

Consolidated Statement of Income

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 31, 2016, December 26, 2015 and December 27, 2014

(in millions except per share amounts)

	2016	2015	2014
Net Revenue	\$ 62,799	\$ 63,056	\$ 66,683
Cost of sales	28,209	28,731	31,238
Gross profit	34,590	34,325	35,445
Selling, general and administrative expenses	24,735	24,538	25,772
Venezuela impairment charges	—	1,359	—
Amortization of intangible assets	70	75	92
Operating Profit	9,785	8,353	9,581
Interest expense	(1,342)	(970)	(909)
Interest income and other	110	59	85
Income before income taxes	8,553	7,442	8,757
Provision for income taxes	2,174	1,941	2,199
Net income	6,379	5,501	6,558
Less: Net income attributable to noncontrolling interests	50	49	45
Net Income Attributable to PepsiCo	\$ 6,329	\$ 5,452	\$ 6,513
Net Income Attributable to PepsiCo per Common Share			
Basic	\$ 4.39	\$ 3.71	\$ 4.31
Diluted	\$ 4.36	\$ 3.67	\$ 4.27
Weighted-average common shares outstanding			
Basic	1,439	1,469	1,509
Diluted	1,452	1,485	1,527
Cash dividends declared per common share	\$ 2.96	\$ 2.7625	\$ 2.5325

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 31, 2016, December 26, 2015 and December 27, 2014

(in millions)

	2016	2015	2014
Operating Activities			
Net income	\$ 6,379	\$ 5,501	\$ 6,558
Depreciation and amortization	2,368	2,416	2,625
Share-based compensation expense	284	295	297
Restructuring and impairment charges	160	230	418
Cash payments for restructuring charges	(125)	(208)	(266)
Charges related to the transaction with Tingyi	373	73	—
Venezuela impairment charges	—	1,359	—
Venezuela remeasurement charge	—	—	105
Excess tax benefits from share-based payment arrangements	(139)	(133)	(114)
Pension and retiree medical plan expenses	501	467	667
Pension and retiree medical plan contributions	(695)	(205)	(655)
Deferred income taxes and other tax charges and credits	452	78	(19)
Change in assets and liabilities:			
Accounts and notes receivable	(349)	(461)	(343)
Inventories	(75)	(244)	(111)
Prepaid expenses and other current assets	10	(50)	80
Accounts payable and other current liabilities	997	1,692	1,162
Income taxes payable	329	55	371
Other, net	(66)	(285)	(269)
Net Cash Provided by Operating Activities	10,404	10,580	10,506
Investing Activities			
Capital spending	(3,040)	(2,758)	(2,859)
Sales of property, plant and equipment	99	86	115
Acquisitions and investments in noncontrolled affiliates	(212)	(86)	(88)
Reduction of cash due to Venezuela deconsolidation	—	(568)	—
Divestitures	85	76	203
Short-term investments, by original maturity:			
More than three months - purchases	(12,504)	(4,428)	(6,305)
More than three months - maturities	8,399	4,111	3,891
Three months or less, net	16	3	116
Other investing, net	9	(5)	(10)
Net Cash Used for Investing Activities	(7,148)	(3,569)	(4,937)
Financing Activities			
Proceeds from issuances of long-term debt	7,818	8,702	3,855
Payments of long-term debt	(3,105)	(4,095)	(2,189)
Debt redemptions	(2,504)	—	—
Short-term borrowings, by original maturity:			
More than three months - proceeds	59	15	50
More than three months - payments	(27)	(43)	(10)
Three months or less, net	1,505	53	(2,037)
Cash dividends paid	(4,227)	(4,040)	(3,730)
Share repurchases - common	(3,000)	(5,000)	(5,012)
Share repurchases - preferred	(7)	(5)	(10)
Proceeds from exercises of stock options	465	504	755
Excess tax benefits from share-based payment arrangements	139	133	114
Other financing	(58)	(52)	(50)
Net Cash Used for Financing Activities	(2,942)	(3,828)	(8,264)
Effect of exchange rate changes on cash and cash equivalents	(252)	(221)	(546)
Net Increase/(Decrease) in Cash and Cash Equivalents	62	2,962	(3,241)
Cash and Cash Equivalents, Beginning of Year	9,096	6,134	9,375
Cash and Cash Equivalents, End of Year	\$ 9,158	\$ 9,096	\$ 6,134

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet

PepsiCo, Inc. and Subsidiaries

December 31, 2016 and December 26, 2015

(in millions except per share amounts)

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 9,158	\$ 9,096
Short-term investments	6,967	2,913
Accounts and notes receivable, net	6,694	6,437
Inventories	2,723	2,720
Prepaid expenses and other current assets	1,547	1,865
Total Current Assets	27,089	23,031
Property, Plant and Equipment, net	16,591	16,317
Amortizable Intangible Assets, net	1,237	1,270
Goodwill	14,430	14,177
Other nonamortizable intangible assets	12,196	11,811
Nonamortizable Intangible Assets	26,626	25,988
Investments in Noncontrolled Affiliates	1,950	2,311
Other Assets	636	750
Total Assets	\$ 74,129	\$ 69,667
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt obligations	\$ 6,892	\$ 4,071
Accounts payable and other current liabilities	14,243	13,507
Total Current Liabilities	21,135	17,578
Long-Term Debt Obligations	30,053	29,213
Other Liabilities	6,669	5,887
Deferred Income Taxes	5,073	4,959
Total Liabilities	62,930	57,637
Commitments and contingencies		
Preferred Stock, no par value	41	41
Repurchased Preferred Stock	(192)	(186)
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: 1,428 and 1,448 shares, respectively)	24	24
Capital in excess of par value	4,091	4,076
Retained earnings	52,518	50,472
Accumulated other comprehensive loss	(13,919)	(13,319)
Repurchased common stock, in excess of par value (438 and 418 shares, respectively)	(31,468)	(29,185)
Total PepsiCo Common Shareholders' Equity	11,246	12,068
Noncontrolling interests	104	107
Total Equity	11,199	12,030
Total Liabilities and Equity	\$ 74,129	\$ 69,667

See accompanying notes to the consolidated financial statements.