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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 June 15, 2002 (24 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

PEPSICO, INC.

(Exact name of registrant as specified in its charter)

North Carolina	13-1584302
(State or other jurisdiction of Employer incorporate or organization)	(I.R.S. 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.)

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 Common Stock outstanding as of July 12, 2002: 1,772,199,483

PEPSICO, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(in millions except per share amounts, unaudited)

	12 Weeks Ending		24 Weeks Ending	
	6/15/02	6/16/01	6/15/02	6/16/01
Net Sales	$6,178	$5,865	$11,279	$10,565
Costs and Expenses				
Cost of sales	2,812	2,668	5,130	4,812
Selling, general and administrative expenses	2,023	2,004	3,795	3,655
Amortization of intangible assets	34	38	62	74
Merger-related costs	65	-	101	-
Other impairment and restructuring charges	-	4	-	8
Operating Profit	1,244	1,151	2,191	2,016
Bottling equity income and transaction gains/(losses), net	94	63	121	68
Interest expense	(43)	(53)	(74)	(105)
Interest income	5	12	17	32
Income Before Income Taxes	1,300	1,173	2,255	2,011
Provision for Income Taxes	412	375	716	643
Net Income	$ 888	$ 798	$ 1,539	$ 1,368
Net Income Per Common Share				
Basic	$ 0.50	$ 0.45	$ 0.87	$ 0.78
Diluted	$ 0.49	$ 0.44	$ 0.85	$ 0.76
Cash Dividends Declared Per Common Share*	$ 0.15	$0.145	$ 0.295	$ 0.285

*In 2001, represents that of pre-merger PepsiCo.

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions, unaudited)

	24 Weeks Ended	
	6/15/02	6/16/01

Cash Flows - Operating Activities		
Net income	$1,539	$ 1,368
Adjustments		
Bottling equity income and transaction gains/(losses), net	(121)	(68)
Depreciation and amortization	489	482
Merger-related costs	101	-
Other impairment and restructuring charges	-	8
Cash payments for merger-related costs and other restructuring charges	(58)	(29)
Deferred income taxes	(5)	(3)
Deferred compensation - ESOP	-	21
Other noncash charges and credits, net	114	93
Net change in operating working capital	(103)	(1,015)
Net Cash Provided by Operating Activities	1,956	857
Cash Flows - Investing Activities		
Capital spending	(506)	(456)
Acquisitions and investments in unconsolidated affiliates	(78)	(414)
Sales of property, plant & equipment	44	57
Sales of businesses	7	-
Short-term investments, by original maturity		
More than three months - purchases	(488)	(1,169)
More than three months - maturities	62	500
Three months or less, net	9	(104)
Snack Ventures Europe consolidation	39	-
Other, net	16	136
Net Cash Used for Investing Activities	(895)	(1,450)
Cash Flows - Financing Activities		
Proceeds from issuances of long-term debt	25	11
Payments of long-term debt	(123)	(255)
Short-term borrowings, by original maturity		
More than three months - proceeds	270	78
More than three months - payments	(207)	(102)
Three months or less, net	36	27
Cash dividends paid	(512)	(482)
Share repurchases - preferred	(22)	(5)
Proceeds from issuance of shares in connection with Quaker merger	-	524
Proceeds from exercises of stock options	342	206
Net Cash (Used for)/Provided by Financing Activities	(191)	2
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4	(4)
Net Increase/(Decrease) in Cash and Cash Equivalents	874	(595)
Cash and Cash Equivalents - Beginning of year	683	1,038
Cash and Cash Equivalents - End of period	$1,557	$ 443

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(in millions)

ASSETS

	(Unaudited) 6/15/02	12/29/01
Current Assets		
Cash and cash equivalents	$ 1,557	$ 683
Short-term investments, at cost	1,389	966
	2,946	1,649
Accounts and notes receivable, less Allowance: 6/02 - $120, 12/01 - $121	2,750	2,142

Inventories		
Raw materials	577	535
Work-in-process	343	205
Finished goods	679	570
	1,599	1,310
Prepaid expenses and other current assets	786	752
Total Current Assets	8,081	5,853
Property, Plant and Equipment	12,851	12,180
Accumulated Depreciation	(5,714)	(5,304)
	7,137	6,876
Intangible Assets, net	4,966	4,841
Investments in Unconsolidated Affiliates	2,810	2,871
Other Assets	1,206	1,254
Total Assets	$24,200	$21,695

Continued on next page.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

(in millions except share amounts)

LIABILITIES AND SHAREHOLDERS' EQUITY

	(Unaudited) 6/15/02	12/29/01
Current Liabilities		
Short-term borrowings	$ 846	$ 354
Accounts payable and other current liabilities	5,028	4,461
Income taxes payable	437	183
Total Current Liabilities	6,311	4,998
Long-term Debt	2,257	2,651
Other Liabilities	4,133	3,876
Deferred Income Taxes	1,461	1,496
Preferred stock, no par value	4	26
Common Shareholders' Equity		
Common stock, par value 1 2/3 cents per share: Authorized 3,600 shares, issued 6/02 and 12/01 - 1,782 shares	30	30
Capital in excess of par value	-	13
Retained earnings	12,282	11,519
Accumulated other comprehensive loss	(1,726)	(1,646)
	10,586	9,916
Less: Repurchased shares, at cost: 6/02 - 11 shares, 12/01 - 26 shares	(552)	(1,268)
Total Common Shareholders' Equity	10,034	8,648
Total Liabilities and Shareholders' Equity	$24,200	$21,695

See accompanying notes.

PEPSICO, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions, unaudited)

	12 Weeks Ending		24 Weeks Ending	
	6/15/02	6/16/01	6/15/02	6/16/01
Net Income....................................	$888	$798	$1,539	$1,368
Other Comprehensive Income/(Loss)				
Currency translation adjustment.............	46	19	(100)	(87)
Cash flow hedges, net of related taxes:				
Cumulative effect of accounting change...	-	-	-	3
Net derivative gains/(losses)...........	8	(2)	15	(3)
Reclassification of gains/(losses) to net income................................	1	(1)	7	(6)
Other.......................................	(1)	-	(2)	2
	54	16	(80)	(91)
Comprehensive Income...........................	$942	$814	$1,459	$1,277

See accompanying notes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited; tabular dollars in millions; all per share amounts reflect common per share amounts and assume dilution unless noted)

(1) General

Our Condensed Consolidated Balance Sheet at June 15, 2002 and the Condensed Consolidated Statements of Income and Comprehensive Income for the 12 and 24 weeks ended June 15, 2002 and June 16, 2001 and the Condensed Consolidated Statement of Cash Flows for the 24 weeks ended June 15, 2002 and June 16, 2001 have not been audited. These statements have been prepared on a basis that is substantially consistent with the accounting principles applied in our Annual Report on Form 10-K for the year ended December 29, 2001, except for the adoption of:

o Statement of Financial Accounting Standards No. (SFAS) 142, *Goodwill and Intangibles,* and SFAS 144, *Accounting for the Impairment or Disposal of Long-lived Assets,* as described in Note 6; and
o the Emerging Issues Task Force Issue No. (EITF) 01-9, *Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products,* as described in Note 7.

Our significant interim accounting policies include the recognition of certain marketing costs and promotional payments as expense in the year incurred generally in proportion to sales. Our interim accounting policies also include the recognition of taxes using an effective tax rate. The effective tax rate reflects our best estimate of tax expense for the current year which includes our estimate of the ultimate outcome of tax audits.

In our opinion, these financial statements include all normal and recurring adjustments necessary for a fair presentation. The results for the 12 and 24 weeks are not necessarily indicative of the results expected for the year.

The financial statements include the consolidated accounts of PepsiCo, Inc. and its controlled affiliates. Investments in affiliates over which we exercise significant influence, but not control, are accounted for by the equity method. Our determination of control for majority owned affiliates considers the exercisability of the minority interest rights, and consolidation would be precluded to the extent that the minority interest holds substantive participating rights. Our share of the net income or loss of affiliates accounted for by the equity method is included in our consolidated net income. As a result of changes in the operations of our European snack joint venture (SVE), we have determined that, effective in 2002, consolidation is required. Therefore, SVE's results of operations are consolidated in PepsiCo's operations for the 12 and 24 weeks ended June 15, 2002, as described in Note 4.

(2) Merger-Related Costs

We recognized integration and restructuring costs in connection with our merger with The Quaker Oats Company (Quaker) of $65 million ($51 million after-tax or $0.03 per share) for the 12 weeks ended June 15, 2002 and $101 million ($81 million after-tax or $0.05 per share) for the 24 weeks ended June 15, 2002. We expect to incur additional costs to integrate the two companies.

Integration costs represent incremental one-time merger-related costs. Such costs include consulting fees and expenses, employee-related costs, information system integration costs and other costs associated with the integration of Quaker. The restructuring charges primarily reflect employee termination costs and asset impairment costs. Employee termination costs include retirement benefit and severance costs and expenses associated with change-in-control provisions of pre-merger employment contracts. As of June 15, 2002, an accrual has been recorded for costs associated with the termination of 785 employees, of which 660 have occurred. The remaining terminations are expected to be completed during 2002.

Analysis of integration cost and merger-related restructuring reserves:

	Integration	Employee related	Facility & other exit	Impairment and other	Total
Reserves, December 29, 2001.........	$ 22	$ 51	$ 4	$ -	$ 77
2002 costs.......................	45	17	8	31	101
Cash payments...................	(26)	(24)	(4)	-	(54)
Reclassification to postretirement/ postemployment liabilities.....	(6)	(2)	-	-	(8)
Other noncash utilization........	(2)	-	(5)	(31)	(38)
Reserves, June 15, 2002............	$ 33	$ 42	$ 3	$ -	$ 78

These reserves are included in accounts payable and other current liabilities in the Condensed Consolidated Balance Sheet. The impaired assets were primarily classified as Corporate. Our merger related costs are classified as corporate unallocated expenses.

(3) Net Income Per Common Share

The computations of basic and diluted net income per common share are as follows:

	12 Weeks Ended			
	June 15, 2002		June 16, 2001	
	Income	Average Shares Out-standing	Income	Average Shares Out-standing
Net income	$ 888		$ 798	
Less: preferred dividends....................	1		1	
Net income available for common shareholders...	$ 887	1,769	$ 797	1,766
Basic net income per common share.............	$0.50		$0.45	
Net income available for common shareholders...	$ 887	1,769	$ 797	1,766
Effect of dilutive securities:				
Stock options...............................	-	37	-	39
ESOP convertible preferred stock............	1	3	-	4
Unvested stock awards.......................	-	-	-	1
Diluted......................................	$ 888	1,809	$ 797	1,810
Diluted net income per common share...........	$0.49		$0.44	

	24 Weeks Ended			
	June 15, 2002		June 16, 2001	
	Income	Average Shares Out-standing	Income	Average Shares Out-standing
Net income	$1,539		$1,368	
Less: preferred dividends....................	2		2	
Net income available for common shareholders...	$1,537	1,765	$1,366	1,759
Basic net income per common share.............	$ 0.87		$ 0.78	
Net income available for common shareholders...	$1,537	1,765	$1,366	1,759
Effect of dilutive securities:				
Stock options...............................	-	36	-	41
ESOP convertible preferred stock............	2	4	1	4
Unvested stock awards.......................	-	-	-	1

Diluted	$1,539	1,805	$1,367	1,805
Diluted net income per common share	$ 0.85		$ 0.76	

(4) Business Segments

Net Sales	12 Weeks Ended		24 Weeks Ended	
	6/15/02	6/16/01	6/15/02	6/16/01
Worldwide Snacks				
- Frito-Lay North America	$2,038	$1,967	$ 3,939	$ 3,745
- Frito-Lay International (a)	1,352	1,143	2,573	2,156
	3,390	3,110	6,512	5,901
Worldwide Beverages				
- Pepsi-Cola North America	840	805	1,528	1,449
- Gatorade/Tropicana North America	1,000	1,006	1,695	1,682
- PepsiCo Beverages International	583	583	876	881
	2,423	2,394	4,099	4,012
Quaker Foods North America	365	361	668	652
Total Net Sales	$6,178	$5,865	$11,279	$10,565

Operating Profit	12 Weeks Ended		24 Weeks Ended	
	6/15/02	6/16/01	6/15/02	6/16/01
Worldwide Snacks				
- Frito-Lay North America	$ 530	$ 492	$1,001	$ 918
- Frito-Lay International (a)	192	142	363	283
	722	634	1,364	1,201
Worldwide Beverages				
- Pepsi-Cola North America	260	250	456	433
- Gatorade/Tropicana North America	189	168	294	254
- PepsiCo Beverages International	100	98	132	131
	549	516	882	818
Quaker Foods North America	115	87	214	165
Combined Segments	1,386	1,237	2,460	2,184
Corporate unallocated	(77)	(82)	(168)	(160)
Merger-related costs	(65)	-	(101)	-
Other impairment and restructuring	-	(4)	-	(8)
Total Operating Profit	$1,244	$1,151	$2,191	$2,016

	Total Assets	
	6/15/02	12/29/01
Worldwide Snacks		
- Frito-Lay North America	$ 4,751	$ 4,623
- Frito-Lay International (a)	4,759	4,340
Worldwide Beverages		
- Pepsi-Cola North America	1,441	1,325
- Gatorade/Tropicana North America	4,719	4,328
- Pepsi-Cola Beverages International	1,940	1,788
Quaker Foods North America	868	917
Combined segments	18,478	17,321
Corporate	3,190	1,927
Bottling investments	2,532	2,447

Total Assets	$24,200	$21,695

(a) As described in Note 1, we have consolidated SVE, a Frito-Lay International affiliate, in 2002. Consolidation of SVE in 2001 would have increased net sales by $173 million and operating profit by $5 million for the 12 weeks ended June 16, 2001 and would have increased net sales by $335 million and operating profit by $9 million for the 24 weeks ended June 16, 2001. There is no impact on net income or earnings per share. The consolidation of SVE did not have a material impact on our Condensed Consolidated Balance Sheet or our Condensed Consolidated Statement of Cash Flows.

(5) Supplemental Cash Flow Information

	24 Weeks Ended	
	6/15/02	6/16/01
Interest paid	$ 64	$ 86
Income taxes paid	$336	$ 361
Acquisitions:		
Fair value of assets acquired	$ 87	$ 576
Cash paid and debt assumed	(78)	(414)
Liabilities assumed	$ 9	$ 162

(6) Intangible Assets, net

	6/15/02	12/29/01
Nonamortizable:		
Goodwill	$3,529	$3,482
Brands	527	486
	4,056	3,968
Amortizable:		
Brands	722	725
Other identifiable intangibles	188	148
	910	873
	$4,966	$4,841

The above amounts are presented net of accumulated amortization of $1.1 billion at June 15, 2002 and $1 billion at December 29, 2001.

As noted in Note 1, we adopted SFAS 142 and SFAS 144 in 2002. SFAS 142 eliminates the amortization of goodwill and indefinite-lived intangible assets, and addresses the amortization of intangible assets with finite lives and impairment testing and recognition for goodwill and intangible assets. SFAS 144 establishes a single model for the impairment of long-lived assets and broadens the presentation of discontinued operations to include disposal of an individual business. As a result of adoption, amortization ceased for nonamortizable intangibles and the remaining useful lives of certain amortizable intangibles were reduced. No impairment charges resulted from the required impairment evaluations.

The following reflects the impact that SFAS 142 would have had on prior year net income and earnings per common share if adopted in 2001:

	12 Weeks ended		24 Weeks ended	
	6/15/02	6/16/01	6/15/02	6/16/01
Reported net income	$ 888	$ 798	$1,539	$1,368
Cease goodwill amortization	-	25	-	53
Adjust brands amortization	-	(15)	-	(30)
Cease equity investee goodwill amortization	-	13	-	27
Adjusted net income	$ 888	$ 821	$1,539	$1,418
Reported earnings per common share - Basic	$0.50	$ 0.45	$ 0.87	$ 0.78
Cease goodwill amortization	-	0.01	-	0.03
Adjust brands amortization	-	(0.01)	-	(0.02)
Cease equity investee goodwill amortization	-	0.01	-	0.02

Adjusted earnings per common share - Basic.....	$0.50	$ 0.46	$ 0.87	$ 0.81
Reported earnings per common share - Diluted...	$0.49	$ 0.44	$ 0.85	$ 0.76
Cease goodwill amortization.................	-	0.01	-	0.03
Adjust brands amortization..................	-	(0.01)	-	(0.02)
Cease equity investee goodwill amortization..	-	0.01	-	0.02
Adjusted earnings per common share - Diluted...	$0.49	$ 0.45	$ 0.85	$ 0.79

We assess goodwill and indefinite-lived intangibles for impairment annually unless events occur that require more frequent reviews. Long-lived assets, including amortizable intangibles, are tested for impairment if impairment triggers occur. Discounted cash flow analyses are used to assess nonamortizable intangible impairment while undiscounted cash flow analyses are used to assess long-lived asset impairment. If an assessment indicates impairment, the impaired asset is written down to its fair market value based on the best information available. Estimated fair market value is generally measured with discounted estimated future cash flows. The useful lives of amortizable intangibles are evaluated periodically, and subsequent to impairment reviews, to determine whether revision is warranted. If cash flows related to a nonamortizable intangible are not expected to continue for the foreseeable future, a useful life would be assigned.

(7) Promotional Payments

EITF 01-9 addressed various issues related to the income statement classification of certain promotional payments, including consideration from a vendor to a reseller or another party that purchases the vendor's products. As a result of adopting EITF 01-9 in 2002, we restated prior year net sales and selling, general and administrative expenses. The adoption of EITF 01-9 reduced our prior year net sales and selling, general and administrative expenses by $848 million for the 12 weeks and $1,478 million for the 24 weeks.

(8) Share Repurchase Program

On July 19, 2002, our Board of Directors authorized a share repurchase program for $5 billion over a three year period.

Management's Discussion and Analysis of Results of Operations and Financial Condition

Tabular dollars are presented in millions, except per share amounts. All per share amounts reflect common per share amounts, assume dilution and are based on unrounded amounts. Percentage changes are based on unrounded amounts.

Our reported results reflect the adoption of Emerging Issues Task Force Issue No. (EITF) 01-9, *Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products.* As a result of adopting EITF 01-9 in 2002, we restated prior year net sales and selling, general and administrative expenses. The adoption of EITF 01-9 reduced our prior year net sales and selling, general and administrative expenses by $848 million for the 12 weeks and $1,478 million for the 24 weeks.

Items Affecting Comparability

Comparable results reflect the adoption of Statement of Financial Accounting Standards No. (SFAS) 142, *Goodwill and Intangibles*, and the consolidation of our European snack joint venture (SVE) as if they had occurred in 2001. In addition, merger-related costs and other impairment and restructuring charges are excluded from comparable results.

	12 Weeks Ended		24 Weeks Ended	
	Net Sales	Total Operating Profit	Net Sales	Total Operating Profit
2002				
Reported results......................	$6,178	$1,244	$11,279	$2,191
Merger-related costs................	-	65	-	101
Comparable results....................	$6,178	$1,309	$11,279	$2,292
2001				
Reported results......................	$5,865	$1,151	$10,565	$2,016
Other impairment and restructuring charges	-	4	-	8
SFAS 142...........................	-	3	-	11
SVE consolidation	173	5	335	9
Quaker one-time items...............	-	(2)	-	(2)
Comparable results....................	$6,038	$1,161	$10,900	$2,042

SFAS 142 impact in 2001 by segment:	12 Weeks Ended	24 Weeks Ended
Frito-Lay International...............	$ 3	$ 9
Pepsi-Cola North America..............	(12)	(24)

Pepsi Beverages International..........	(5)	(9)
Gatorade/Tropicana North America.......	16	32
Quaker Foods North America............	1	3
Total segment......................	3	11
Bottling Equity Income................	15	31
	$ 18	$ 42

Adoption of SFAS 142 and SFAS 144

In 2002, we adopted SFAS 142 and SFAS 144. SFAS 142 eliminates the amortization of goodwill and indefinite-lived intangible assets, and addresses the amortization of intangible assets with finite lives and impairment testing and recognition for goodwill and intangible assets. SFAS 144 establishes a single model for the impairment of long-lived assets and broadens the presentation of discontinued operations to include more disposal transactions. As a result of adoption, amortization ceased for nonamortizable intangibles and the remaining useful lives of certain amortizable intangibles were reduced. No impairment charges resulted from the required impairment evaluations.

We assess goodwill and indefinite-lived intangibles for impairment annually unless events occur that require more frequent reviews. Long-lived assets, including amortizable intangibles, are tested for impairment if impairment triggers occur. Discounted cash flow analyses are used to assess nonamortizable intangible impairment while undiscounted cash flow analyses are used to assess long-lived asset impairment. If an assessment indicates impairment, the impaired asset is written down to its fair market value based on the best information available. Estimated fair market value is generally measured with discounted estimated future cash flows. Considerable management judgment is necessary to estimate undiscounted and discounted future cash flows. Assumptions used for these cash flows are consistent with internal forecasts.

The useful lives of amortizable intangibles are evaluated periodically, and subsequent to impairment reviews, to determine whether revision is warranted. If cash flows related to a nonamortizable intangible are not expected to continue for the foreseeable future, a useful life would be assigned.

Consolidation of Snack Ventures Europe

The financial statements include the consolidated accounts of PepsiCo, Inc. and its controlled affiliates. Investments in affiliates over which we exercise significant influence, but not control, are accounted for by the equity method. Our determination of control for majority owned affiliates considers the exercisability of the minority interest rights, and consolidation would be precluded to the extent that the minority interest holds substantive participating rights. Our share of the net income or loss of affiliates accounted for by the equity method is included in our consolidated net income. As a result of changes in the operations of SVE, we have determined that, effective in 2002, consolidation is required. Therefore, SVE's results of operations are consolidated in PepsiCo's results for the 12 and 24 weeks ended June 15, 2002.

Merger-Related Costs

We recognized integration and restructuring costs in connection with our merger with The Quaker Oats Company (Quaker) of $65 million ($51 million after-tax or $0.03 per share) for the 12 weeks ended June 15, 2002, and $101 million ($81 million after-tax or $0.05 per share) for the 24 weeks ended June 15, 2002.

Integration costs represent incremental one-time merger-related costs. Such costs include consulting fees and expenses, employee-related costs, information system integration costs and other costs associated with the integration of Quaker. The restructuring charges primarily reflect employee termination costs and asset impairment costs. Employee termination costs include retirement benefit and severance costs and expenses associated with change-in-control provisions of pre-merger employment contracts. As of June 15, 2002, an accrual has been recorded for costs associated with the termination of 785 employees, of which 660 have occurred. The remaining terminations are expected to be completed during 2002.

We have incurred $340 million in integration and restructuring costs since our merger with Quaker. Additional merger-related actions are expected to bring the total integration costs and restructuring charges to between $450 million and $550 million. Ongoing merger-related cost savings and revenue enhancement opportunities are expected to reach $400 million a year by 2005. We expect to realize synergies of approximately $200 million in 2002. Cost savings in 2002 are expected to be reinvested in the base business to defend market share and to drive growth.

Cautionary Statements

From time to time, in written reports and in oral statements, we discuss expectations regarding our future performance including synergies from our Quaker merger and the impact of global macroeconomic and political 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.

In particular, the macro-economic conditions in South America and the boycott of American products in the Middle East have negatively impacted our results. We have taken actions in the South American markets to respond to these conditions, including pricing strategies aimed at sustaining volume and, where possible, securing local currency supply alternatives. However, we expect that the macro-economic conditions will continue to adversely impact our results in the near term. The strength of the Mexican peso has favorably contributed to our year-to-date results. However, the Mexican peso weakened in the second quarter and continued weakness could significantly impact our results, particularly at Frito-Lay International.

Analysis of Consolidated Operations

The year-over-year dollar change in unit net sales is referred to as *volume*. Year-over-year price changes, including promotional and other incentive spending, and the impact of product, package and country sales mix changes are referred to as *effective net pricing*.

Our reporting calendar ends on the last Saturday in December. Our fiscal year generally has 52 weeks with a 53rd week added every five or six years. The first through third quarters each include 12 weeks and our fourth quarter includes 16 weeks. As a result of our merger with Quaker and due to certain international statutory reporting requirements, some of our businesses report their results on a monthly basis. To conform to our period reporting calendar, those businesses that report monthly include two months of results in the first quarter, three months in the second and third quarters and four months in the fourth quarter. Businesses that report on a monthly basis include PepsiCo Beverages International, Quaker Foods and Gatorade in the United States and certain countries in Frito-Lay International. This reporting practice has been consistently applied in all periods presented by these businesses, except for

Quaker Foods in Canada that changed from monthly to period reporting at the beginning of 2002. The impact of this change on our operating results is described in the following discussion of Quaker Foods North America.

Servings

Servings are based on U.S. Food and Drug Administration guidelines for single serving sizes of our products. For our snack and foods business, we have categorized our products as salty, sweet and other foods. Total servings increased 3% for the 12 weeks and 4% for the 24 weeks driven by our international divisions and Frito-Lay North America.

Net Sales

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)
Reported	$6,178	$5,865	5	$11,279	$10,565	7
Comparable	$6,178	$6,038	2	$11,279	$10,900	3

<u>**12 Weeks**</u>

Comparable net sales increased 2% due to volume gains across all divisions, partially offset by net unfavorable foreign currency and increased promotional spending, particularly at Frito-Lay North America and Gatorade/Tropicana North America. Net unfavorable foreign currency reduced net sales growth by nearly 1 percentage point.

<u>**24 Weeks**</u>

Comparable net sales increased 3% due to volume gains across all divisions, partially offset by net unfavorable foreign currency. Net unfavorable foreign currency reduced net sales growth by nearly 1 percentage point.

Operating Profit and Operating Profit Margin

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)
Reported						
Operating profit	$1,244	$1,151	8%	$2,191	$2,016	9%
Operating profit margin	20.1%	19.6%	0.5	19.4%	19.1%	0.3
Comparable						
Operating profit	$1,309	$1,161	13%	$2,292	$2,042	12%
Operating profit margin	21.2%	19.2%	2.0	20.3%	18.7%	1.6

<u>**12 Weeks**</u>

Comparable operating profit margin increased 2 percentage points primarily due to the margin impact of lower costs, operating efficiencies and increased volume. These margin improvements were partially offset by the impact of lower effective net pricing driven by increased promotional spending.

<u>**24 Weeks**</u>

Comparable operating profit margin increased 1.6 percentage points primarily due to the margin impact of the increased volume and lower costs and operating efficiencies. These margin improvements were partially offset by the impact of lower effective net pricing driven by the increased promotional spending.

Bottling Equity Income and Transaction Gains and Losses

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)
Reported	$94	$63	49	$121	$68	78
Comparable	$94	$78	20	$121	$99	22

12 and 24 Weeks

Comparable bottling equity income and transaction net gains and losses increased 20% for the 12 weeks and 22% for the 24 weeks primarily due to increased earnings from Gemex, our bottler in Mexico, and from PBG. For the second quarter in 2001, an impairment charge of $62 million related to a bottling investment in Turkey offset a gain of $59 million from the sale of PBG stock.

Interest Expense, net

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)
Reported						
Interest expense	$(43)	$(53)	19	$(74)	$(105)	29
Interest income	5	12	(57)	17	32	(45)
Interest expense, net	$(38)	$(41)	7	$(57)	$ (73)	22
Comparable						
Interest expense	$(43)	$(54)	21	$(74)	$(108)	31
Interest income	5	13	(60)	17	33	(47)
Interest expense, net	$(38)	$(41)	9	$(57)	$ (75)	24

12 Weeks

Comparable net interest expense declined 9% primarily due to higher average investment balances, partially offset by increased losses of $5 million on investments used to economically hedge a portion of our deferred compensation liability. These hedges reduced our deferred compensation expense in corporate unallocated by an equivalent amount. Decreases in borrowing rates were offset by decreases in investment rates.

24 Weeks

Comparable net interest expense declined 24% primarily due to lower average debt levels and higher average investment balances, partially offset by increased losses of $5 million on investments used to economically hedge a portion of our deferred compensation liability. Decreases in borrowing rates were offset by decreases in investment rates.

Provision for Income Taxes

	12 Weeks Ended		24 Weeks Ended	
	6/15/02	6/16/01	6/15/02	6/16/01
Reported				
Provision for income taxes	$ 412	$ 375	$ 716	$ 643
Effective tax rate	31.7%	32.0%	31.7%	32.0%
Comparable				
Provision for income taxes	$ 425	$ 374	$ 735	$ 645
Effective tax rate	31.2%	31.2%	31.2%	31.2%

12 and 24 Weeks

The comparable effective tax rate remained flat for the 12 and 24 weeks. The decrease in the reported effective tax rate results from the adoption of SFAS 142 in 2002, partially offset by limited tax benefit associated with merger-related costs.

Net Income and Net Income Per Common Share

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)
Net income						
Reported	$ 888	$ 798	11	$1,539	$1,368	13
Comparable	$ 940	$ 824	14	$1,621	$1,421	14
Net income per common share						
Reported	$0.49	$0.44	12	$ 0.85	$ 0.76	13
Comparable	$0.52	$0.45	14	$ 0.90	$ 0.79	14

12 and 24 Weeks

Comparable net income and the related net income per share increased 14% for the 12 and 24 weeks. These increases primarily reflect the solid operating profit growth.

Analysis of Business Segments

Worldwide Snacks

Volume growth is reported on a systemwide basis, which includes joint ventures.

Frito-Lay North America

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)
Net sales	$2,038	$1,967	4	$3,939	$3,745	5
Operating profit	$530	$492	8	$1,001	$918	9

12 Weeks

Pound volume increased 4.5% due primarily to new product introductions, double-digit growth in Quaker Chewy Granola Bars, single-digit growth in Lay's potato chips, and double-digit growth in Rold Gold pretzels. Go Snacks significantly contributed to the new product growth. These gains were partially offset by a double-digit decline in Ruffles potato chips.

Net sales grew 4% due to increased volume partially offset by lower effective net pricing driven by increased promotional allowances. Nearly half of this growth came from new products.

Operating profit increased 8% due primarily to the increased volume. Cost management and productivity also contributed to the operating profit growth. These gains were partially offset by lower effective net pricing driven by increased promotional allowances.

24 Weeks

Pound volume increased 5% due primarily to new product introductions, single-digit growth in Lay's potato chips, double-digit growth in branded dips, single-digit growth in Tostitos tortilla chips and double-digit growth in Quaker Chewy Granola Bars. Go Snacks significantly contributed to the new product growth. These gains were partially offset by a double-digit decline in Ruffles potato chips.

Net sales grew 5% due to increased volume partially offset by lower effective net pricing driven by increased promotional allowances. Nearly half of this growth came from new products.

Operating profit increased 9% due primarily to the volume increase. Cost management and productivity also contributed to the operating profit growth. These gains were partially offset by lower effective net pricing driven by increased promotional allowances.

Frito-Lay International

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)
Net sales						
Reported	$1,352	$1,143	18	$2,573	$2,156	19
Comparable	$1,352	$1,316	3	$2,573	$2,491	3
Operating profit						
Reported	$192	$142	35	$363	$283	28
Comparable	$192	$150	29	$363	$301	21

12 Weeks

Volume increased 5% reflecting growth in all categories. Salty volume grew 3% driven by strong single-digit growth at Sabritas and Walkers and the introduction of Lay's Mediterraneas in Continental Europe. Sweet volume grew 9% driven by strong growth at both Sabritas and Gamesa. Food volume grew 7% driven by double-digit growth in the Brazilian foods business.

Comparable net sales increased 3% driven primarily by the volume growth at Sabritas, Walkers and Gamesa, as well as, higher effective net pricing at Gamesa. This growth was partially offset by lower effective net pricing at Sabritas and net unfavorable foreign currencies primarily in Argentina, Mexico and Brazil. Foreign exchange reduced net sales growth by 3 percentage points.

Comparable operating profit increased 29% led primarily by the volume growth at Sabritas and Walkers, the pricing at Gamesa, as well as, lower advertising and marketing expenses at Sabritas. These gains were partially offset by lower effective net pricing at Sabritas. Foreign currency was not a factor in overall net operating profit growth.

24 Weeks

Volume increased 6% reflecting growth in all categories. Salty volume grew 4% due to double-digit growth at Walkers, solid single-digit growth at Sabritas and the introduction of Lay's Mediterraneas in Continental Europe. Sweet volume grew 7% due to double-digit growth at Sabritas and single-digit growth at Gamesa. Food volume grew 8% driven by double-digit growth in the Brazilian foods business.

Comparable net sales increased 3% driven primarily by the volume growth at Sabritas, Walkers and Gamesa, as well as, higher effective net pricing at Gamesa. This growth was partially offset by lower effective net pricing at Sabritas. Net unfavorable foreign currency, primarily in Argentina and Brazil, partially offset by strength in the Mexican peso, reduced net sales growth by 2 percentage points.

Comparable operating profit increased 21% led by the volume growth at Sabritas and Walkers, the pricing at Gamesa, as well as, lower advertising and marketing expenses at Sabritas. These gains were partially offset by lower effective net pricing at Sabritas. Net favorable foreign currency increased operating profit growth by 2 percentage points reflecting the year-to-date strength of the Mexican peso.

Worldwide Beverages

Bottler case sales (BCS) represents PepsiCo-owned brands as well as brands that we have been granted the right to produce, distribute and market nationally and are based on system sales.

Second quarter BCS includes the months of April and May. Concentrate shipments and equivalents (CSE) for PCNA includes shipments of concentrate and finished goods to bottlers and distributors, as well as bottler case sales of Aquafina.

Pepsi-Cola North America

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)
Net sales	$840	$805	4	$1,528	$1,449	5
Operating profit						
Reported	$260	$250	4	$456	$433	5
Comparable	$260	$238	9	$456	$409	11

12 Weeks

CSE increased 1% driven by strong double-digit Aquafina growth and the introduction of Lipton Brisk Lemonade. Trademark Mountain Dew was even with prior year, reflecting gains in Code Red offset by a decline in base Mountain Dew. Trademark Pepsi was down slightly compared with prior year as gains from the fourth quarter 2001 national introduction of Pepsi Twist were more than offset by declines in base Pepsi. BCS volume was even with the prior year.

Net sales increased 4% primarily due to higher concentrate pricing, national fountain volume and royalties from Aquafina. These gains were partially offset by lower concentrate volume.

Comparable operating profit increased 9% primarily due to the net sales increase. In addition, selling, general and administrative expenses grew at a significantly slower rate than sales contributing to the operating profit growth rate.

24 Weeks

CSE increased 3% driven by strong double-digit growth in Aquafina and mid single-digit growth in trademark Mountain Dew, reflecting the second quarter 2001 introduction of Code Red, and declines in base Mountain Dew. Trademark Pepsi was even with prior year as gains from the national introduction of Pepsi Twist were offset by declines in base Pepsi. BCS increased 3% over the prior year.

Net sales increased 5% primarily due to higher concentrate pricing, Aquafina royalties and national fountain volume. These increases were partially offset by increased bottler funding and customer support.

Comparable operating profit increased 11% primarily due to the higher net concentrate pricing and Aquafina volume. Selling, general and administrative expenses grew at a significantly slower rate that sales contributing to the operating profit growth rate.

Gatorade/Tropicana North America

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)
Net sales	$1,000	$1,006	(1)	$1,695	$1,682	1
Operating profit						
Reported	$189	$168	13	$294	$254	16
Comparable	$189	$184	3	$294	$286	3

12 Weeks

Overall volume grew 5% reflecting strong 12% growth from Gatorade products and a 3% volume decline from Tropicana products. The volume gain was driven by the continued success of Gatorade products introduced in the first quarter and the national launch of Propel. Volume gains in chilled Dole juices and blends were more than offset by declines in Tropicana Season's Best and Twister. Tropicana Pure Premium was down slightly compared to prior year as a result of the loss of the single serve business from Burger King. Excluding Burger King in 2001, Tropicana Pure Premium grew 2%.

Overall net sales decreased 1% due to lower effective net pricing reflecting increased promotional spending, as well as volume declines from Tropicana products. This net unfavorability was largely offset by increased volume from Gatorade products.

Comparable operating profit increased 3% reflecting lower costs from merger-related synergies and the volume gains of Gatorade products. These increases were substantially offset by the lower effective net pricing as a result of increased promotion spending.

24 Weeks

Overall volume grew 5% reflecting strong 14% growth from Gatorade products, offset by a 3% volume decline from Tropicana products. The volume gain was driven by new Gatorade products (Ice, Extremo and Frost) introduced in the first quarter and the national launch of Propel. Volume gains in chilled Dole juices and blends were offset by declines in Tropicana Season's Best and Twister. Tropicana Pure Premium was flat compared to prior year as a result of the loss of the single serve business from Burger King. Excluding Burger King in 2001, Tropicana Pure Premium grew nearly 3%.

Overall net sales increased 1% reflecting growth from Gatorade products, offset by a decline from Tropicana products. The overall increase from volume gains was largely offset by lower effective net pricing as a result of increased promotional spending.

Comparable operating profit increased 3% reflecting Gatorade volume gains and lower costs from merger-related synergies. These increases were largely offset by lower effective net pricing resulting from the increased promotional spending.

PepsiCo Beverages International

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)

Net sales	$583	$583	-	$876	$881	(1)
Operating profit						
Reported	$100	$98	2	$132	$131	1
Comparable	$100	$93	8	$132	$122	8

12 Weeks

BCS increased 5%. This reflects broad-based increases led by double-digit growth in India and Turkey and high single-digit growth in Mexico. These advances were partially offset by the impact of a boycott of American products in the Middle East and declines in Argentina due to poor macroeconomic conditions. For March through May, total concentrate shipments to franchisees grew 4% while their BCS grew at a slightly slower rate.

Net sales were flat compared to prior year as the volume gains were offset by the impact of net unfavorable foreign currency, the Middle East boycott and lower effective net pricing reflecting country mix. The net unfavorable foreign currency impact, primarily in Egypt and Argentina, reduced the net sales growth by 3 percentage points.

Comparable operating profit increased 8% primarily due to the volume gains, partially offset by the lower effective net pricing, the gain in 2001 on the sale of land in Japan and a net unfavorable foreign currency impact. The net unfavorable foreign currency impact, primarily in Argentina and Egypt, reduced the operating profit growth by 5 percentage points.

24 Weeks

BCS increased 4%. This reflects broad-based increases led by high single-digit growth in Mexico and double-digit growth in China, India and Russia. These advances were partially offset by declines in Argentina due to poor macroeconomic conditions and the impact of a boycott of American products in the Middle East. Through May, total concentrate shipments to franchisees grew 6% while their BCS grew at a slower rate.

Net sales decreased 1% compared to prior year. This decrease reflects the volume gains offset by the impact of net unfavorable foreign currency, lower effective net pricing reflecting country mix, the Middle East boycott and declining macroeconomics in Argentina. The net unfavorable foreign currency impact, primarily in Egypt and Argentina, reduced the net sales growth by 3 percentage points.

Comparable operating profit increased 8% primarily due to the volume gains, partially offset by the lower effective net pricing and a net unfavorable foreign currency impact. The net unfavorable foreign currency impact, primarily in Argentina and Egypt, reduced the operating profit growth by 8 percentage points.

Quaker Foods North America

Quaker Foods North America (QFNA) reports results on a monthly basis, except for its Canada Foods operations. As a result of converting to period reporting in 2002 without restating its prior period results, Canada Foods is reporting three additional weeks of results in the first quarter of 2002 and one less week of results in the second, third and fourth quarters of 2002 as compared to 2001.

	12 Weeks Ended		% Change	24 Weeks Ended		% Change
	6/15/02	6/16/01	B/(W)	6/15/02	6/16/01	B/(W)
Net sales	$365	$361	1	$668	$652	2
Operating profit						
Reported	$115	$87	33	$214	$165	30
Comparable	$115	$88	31	$214	$168	28

12 Weeks

Volume grew 1% due to growth in hot cereals driven by new flavor varieties partially offset by the impact of the Canada Foods 2002 reporting change. Canada Foods shorter reporting period reduced volume growth by 2 percentage points.

Net sales increased 1% due to hot cereals volume growth partially offset by Canada Foods shorter reporting period and lower effective net pricing driven by increased sales incentives for ready-to-eat cereals.

Comparable operating profit increased 31% primarily reflecting the hot cereals volume growth, benefit of productivity and merger-related synergies and lower advertising & marketing expenses. Gains were partially offset by the lower effective net pricing for ready-to-eat cereals.

24 Weeks

Volume grew 2.5% due to growth in hot cereals driven by new products and Canada Foods 2002 reporting change. Canada Foods longer reporting period contributed 1 percentage point to the volume growth.

Net sales increased 2% due to hot cereals volume growth and Canada Foods longer reporting period partially offset by lower effective net pricing driven by increased sales incentives for ready-to-eat cereals.

Comparable operating profit increased 28% primarily reflecting the hot cereals volume growth, benefit of productivity and merger-related synergies and lower advertising & marketing expenses. Gains were partially offset by the lower effective net pricing for ready-to-eat cereals.

CONSOLIDATED CASH FLOWS

Our strong cash generating capability provides us with substantial financial flexibility in meeting operating and investing needs. We focus on operating cash flow efficiencies as a key element of achieving shareholder value.

The table below reconciles net cash provided by operating activities as reflected in our consolidated statement of cash flows to our operating cash flow.

	24 Weeks Ended	
	6/15/02	6/16/01
Net cash provided by operating activities..................	$1,956	$ 857
Capital spending..	(506)	(456)
Cash payments for merger-related and restructuring charges	58	29
Sales of property, plant and equipment..................	44	57
Other net investing activities..........................	16	136
After-tax interest and forex............................	27	78
Operating cash flow..	$1,595	$ 701

Operating cash flow for the 24 weeks ended June 15, 2002 was $1,595 million compared with $701 million for the same period in 2001. This comparative increase primarily reflects our continued focus on working capital efficiencies together with reduced tax payments, solid operating results and the benefit from timing of certain supplier payments.

As shown in our Condensed Consolidated Statement of Cash Flows, our cash and cash equivalents for the 24 weeks ended June 15, 2002 increased $874 million to $1.6 billion reflecting our solid operating cash flows, partially offset by cash used in investing and financing activities. The cash used in investing activities reflects capital spending and net purchases of short-term investments. The cash used in financing activities primarily reflects dividend payments, partially offset by proceeds from the exercise of stock options.

Liquidity and Capital Resources

Our strong cash-generating capability and financial condition give us ready access to capital markets throughout the world. Our principle source of liquidity is operating cash flows, which are derived from net sales. Macroeconomic conditions may impact the demand for and pricing of our products. Our debt rating of A1 from Moody's and A from Standard & Poor's contributes to our accessibility to global capital markets. These ratings reflect our strong operating cash flows and include the impact of the cash flows and debt of our anchor bottlers. We have maintained these ratings since 1989 demonstrating the stability of our operating cash flows.

We anticipate making contributions of approximately $500 million to our pension plans in 2002, while still delivering over $3 billion in operating cash flow for the year.

During our July 18, 2002 meeting of the Board of Directors, our Board authorized a three year share repurchase program for $5 billion.

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 June 15, 2002 and the related Condensed Consolidated Statements of Income and Comprehensive Income for the twelve and twenty-four weeks ended June 15, 2002 and June 16, 2001 and the Condensed Consolidated Statement of Cash Flows for the twenty-four weeks ended June 15, 2002 and June 16, 2001. These condensed consolidated 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 accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Consolidated Balance Sheet of PepsiCo, Inc. and Subsidiaries as of December 29, 2001, and the related Consolidated Statements of Income, Common Shareholders' Equity and Cash Flows for the year then ended not presented herein; and in our report dated February 6, 2002, 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 29, 2001, 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
July 19, 2002

PART II - OTHER INFORMATION AND SIGNATAURES

Item 4.

a) PepsiCo's Annual Meeting of Shareholders was held on May 1, 2002.

Election of Directors*

Nominee	For	Withheld
John F. Akers	1,492,780,906	24,240,868
Robert E. Allen	1,490,378,453	26,643,321
Roger A. Enrico	1,502,412,636	14,609,138
Peter Foy	1,494,272,288	22,749,486
Ray L. Hunt	1,492,276,793	24,744,981
Arthur C. Martinez	1,409,558,759	107,463,015
Robert S. Morrison	1,502,595,245	14,426,529
Indra K. Nooyi	1,509,189,035	14,832,739
Franklin D. Raines	1,409,815,784	107,205,990
Steven S Reinemund	1,502,751,614	14,270,160
Sharon Percy Rockefeller	1,408,437,255	108,584,519
Franklin A. Thomas	1,491,309,029	25,712,745
Cynthia M Trudell	1,494,281,045	22,740,729
Solomon D. Trujillo	1,494,080,224	22,941,553
Daniel Vasella	1,502,633,468	14,388,306

Description of Proposals	Number of Shares		
	For	Against	Abstain
Approval of the appointment of KPMG LLP as independent auditors	1,446,557,937	61,536,250	8,927,587
Rotation of Annual Meeting	39,325,315	1,197,670,645	18,386,571
Genetically Engineered Foods	54,001,745	1,156,573,342	44,807,444
Executive Severance in Excess of $3 million	273,312,821	963,437,849	18,631,861
Recycling	62,811,156	1,152,485,930	40,085,445

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Index to Exhibits on page 30.

(b) Reports on Form 8-K

1. On April 23, 2002, we filed a Current Report on Form 8-K attaching a press release dated April 23, 2002 announcing our earnings for the 12 weeks ended March 23, 2002.

2. On July 19, 2002, we filed a Current Report on Form 8-K attaching a press release dated July 19, 2002 announcing Board approval of a share repurchase program.

3. On July 19, 2002, we filed a Current Report on Form 8-K attaching a press release dated July 19, 2002 announcing our earnings for the 12 and 24 weeks ended June 15, 2002.

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: July 23, 2002

/S/ PETER A. BRIDGMAN
Peter A. Bridgman
Senior Vice President and
Controller

Date: July 23, 2002

/S/ THOMAS H. TAMONEY
Thomas H. Tamoney, Jr.
Vice President and Associate
General Counsel

INDEX TO EXHIBITS

ITEM 6 (a)

EXHIBITS

Exhibit 12	Computation of Ratio of Earnings to Fixed Charges
Exhibit 15	Letter re: Unaudited Interim Financial Information