

PEP	53.60	FY1	65.3	FY2	69.9	FY3	74.9
Capital Gain		2/16/2010	22%	2/16/2011	30%	2/16/2012	40%
Annualized Capital Gain			35%		17%		13%
Annualized Dividend Yield			3%		3%		3%
Annualized Total Holding Period Return			37%		20%		16%

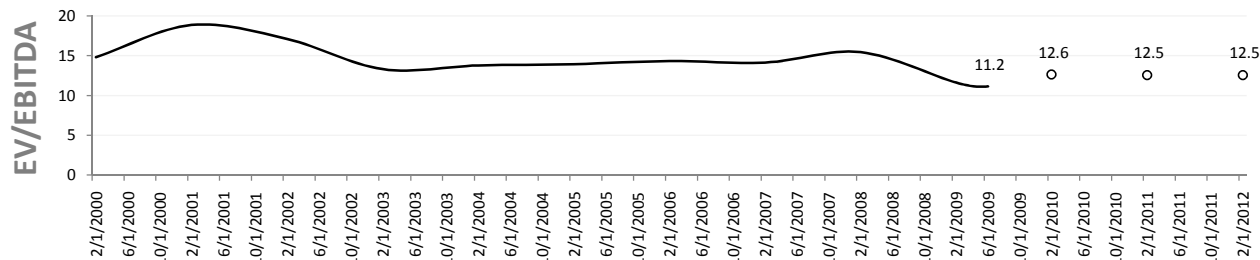
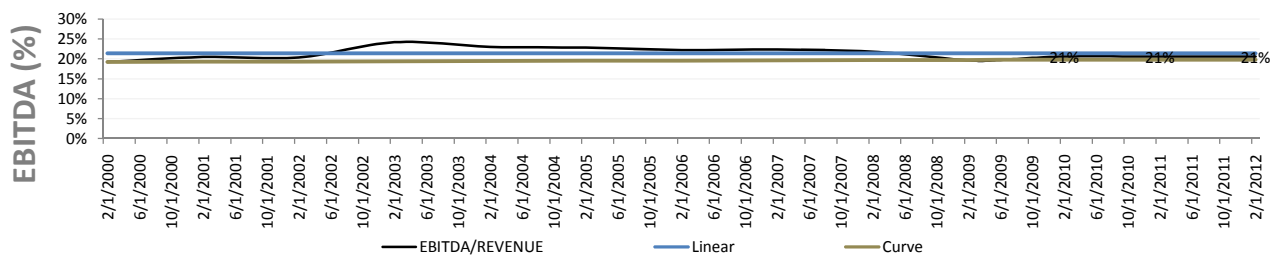
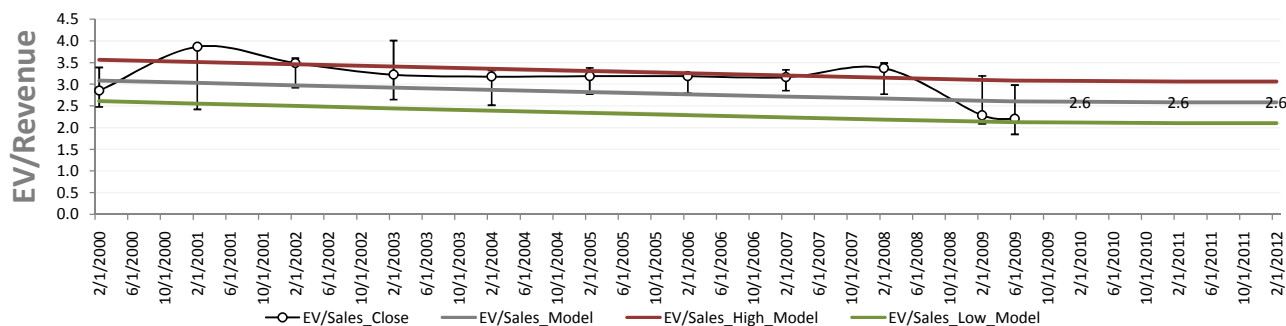
Our target price for Pepsico Inc (PEP) is 65.3, based on the following assumptions:

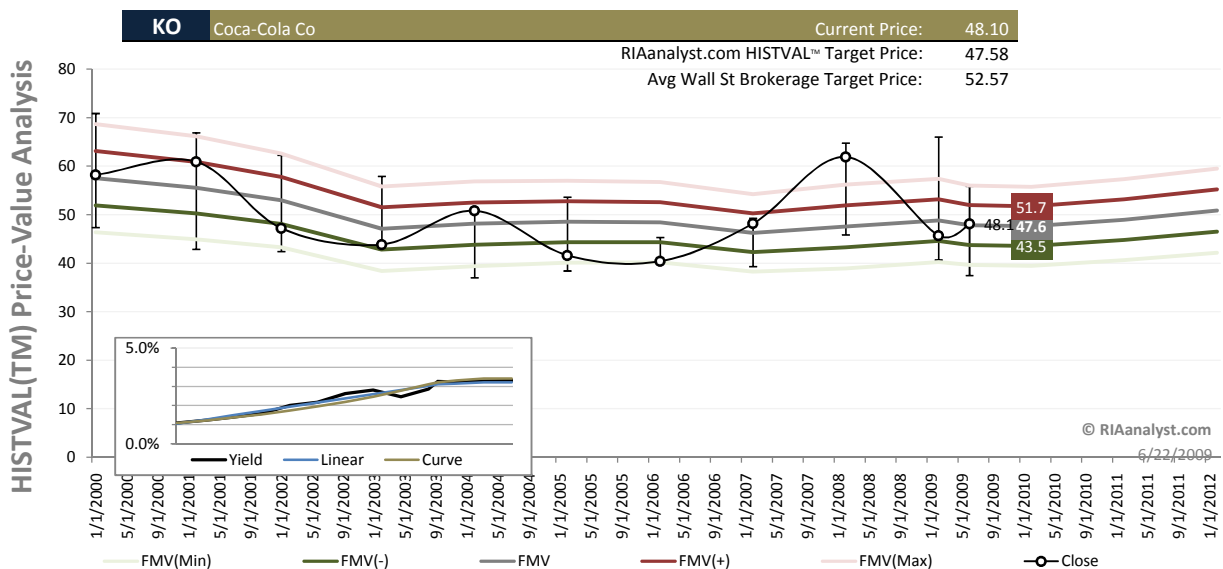
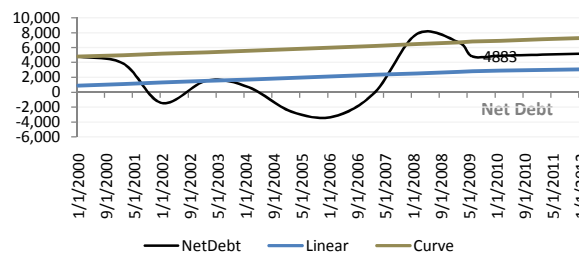
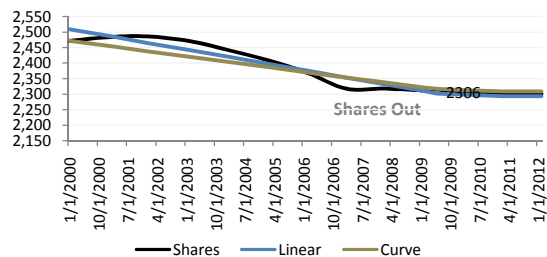
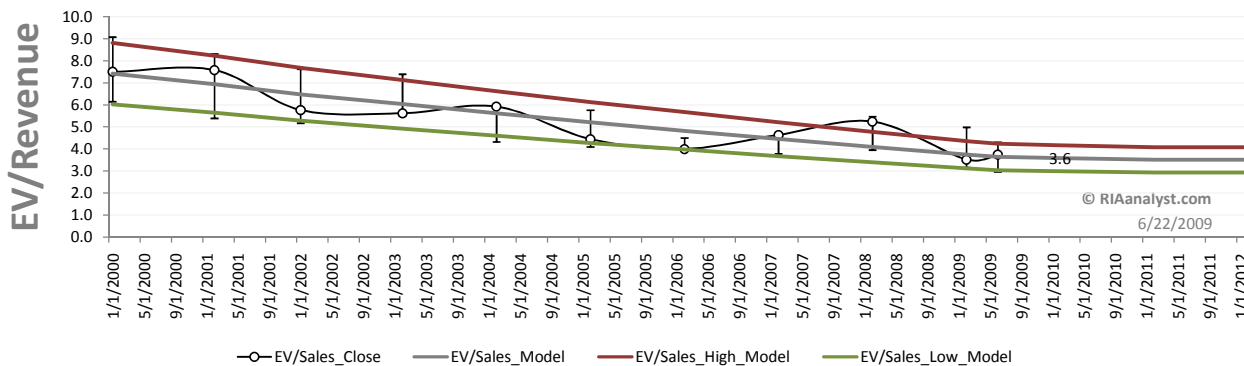
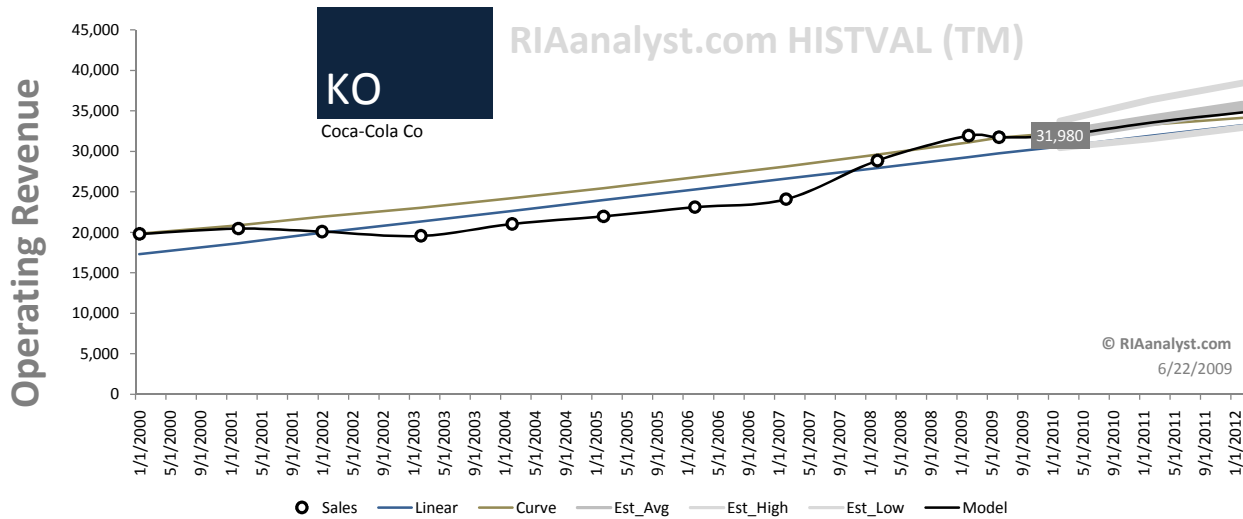
Forward Revenue (\$m)	44,292	2/16/2010 (FY1)
Fair FWD EV/Sales	2.6	
Target Enterprise Value	114,941	
less: Projected Net Debt*	(10,824)	
Target Market Cap	104,117	
divided by: Projected Shares	1594	
Target Price	65.33	2/16/2010 (FY1)
Current Price	53.60	6/22/2009
% Over/(Under)	-18.0%	

Target EBITDA Margin	20.6%
Current EBITDA Margin	19.7%
5yr Median EBITDA Margin	22.0%

Target EV/EBITDA	12.6
Current EV/EBITDA	11.2
5yr Median EV/EBITDA	13.6

* "Net Debt" = Obligations before common (Debt, Preferred Stock and Unfunded "Other") less Cash





KO	48.10	FY1	47.6	FY2	49.0	FY3	50.8
Capital Gain		2/13/2010	-1%	2/13/2011	2%	2/13/2012	6%
Annualized Capital Gain			-2%		1%		2%
Annualized Dividend Yield			3%		3%		3%
Annualized Total Holding Period Return			2%		4%		5%

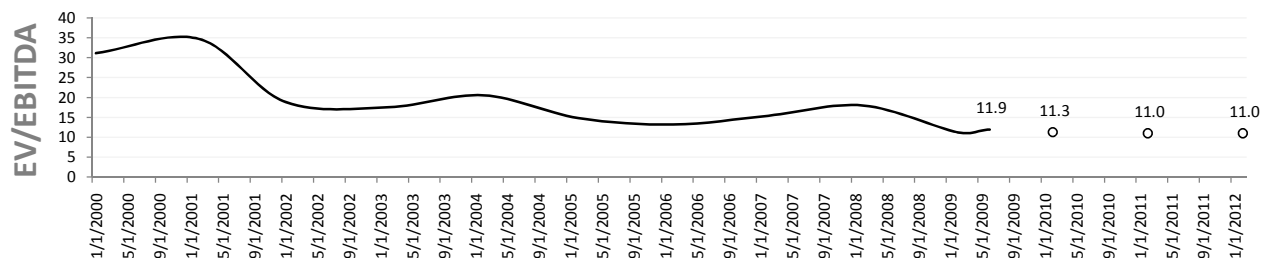
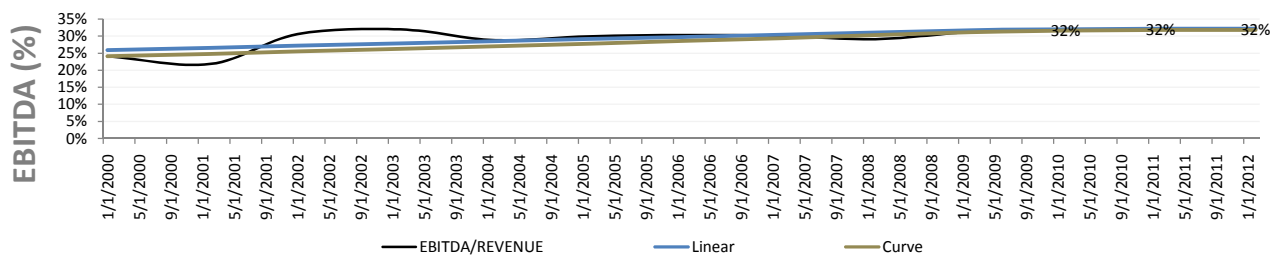
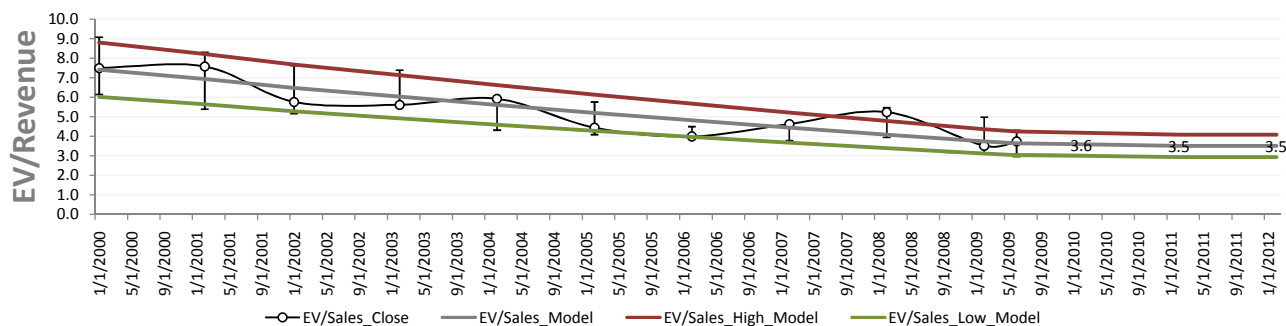
Our target price for Coca-Cola Co (KO) is 47.6, based on the following assumptions:

Forward Revenue (\$m)	31,980	2/13/2010 (FY1)
Fair FWD EV/Sales	3.6	
Target Enterprise Value	114,619	
less: Projected Net Debt*	(4,883)	
Target Market Cap	109,737	
<hr/>		
divided by: Projected Shares	2306	
<hr/>		
Target Price	47.58	2/13/2010 (FY1)
Current Price	48.10	6/22/2009
% Over/(Under)	1.1%	

Target EBITDA Margin	31.8%
Current EBITDA Margin	31.5%
5yr Median EBITDA Margin	30.2%

Target EV/EBITDA	11.3
Current EV/EBITDA	11.9
5yr Median EV/EBITDA	14.1

* "Net Debt" = Obligations before common (Debt, Preferred Stock and Unfunded "Other") less Cash



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6/22/2009

Beverages

	PEP	KO
Price vs HISTVAL™ Fair Value	82%	101%
Price vs MORNINGSTAR Fair Value	79%	87%
EV/EBITDA ¹	10.0	11.9
EV/EBIT	12.1	13.5
EV/Unlevered Free Cash Flow ²	20.7	20.6
Fwd PE	13.31	14.38
PEG	1.4	1.9
FwdPE/GrahamFairPE ³	0.97	1.12
Next 5yr Growth	9.5%	7.7%
ROE	36.1%	25.9%
ROIC	27.9%	23.7%
Fwd Dividend Yield	3.3%	3.4%
5yr Avg Yield	1.9%	2.7%
Fwd Yield/5yr Avg	1.7	1.3
Interest Coverage ⁴	7.9	7.2
NetDEBT/EV ⁵	7.8%	4.3%
52-wk Change	-17.2%	-9.0%
Current Price	53.58	48.11
Current Date	6/22/2009	6/22/2009
Most Recent Quarter	21-Mar-09	03-Apr-09
Fiscal Year Ends	27-Dec	31-Dec

¹ EV/EBITDA may differ from that in HISTVAL model due to differences in Net Debt calculation

² Unlevered Free Cash Flow = EBIT (1-tax rate) + (Depreciation & Amortization) - Normalized CapEx

³ Graham Fair PE = 9 + .5(LTG)

⁴ EBIT / 10% Interest on Debt

⁵ (Debt - Cash) / Enterprise Value