PEPSICO, INC. NYSE-PEP

RECENT PRICE	96.49	P/E RATIO	21.8 (Trailing: 22.6 / Median: 19.0)	RELATIVE P/E RATIO	1.12	DIV'D YLD	2.9%	VALUE LINE

TIMELINESS 4 Lowered 9/5/14

SAFETY 1 Raised 5/11/01

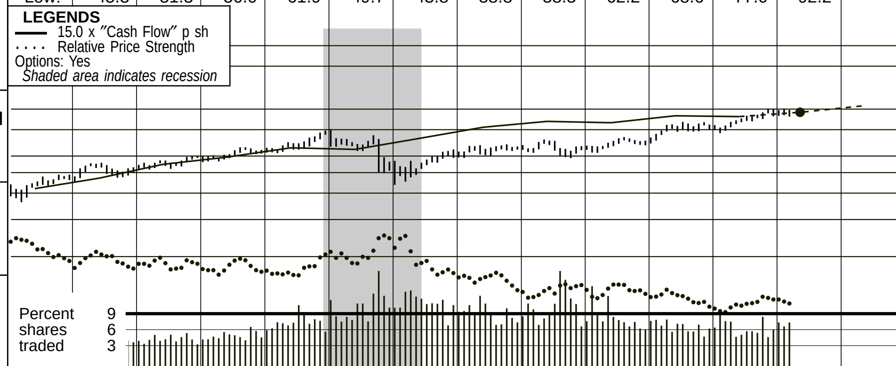
TECHNICAL 3 Raised 3/6/15

BETA .65 (1.00 = Market)

High:	55.7	60.3	66.0	79.0	79.8	64.5	68.1	71.9	73.7	87.1	100.7	100.8
Low:	45.3	51.3	56.0	61.9	49.7	43.8	58.8	58.5	62.2	68.6	77.0	92.2

Target Price Range

2018	2019	2020
200 / 160 / 100 / 80 / 60 / 50 / 40 / 30 / 20		



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	160	(+65%)	*16%*
Low	130	(+35%)	*10%*

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	4	0	0	4	0	0	0
to Sell	0	0	6	0	0	4	0	0	0

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	701	687	748
to Sell	768	811	824
Hld's(000)	1050844	1039253	1031384

% TOT. RETURN 3/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	17.7	7.7
3 yr.	57.0	57.2
5 yr.	64.3	94.5

1999F	2000	2001F	2002	2003F	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
14.00	14.13	13.79	14.58	15.82	17.43	19.66	21.45	24.59	27.85	27.62	36.58	42.52	42.42	43.44	44.81	***45.85***	***46.65***	Sales per sh A	***55.10***
1.98	2.27	2.32	2.68	2.81	3.14	3.65	3.95	4.38	4.30	4.84	5.47	5.83	5.74	6.20	6.14	***6.45***	***6.95***	"Cash Flow" per sh	***9.35***
1.23	1.48	1.66	1.96	2.05	2.32	2.69	3.00	3.34	3.21	3.77	3.91	3.98	3.92	4.37	4.27	***4.60***	***5.05***	Earnings per sh A B	***7.25***
.54	.56	.58	.60	.63	.85	1.01	1.16	1.43	1.60	1.75	1.89	2.03	2.13	2.24	2.53	***2.77***	***2.95***	Div'ds Decl'd per sh C■	***3.26***
.77	.74	.75	.83	.79	.83	1.05	1.26	1.51	1.58	1.36	2.06	2.14	1.76	1.83	1.92	***2.10***	***2.15***	Cap'l Spending per sh	***2.50***
4.73	5.01	4.91	5.37	6.94	8.03	8.58	9.36	10.71	7.77	11.12	13.56	13.34	14.41	15.85	11.69	***11.95***	***12.05***	Book Value per sh D	***13.25***
1455.0	1446.0	1756.0	1722.0	1705.0	1679.0	1656.0	1638.0	1605.0	1553.0	1565.0	1581.0	1564.0	1544.0	1529.0	1488.0	***1475.0***	***1465.0***	Common Shs Outst'g E	***1415.0***
29.8	27.7	27.8	23.6	21.5	22.1	20.6	20.4	20.5	20.5	14.7	16.5	16.4	17.4	18.4	20.8	***Bold figures are***		Avg Ann'l P/E Ratio	***20.0***
1.70	1.80	1.42	1.29	1.23	1.17	1.10	1.10	1.09	1.23	.98	1.05	1.03	1.11	1.03	1.10	***Value Line***		Relative P/E Ratio	***1.25***
1.5%	1.4%	1.3%	1.3%	1.4%	1.7%	1.8%	1.9%	2.1%	2.4%	3.2%	2.9%	3.1%	3.1%	2.8%	2.8%	***estimates***		Avg Ann'l Div'd Yield	***2.2%***

CAPITAL STRUCTURE as of 12/31/14
Total Debt $28897 mill. **Due in 5 Yrs** $17682 mill.
LT Debt $23821 mill. **LT Interest** $860 mill.
(Total interest coverage: 11.1x) (60% of Cap'l)
Leases, Uncapitalized $1,894 mill.

Pension Assets-12/14 $15.6 bill. **Oblig**. $18.0 bill.

Pfd Stock $41.0 mill. **Pfd Div'd** $1.8 mill.
2067,65. shs., each conv. into 4.96 common shs.
Common Stock 1,482,368,514 shs.
as of 2/6/15
MARKET CAP: $143 billion (Large Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
32562	35137	39474	43251	43232	57838	66504	65492	66415	66683	***67650***	***68325***	Sales ($mill) F	***78000***
22.9%	22.5%	21.9%	19.6%	22.4%	18.4%	18.5%	18.0%	19.3%	18.4%	***19.5%***	***20.0%***	Operating Margin	***24.5%***
1458.0	1406.0	1484.0	1543.0	1635.0	2327.0	2737.0	2689.0	2663.0	2625.0	***2650***	***2675***	Depreciation ($mill)	***2750***
4591.0	5065.0	5543.0	5142.0	5946.0	6320.0	6379.1	6178.0	6823.0	6513.0	***6890***	***7530***	Net Profit ($mill)	***10500***
29.0%	28.0%	27.4%	26.8%	26.0%	23.0%	26.9%	25.2%	25.7%	25.1%	***25.0%***	***25.0%***	Income Tax Rate	***25.0%***
14.1%	14.4%	14.0%	11.9%	13.8%	10.9%	9.6%	9.4%	10.3%	9.8%	***10.1%***	***11.0%***	Net Profit Margin	***13.5%***
1048.0	2270.0	2398.0	2019.0	3815.0	1677.0	d713.0	1631.0	4364.0	2571.0	***2700***	***3500***	Working Cap'l ($mill)	***7500***
2313.0	2550.0	4203.0	7858.0	7400.0	19999	20568	23544	24333	23821	***23000***	***22000***	Long-Term Debt ($mill)	***20000***
14251	15368	17234	12106	17442	21476	20899	22294	24279	17438	***17640***	***17650***	Shr. Equity ($mill)	***18730***
28.1%	28.7%	26.2%	26.4%	24.6%	16.3%	16.4%	14.5%	15.0%	16.9%	***18.0%***	***20.0%***	Return on Total Cap'l	***28.5%***
32.2%	33.0%	32.2%	42.5%	34.1%	29.4%	30.5%	27.7%	28.1%	37.3%	***39.0%***	***43.0%***	Return on Shr. Equity	***56.0%***
20.8%	21.0%	19.4%	21.6%	18.5%	15.6%	15.4%	12.9%	14.0%	16.0%	***16.0%***	***18.0%***	Retained to Com Eq	***31.0%***
36%	37%	40%	49%	46%	47%	49%	53%	50%	57%	***59%***	***57%***	All Div'ds to Net Prof	***44%***

CURRENT POSITION ($MILL.)	2012	2013	12/31/14
Cash Assets	6297	9375	6134
Receivables	7041	6954	6651
Inventory (FIFO)	3581	3409	3143
Other	1801	2465	4735
Current Assets	18720	22203	20663
Accts Payable	11903	12533	13016
Debt Due	4815	5306	5076
Other	371	- -	- -
Current Liab.	17089	17839	18092

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Sales	10.5%	10.5%	*4.0%*
"Cash Flow"	7.5%	6.0%	*7.5%*
Earnings	7.0%	4.0%	*9.5%*
Dividends	12.5%	7.5%	*6.0%*
Book Value	7.5%	7.0%	*-1.0%*

Cal-endar	QUARTERLY SALES ($ mill.) A Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2012	12428	16458	16652	19954	65492
2013	12581	16807	16909	20118	66415
2014	12623	16894	17218	19948	66683
2015	***12725***	***17000***	***17325***	***20600***	***67650***
2016	***12800***	***17125***	***17500***	***20900***	***68325***

Cal-endar	EARNINGS PER SHARE A B Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2012	.71	.94	1.21	1.06	3.92
2013	.77	1.31	1.24	1.05	4.37
2014	.79	1.29	1.32	.87	4.27
2015	***.82***	***1.35***	***1.38***	***1.05***	***4.60***
2016	***.87***	***1.45***	***1.53***	***1.20***	***5.05***

Cal-endar	QUARTERLY DIVIDENDS PAID C ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.995	.515	.515	- -	2.03
2012	1.03	.537	.537	- -	2.12
2013	1.07	.567	.567	- -	2.21
2014	1.13	.655	.655	- -	2.44
2015	.655				

BUSINESS: PepsiCo, Inc. operates four major businesses: Frito-Lay North America, 22% of sales and 37% of operating profits in '14; PepsiCo Beverages NA, 32% and 26%; Quaker Foods NA, 4% and 6%; and PepsiCo Int'l. (snacks and beverages), 42% and 31%. Quaker Oats acq., 8/01; Pepsi Bottling Group and PepsiAmericas acq. 2/10. Major beverage products: *Pepsi-Cola*, *Gatorade*, and *Tropicana*. Snack foods: *Frito-Lay* (brand names include *Doritos, Ruffles,* and *Lay's*), *Walker's*, *Smith's, Sabritas*. Has about 271,000 employees, Insiders own less than 1% of stock, The Vanguard Group; 6.3%, BlackRock Inc.; 5.3% (3/15 Proxy). Chairman & CEO: Indra Nooyi. Inc.: NC. Add.: 700 Anderson Hill Road, Purchase, NY 10577. Telephone: 914-253-2000. Internet: www.pepsico.com.

PepsiCo will likely continue to face operational challenges over the next two years. Last year, the company managed a slight sales increase, but earnings of $4.27 fell 2% versus 2013. Looking ahead, the near-term landscape for the beverage titan will be mired by persistent headwinds that are creating hurdles for PepsiCo and its peers in the beverage and snacks industries.

The drinks unit will probably continue to struggle. At the forefront, there is the ongoing migration from sugary carbonated beverages by consumers. The distaste comes in light of growing health concerns for these sugary drinks. In the past, this has led to a thirst for diet sodas and juices. However, this sentiment is shifting too, as individuals are becoming more skeptical about artificial sweeteners. On the upside, Pepsi's diverse portfolio and innovation pipeline should continue to churn out healthier drink options, such as waters, juices, and energy drinks.

The snack business is also up against changing consumer trends. The company anticipates an increased inflationary environment, which could result in a spike in prices for commodity ingredients, such as wheat and corn. In addition, health concerns are expected to also impact some of the salty and high-calorie snack options in this portion of the business. But we are optimistic that PepsiCo will be able to satiate some health-conscious consumers with its waist, and heart-friendly portfolio including the *Quaker* brand.

External factors provide additional uncertainties. Among these are foreign currency translation losses and spotty economic recoveries in many of the vast geographic locations that Pepsi targets. Due to these hurdles, our near-term outlook for the equity is a bit pessimistic, and momentum investors should steer clear (Timeliness: 4).

Patient investors, however, may be rewarded. We project healthy annual earnings growth over the 3- to 5-year period and also are of the view that sales advances will be more vibrant in the future. This scenario, coupled with a handsome dividend payment, suggests above-average total return potential for long-term investors.

Nira Maharaj *April 24, 2015*

(A) Qrtrs. are 12, 12, 12 and 16 wks. (B) Dil. egs. Excl. nonrecur. gains (losses): '99, 14¢; '01, (14¢); '02, (11¢); '04, (12¢); '05, (27¢); '06, 34¢; '07, 7¢; '11, 4¢; '13, (5¢). '10 egs. ref. costs due to the acquisitions of its two largest bottlers. May not sum due to rounding. Next egs. rpt. due early May. (C) Divs. hist. paid Jan., Mar., Jun., Sept. ■ Reinvest. plan. avail. (D) Incl. intang. In '14: $29.0 bill., $19.52/sh. (E) In mill. (F) Reflects sale of maj. of Pepsi Bott. Gr. ('99), and reclass. of selling exp. ('01).

Company's Financial Strength	A++
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	95