

Consolidated Statement of Income

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 30, 2017, December 31, 2016 and December 26, 2015

(in millions except per share amounts)

	2017	2016	2015
Net Revenue	\$ 63,525	\$ 62,799	\$ 63,056
Cost of sales	28,785	28,209	28,731
Gross profit	34,740	34,590	34,325
Selling, general and administrative expenses	24,231	24,805	24,613
Venezuela impairment charges	—	—	1,359
Operating Profit	10,509	9,785	8,353
Interest expense	(1,151)	(1,342)	(970)
Interest income and other	244	110	59
Income before income taxes	9,602	8,553	7,442
Provision for income taxes (See Note 5)	4,694	2,174	1,941
Net income	4,908	6,379	5,501
Less: Net income attributable to noncontrolling interests	51	50	49
Net Income Attributable to PepsiCo	\$ 4,857	\$ 6,329	\$ 5,452
Net Income Attributable to PepsiCo per Common Share			
Basic	\$ 3.40	\$ 4.39	\$ 3.71
Diluted	\$ 3.38	\$ 4.36	\$ 3.67
Weighted-average common shares outstanding			
Basic	1,425	1,439	1,469
Diluted	1,438	1,452	1,485
Cash dividends declared per common share	\$ 3.1675	\$ 2.96	\$ 2.7625

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 30, 2017, December 31, 2016 and December 26, 2015

(in millions)

	2017	2016	2015
Operating Activities			
Net income	\$ 4,908	\$ 6,379	\$ 5,501
Depreciation and amortization	2,369	2,368	2,416
Share-based compensation expense	292	284	295
Restructuring and impairment charges	295	160	230
Cash payments for restructuring charges	(113)	(125)	(208)
Charges related to the transaction with Tingyi	—	373	73
Venezuela impairment charges	—	—	1,359
Pension and retiree medical plan expenses	221	501	467
Pension and retiree medical plan contributions	(220)	(695)	(205)
Deferred income taxes and other tax charges and credits	619	452	78
Provisional net tax expense related to the TCJ Act	2,451	—	—
Change in assets and liabilities:			
Accounts and notes receivable	(202)	(349)	(461)
Inventories	(168)	(75)	(244)
Prepaid expenses and other current assets	20	10	(50)
Accounts payable and other current liabilities	201	997	1,692
Income taxes payable	(338)	329	55
Other, net	(341)	64	(134)
Net Cash Provided by Operating Activities	9,994	10,673	10,864
Investing Activities			
Capital spending	(2,969)	(3,040)	(2,758)
Sales of property, plant and equipment	180	99	86
Acquisitions and investments in noncontrolled affiliates	(61)	(212)	(86)
Reduction of cash due to Venezuela deconsolidation	—	—	(568)
Divestitures	267	85	76
Short-term investments, by original maturity:			
More than three months - purchases	(18,385)	(12,504)	(4,428)
More than three months - maturities	15,744	8,399	4,111
More than three months - sales	790	—	—
Three months or less, net	2	16	3
Other investing, net	29	9	(5)
Net Cash Used for Investing Activities	(4,403)	(7,148)	(3,569)
Financing Activities			
Proceeds from issuances of long-term debt	7,509	7,818	8,702
Payments of long-term debt	(4,406)	(3,105)	(4,095)
Debt redemptions	—	(2,504)	—
Short-term borrowings, by original maturity:			
More than three months - proceeds	91	59	15
More than three months - payments	(128)	(27)	(43)
Three months or less, net	(1,016)	1,505	53
Cash dividends paid	(4,472)	(4,227)	(4,040)
Share repurchases - common	(2,000)	(3,000)	(5,000)
Share repurchases - preferred	(5)	(7)	(5)
Proceeds from exercises of stock options	462	465	504
Withholding tax payments on RSUs, PSUs and PEPunits converted	(145)	(130)	(151)
Other financing	(76)	(58)	(52)
Net Cash Used for Financing Activities	(4,186)	(3,211)	(4,112)
Effect of exchange rate changes on cash and cash equivalents	47	(252)	(221)
Net Increase in Cash and Cash Equivalents	1,452	62	2,962
Cash and Cash Equivalents, Beginning of Year	9,158	9,096	6,134
Cash and Cash Equivalents, End of Year	\$ 10,610	\$ 9,158	\$ 9,096

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet

PepsiCo, Inc. and Subsidiaries

December 30, 2017 and December 31, 2016

(in millions except per share amounts)

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 10,610	\$ 9,158
Short-term investments	8,900	6,967
Accounts and notes receivable, net	7,024	6,694
Inventories	2,947	2,723
Prepaid expenses and other current assets	1,546	908
Total Current Assets	31,027	26,450
Property, Plant and Equipment, net	17,240	16,591
Amortizable Intangible Assets, net	1,268	1,237
Goodwill	14,744	14,430
Other nonamortizable intangible assets	12,570	12,196
Nonamortizable Intangible Assets	27,314	26,626
Investments in Noncontrolled Affiliates	2,042	1,950
Other Assets	913	636
Total Assets	\$ 79,804	\$ 73,490
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt obligations	\$ 5,485	\$ 6,892
Accounts payable and other current liabilities	15,017	14,243
Total Current Liabilities	20,502	21,135
Long-Term Debt Obligations	33,796	30,053
Other Liabilities	11,283	6,669
Deferred Income Taxes	3,242	4,434
Total Liabilities	68,823	62,291
Commitments and contingencies		
Preferred Stock, no par value	41	41
Repurchased Preferred Stock	(197)	(192)
PepsiCo Common Shareholders' Equity		
Common stock, par value 1 ² / ₃ ¢ per share (authorized 3,600 shares, issued, net of repurchased common stock at par value: 1,420 and 1,428 shares, respectively)	24	24
Capital in excess of par value	3,996	4,091
Retained earnings	52,839	52,518
Accumulated other comprehensive loss	(13,057)	(13,919)
Repurchased common stock, in excess of par value (446 and 438 shares, respectively)	(32,757)	(31,468)
Total PepsiCo Common Shareholders' Equity	11,045	11,246
Noncontrolling interests	92	104
Total Equity	10,981	11,199
Total Liabilities and Equity	\$ 79,804	\$ 73,490

See accompanying notes to the consolidated financial statements.