endar	QUARTERLY SALES (\$ mill.) A				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2007	7350	9607	10171	12346	39474
2008	8333	10945	11244	12729	43251
2009	8263	10592	11080	13297	43232
2010	9368	14801	15031	17300	56500
2011	11275	15700	16350	18675	62000

Cal-endar	EARNINGS PER SHARE A B				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2007	.65	.94	.99	.77	3.34
2008	.70	1.05	.99	.46	3.21
2009	.72	1.06	1.09	.90	3.77
2010	.76	1.09	1.23	1.07	4.15
2011	.85	1.20	1.35	1.20	4.60

Cal-endar	QUARTERLY DIVIDENDS PAID C D				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	.52P	.30	.30	--	1.12
2007	.60P	.375	.375	--	1.35
2008	.75P	.425	.425	--	1.60
2009	.85P	.45	.45	--	1.75
2010	.90P	.48	--	--	

PepsiCo's consolidation efforts are under way. The acquisitions of its two largest bottlers, Pepsi Bottling Group and PepsiAmericas, have been completed. As the integration of the bottlers proceeds, synergistic cost savings may reach about \$400 million by 2012. PEP is optimistic that a streamlined manufacturing and distribution business will likely revitalize a carbonated beverage market, which has been lackluster since about 2005. Too, new products ought to be introduced more rapidly, a benefit of the purchases.

Growth should be realized in other ways. Consumer sentiment has improved since the recession ended. However, PepsiCo is still facing a weak demand scenario, notably at home and in Europe. Even though discretionary spending may well remain constrained, sales and earnings will likely advance at a double-digit rate over the next two years due, in part, to the aforementioned acquisitions.

The snack business will help operations. During PEP's first quarter, Frito-Lay's profits increased 10% year over year. Expansion here appears to be a wide and open field, since the company continues to

integrate healthier options into its snack portfolio. For example, it recently introduced versions of Ruffles potato chips and Fritos corn chips, which contain about 50% less salt. Further, although the proposed soda tax seems to have taken a back seat, PEP's healthier alternatives of both drinks and snacks are positive, as individuals become more health conscious.

Expansion prospects for the long term seem good, as well. Growth should be realized from an expanded drink and snack portfolio. In addition, an important profit driver continues to be international markets. In particular, PEP is investing in emerging nations, such as China and India, since the countries are hotbeds for growth due to underdeveloped markets and growing middle-class populations.

The stock may entice long-term investors. Although the equity is neutrally ranked for year-ahead performance, it carries above-average appreciation potential for the 3- to 5-year haul, partially because of solid growth platforms. The issue scores high for Safety (1) and the company holds a Financial Strength score of A++.