

The Merriam Report PEP 12/25/10 PEPSICO INC

All amounts in millions except for earnings per share

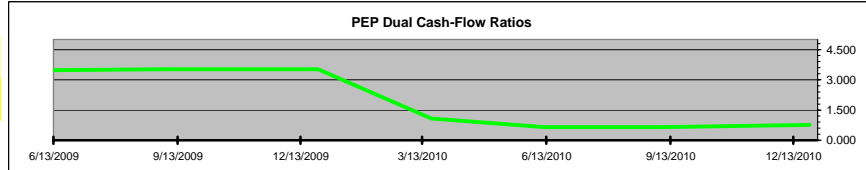
Quarterly period ending:	2 6/13/2009	3 9/5/2009	4 12/26/2009	1 3/20/2010	2 6/12/2010	3 9/4/2010	4 12/25/2010	Averages	
Earnings Per Share (Incl. Ext. Items)	\$ 1.060	\$ 1.090	\$ 0.900	\$ 0.890	\$ 0.98000	\$ 1.190	\$ 0.850	\$ 0.994	-1
% Change in E.P.S. (from prev. qtr.)		2.8%	-17.4%	-1.1%	10.1%	21.4%	-28.6%	-2.1%	-1
Total Revenues	1059200.0	1108000.0	1329700.0	936800.0	1480100.0	1551400.0	1815500.0	1325814.3	1
% Change in Revenues (from prev. qtr.)		4.6%	20.0%	-29.5%	58.0%	4.8%	17.0%	12.5%	1
Cost of Revenues	488100.0	5181000.0	6293000.0	4463000.0	6745000.0	7008000.0	8359000.0	5505300.0	-1
Accounts Receivable:	522300.0	521600.0	462400.0	620400.0	688000.0	724500.0	632300.0	595928.6	-1
% Change in Receivables (from prev. qtr.)		-0.1%	-11.3%	34.2%	10.9%	5.3%	-12.7%	4.4%	1 2.44%
DSO's (# of days it took customers to pay)	44.9	42.8	31.6	60.3	42.3	42.5	31.7	42.3	1 3.58%
Inventories:	295200.0	271600.0	261800.0	328300.0	353000.0	335900.0	337200.0	311857.1	-1
% Change in Inventory (from prev. qtr.)		-8.0%	-3.6%	25.4%	7.5%	-4.8%	0.4%	2.8%	1 0.35%
Inventory as a % of Sales	27.9%	24.5%	19.7%	35.0%	23.8%	21.7%	18.6%	24.46%	1
Prepaid Expenses:	103,100.00	102,400.00	119,400.00	163,100.00	157,900.00	148,800.00	150,500.00	135028.6	
Other Current Assets:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Property, Plant & Equip. (net):	1184800.0	1203300.0	1267100.0	1885000.0	1839600.0	1853400.0	1905800.0	1591285.7	
% Change in P,P & E (from prev. qtr.)		1.6%	5.3%	48.8%	-2.4%	0.8%	2.8%	9.5%	
Accounts Payable:	777200.0	814100.0	812700.0	955300.0	984300.0	1069900.0	1092300.0	929400.0	-1
% Change in Payables (from prev. qtr.)		4.7%	-0.2%	17.5%	3.0%	8.7%	2.1%	6.0%	1 0.0056
Quarterly period ending:	6/13/2009	9/5/2009	12/26/2009	3/20/2010	6/12/2010	9/4/2010	12/25/2010		0.0929
Total Liabilities:	2297300.0	2322500.0	2294000.0	4245800.0	4534200.0	4665700.0	4688000.0	3578214.3	
Shareholder equity:	1407700.0	1539500.0	1690800.0	2168600.0	1973200.0	2004500.0	2127300.0	1844514.3	
Retained Earnings (Accum. Deficit)	3206500.0	3307700.0	3380500.0	3449600.0	3532800.0	3648700.0	3709000.0	3462114.3	
Operating Cash Flow (OCF)	4089252.0	4211952.5	4417747.1	4302378.7	4145280.7	4262481.1	4369975.7	4257009.7	1
OCF as % of Revenues	386.1%	380.1%	332.2%	459.3%	280.1%	274.8%	240.7%	336.18%	-1 -0.0567
Balance Sheet Cash Flow (BSCF)	2297159.7	2322356.2	2293860.6	4245626.1	4534017.0	4665505.7	4687812.5	3578048.3	-1
BSCF as % of Revenues	216.9%	209.6%	172.5%	453.2%	306.3%	300.7%	258.2%	273.92%	1 0.0082
Spread between OCF & BSCF	1792092.3	1889596.3	2123886.6	56752.5	-388736.2	-493024.6	-317836.8	678961.4	1 0.0082
Ratios									
Spread to Revenues	169.19%	170.54%	159.73%	6.06%	-26.26%	-25.98%	-17.51%	0.623	
Spread to OCF	1.780	1.814	1.926	1.013	0.914	0.914	0.932	1.328	
MR Dual Cash-Flow Figure	3.472	3.519	3.523	1.074	0.652	0.654	0.757	1.950	

The Merriam Report

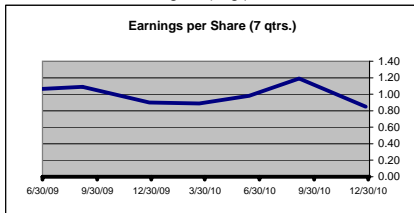
Quarterly period ending:	6/13/09	9/5/09	12/26/09	3/20/10	6/12/10	9/4/10	12/25/10
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Merriam Report Signals:

- Confirmed Bearish
- Recent Bullish
- Confirmed Bullish



MR Dual Cash-Flow Figure (avg.)



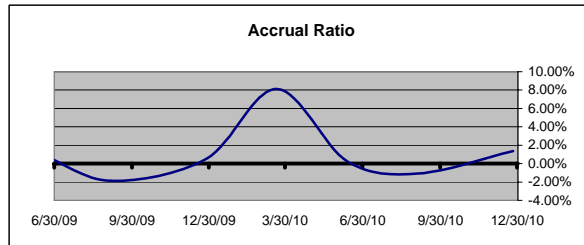
	06/13/09	09/05/09	12/26/09	03/20/10	06/12/10	09/04/10	12/25/10	
P/E	16.46	17.07	16	16.89	16.47	16.56	16.55	1 16.571
P/S	1.96	2.12	2.25	2.41	2.14	2	1.82	1 2.1
P/FCF	62.2355	48.5998	50.1702	44.1191	41.0446	40.6853	47.5825	0 47.777
PEG	-1.6833	-3.5253	0.9171	0.7685	0.8442	0.892	4.4558	-1 0.3813
Earnings Yield	0.0608	0.0586	0.0625	0.0592	0.0607	0.0604	0.0604	0 0.0604
Cash-to-Total-Asse	0.0654	0.0896	0.1038	0.0647	0.0731	0.0871	0.0935	1 0.0825
Debt-to-Assets	0.2209	0.1925	0.1857	0.31	0.301	0.2765	0.2934	-1 0.2543

Accrual Ratios	6/13/09	9/5/09	12/26/09	3/20/10	6/12/10	9/4/10	12/25/10
Average Accruals	1.07%	-1.89%	0.50%	8.11%	0.22%	-1.07%	1.36%

Revenue Metrics (as % of Sales)

	Recent Qtr.	Combined Avg.
Research & Development	0.00%	0
Cost of Sales	46.04%	1 46.26%
S/G/A	41.45%	-1 37.63%
Payables	60.17%	1 70.10%

	Recent Qtr.	Combined Avg.
Inventory / Revenues	\$ 0.186	1 \$ 0.235
Receivables / Revenues	\$ 0.3483	1 \$ 0.4495
Inventory & Receivables / Revenues	\$ 0.534	1 \$ 0.685
P,P&E / Revenues	\$ 1.050	1 \$ 1.200



0.21% -3.83%

Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bearish

Confirmed Bearish

Recent Bullish

Confirmed Bullish

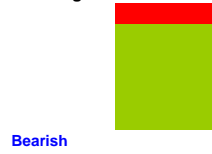
Operating Cash-Flow Trend
Balance Sheet Cash-Flow Trend



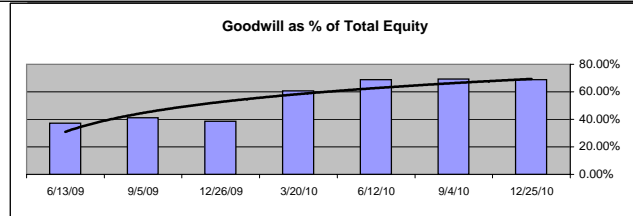
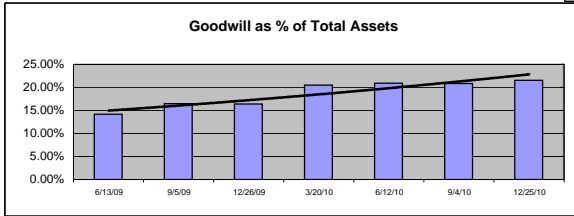
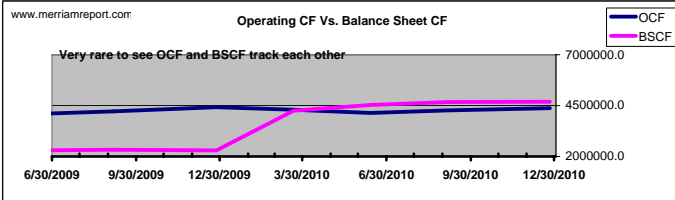
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Comparison of Recent Quarter Changes to Average

EPS
Revenues
Accounts Receivable
Days Sales Outstanding
Inventory
Accounts Payable
Accrual Ratios



Bearish



	6/13/09	9/5/09	12/26/09	3/20/10	6/12/10	9/4/10	12/25/10	AVG.	
Goodwill as % of Total Assets	14.16%	16.44%	16.40%	20.51%	20.91%	20.85%	21.51%	18.68%	-1
Goodwill as % of Total Equity	37.28%	41.25%	38.64%	60.67%	68.95%	69.37%	68.92%	55.01%	-1
	2.63	2.51	2.36	2.96	3.30	3.33	3.20	2.94	-1
									-3

Dual Cash Flow Trend	0
Financial Ratios (conventional)	1
Balance Sheet and Income Statement	1
Accrual Ratios	-0.2
Revenue Metrics and Capital Productivity	5
Goodwill Trends	-3
Merriam Report Score	3.8

PEPSICO INC	12/25/2010	3/11/2011
Ending Period Share Price	65.69	\$ 64.65
Estimated Fair Value	\$ 60.86	
End Price to Est. FV	10.19%	6.23%

SHORT CANDIDATE
AVOID
HOLD
BUY
STRONG BUY

Valuation

Beverages (Non-Alcoholic)

OVERVALUED
Earnings Quality

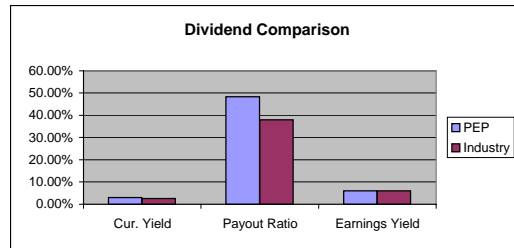
Consumer/Non-Cyclical
Beverages

A+
A-
B+
B-
C+
C-

	PEP	Industry
Cur. Yield	2.97%	2.61%
Payout Ratio	48.34%	37.97%
Earnings Yield	6.04%	6.04%

Adjustments (Payables)	\$	0.33
Adjustments (Receivables)	\$	1.46
Adjustments (DSO)	\$	2.14
Adjustments (OCF)	\$	(3.38)
Adjustments (BSCF)	\$	0.49
Adjustments (Inventory)	\$	0.21
Total Adjustments	\$	1.24

Next Earnings 4/18/2011



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