

Consolidated Statement of Income

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 26, 2015, December 27, 2014 and December 28, 2013

(in millions except per share amounts)

	2015	2014	2013
Net Revenue	\$ 63,056	\$ 66,683	\$ 66,415
Cost of sales	28,384	30,884	31,243
Gross profit	34,672	35,799	35,172
Selling, general and administrative expenses	24,885	26,126	25,357
Venezuela impairment charges	1,359	—	—
Amortization of intangible assets	75	92	110
Operating Profit	8,353	9,581	9,705
Interest expense	(970)	(909)	(911)
Interest income and other	59	85	97
Income before income taxes	7,442	8,757	8,891
Provision for income taxes	1,941	2,199	2,104
Net income	5,501	6,558	6,787
Less: Net income attributable to noncontrolling interests	49	45	47
Net Income Attributable to PepsiCo	\$ 5,452	\$ 6,513	\$ 6,740
Net Income Attributable to PepsiCo per Common Share			
Basic	\$ 3.71	\$ 4.31	\$ 4.37
Diluted	\$ 3.67	\$ 4.27	\$ 4.32
Weighted-average common shares outstanding			
Basic	1,469	1,509	1,541
Diluted	1,485	1,527	1,560
Cash dividends declared per common share	\$ 2.7625	\$ 2.5325	\$ 2.24

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 26, 2015, December 27, 2014 and December 28, 2013

(in millions)

	2015	2014	2013
Operating Activities			
Net income	\$ 5,501	\$ 6,558	\$ 6,787
Depreciation and amortization	2,416	2,625	2,663
Share-based compensation expense	295	297	303
Merger and integration charges	—	—	10
Cash payments for merger and integration charges	—	—	(25)
Restructuring and impairment charges	230	418	163
Cash payments for restructuring charges	(208)	(266)	(133)
Charge related to the transaction with Tingyi	73	—	—
Cash payments for restructuring and other charges related to the transaction with Tingyi	—	—	(26)
Venezuela impairment charges	1,359	—	—
Venezuela remeasurement charges	—	105	111
Excess tax benefits from share-based payment arrangements	(133)	(114)	(117)
Pension and retiree medical plan expenses	467	667	663
Pension and retiree medical plan contributions	(205)	(655)	(262)
Deferred income taxes and other tax charges and credits	78	(19)	(1,058)
Change in assets and liabilities:			
Accounts and notes receivable	(461)	(343)	(88)
Inventories	(244)	(111)	4
Prepaid expenses and other current assets	(50)	80	(51)
Accounts payable and other current liabilities	1,692	1,162	1,007
Income taxes payable	55	371	86
Other, net	(285)	(269)	(349)
Net Cash Provided by Operating Activities	10,580	10,506	9,688
Investing Activities			
Capital spending	(2,758)	(2,859)	(2,795)
Sales of property, plant and equipment	86	115	109
Acquisitions and investments in noncontrolled affiliates	(86)	(88)	(109)
Reduction of cash due to Venezuela deconsolidation	(568)	—	—
Divestitures	76	203	130
Short-term investments, by original maturity			
More than three months - purchases	(4,428)	(6,305)	—
More than three months - maturities	4,111	3,891	—
Three months or less, net	3	116	61
Other investing, net	(5)	(10)	(21)
Net Cash Used for Investing Activities	(3,569)	(4,937)	(2,625)

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Consolidated Statement of Cash Flows (continued)

PepsiCo, Inc. and Subsidiaries

Fiscal years ended December 26, 2015, December 27, 2014 and December 28, 2013

(in millions)

	2015	2014	2013
Financing Activities			
Proceeds from issuances of long-term debt	\$ 8,702	\$ 3,855	\$ 4,195
Payments of long-term debt	(4,095)	(2,189)	(3,894)
Short-term borrowings, by original maturity			
More than three months - proceeds	15	50	23
More than three months - payments	(43)	(10)	(492)
Three months or less, net	53	(2,037)	1,634
Cash dividends paid	(4,040)	(3,730)	(3,434)
Share repurchases - common	(5,000)	(5,012)	(3,001)
Share repurchases - preferred	(5)	(10)	(7)
Proceeds from exercises of stock options	504	755	1,123
Excess tax benefits from share-based payment arrangements	133	114	117
Acquisition of noncontrolling interests	—	—	(20)
Other financing	(52)	(50)	(33)
Net Cash Used for Financing Activities	(3,828)	(8,264)	(3,789)
Effect of exchange rate changes on cash and cash equivalents	(221)	(546)	(196)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,962	(3,241)	3,078
Cash and Cash Equivalents, Beginning of Year	6,134	9,375	6,297
Cash and Cash Equivalents, End of Year	\$ 9,096	\$ 6,134	\$ 9,375

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet

PepsiCo, Inc. and Subsidiaries

December 26, 2015 and December 27, 2014

(in millions except per share amounts)

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 9,096	\$ 6,134
Short-term investments	2,913	2,592
Accounts and notes receivable, net	6,437	6,651
Inventories	2,720	3,143
Prepaid expenses and other current assets	1,865	2,143
Total Current Assets	23,031	20,663
Property, Plant and Equipment, net	16,317	17,244
Amortizable Intangible Assets, net	1,270	1,449
Goodwill	14,177	14,965
Other nonamortizable intangible assets	11,811	12,639
Nonamortizable Intangible Assets	25,988	27,604
Investments in Noncontrolled Affiliates	2,311	2,689
Other Assets	750	860
Total Assets	\$ 69,667	\$ 70,509
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term obligations	\$ 4,071	\$ 5,076
Accounts payable and other current liabilities	13,507	13,016
Total Current Liabilities	17,578	18,092
Long-Term Debt Obligations	29,213	23,821
Other Liabilities	5,887	5,744
Deferred Income Taxes	4,959	5,304
Total Liabilities	57,637	52,961
Commitments and contingencies		
Preferred Stock, no par value	41	41
Repurchased Preferred Stock	(186)	(181)
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: 1,448 and 1,488 shares, respectively)	24	25
Capital in excess of par value	4,076	4,115
Retained earnings	50,472	49,092
Accumulated other comprehensive loss	(13,319)	(10,669)
Repurchased common stock, in excess of par value (418 and 378 shares, respectively)	(29,185)	(24,985)
Total PepsiCo Common Shareholders' Equity	12,068	17,578
Noncontrolling interests	107	110
Total Equity	12,030	17,548
Total Liabilities and Equity	\$ 69,667	\$ 70,509

See accompanying notes to the consolidated financial statements.