

Reconciliation of GAAP and Non-GAAP Information (unaudited)

Division operating profit, core results and core constant currency results are non-GAAP financial measures as they exclude certain items noted below. However, we believe investors should consider these measures as they are more indicative of our ongoing performance and with how management evaluates our operational results and trends.

Commodity mark-to-market net impact

In the quarter ended March 19, 2011, we recognized \$31 million of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the quarter ended March 20, 2010, we recognized \$46 million of mark-to-market net gains on commodity hedges in corporate unallocated expenses. We centrally manage commodity derivatives on behalf of our divisions. Certain of these commodity derivatives do not qualify for hedge accounting treatment and are marked to market with the resulting gains and losses recognized in corporate unallocated expenses. These gains and losses are subsequently reflected in division results when the divisions take delivery of the underlying commodity.

Merger and integration charges

In the quarter ended March 19, 2011, we incurred merger and integration charges of \$55 million related to our acquisitions of PBG, PAS and WBD, including \$21 million recorded in the PAB segment, \$42 million recorded in corporate unallocated expenses and a credit of \$8 million recorded in the Europe segment, primarily reflecting a gain on our previously held equity interest in WBD. These charges also include closing costs and advisory fees related to our acquisition of WBD. In the quarter ended March 20, 2010, we incurred merger and integration charges of \$312 million related to our acquisitions of PBG and PAS, including \$193 million recorded in the PAB segment, \$1 million recorded in the Europe segment, \$88 million recorded in corporate unallocated expenses and \$30 million recorded in interest expense. These charges also include closing costs, one-time financing costs and advisory fees related to our acquisitions of PBG and PAS. In addition, in the quarter ended March 20, 2010, we recorded \$9 million of charges, representing our share of the respective merger costs of PBG and PAS, in bottling equity income.

Gain on previously held equity interests in PBG and PAS

In the first quarter of 2010, in connection with our acquisitions of PBG and PAS, we recorded a gain on our previously held equity interests of \$958 million, comprising \$735 million which is non-taxable and recorded in bottling equity income and \$223 million related to the reversal of deferred tax liabilities associated with these previously held equity interests.

Inventory fair value adjustments

In the quarter ended March 19, 2011, we recorded \$34 million of incremental costs in cost of sales related to fair value adjustments to the acquired inventory included in WBD's balance sheet at the acquisition date and hedging contracts included in PBG's and PAS's balance sheets at the acquisition date. In the quarter ended March 20, 2010, we recorded \$281 million of incremental costs in cost of sales related to fair value adjustments to the acquired inventory and other related hedging contracts included in PBG's and PAS's balance sheets at the acquisition date.

Venezuela currency devaluation

As of the beginning of our 2010 fiscal year, we recorded a one-time \$120 million net charge related to our change to hyperinflationary accounting for our Venezuelan businesses and the related devaluation of the bolivar fuerte (bolivar). \$129 million of this net charge was recorded in corporate unallocated expenses, with the balance (income of \$9 million) recorded in our PAB segment.

Asset write-off

In the first quarter of 2010, we recorded a \$145 million charge related to a change in scope of one release in our ongoing migration to SAP software. This change was driven, in part, by a review of our North America systems strategy following our acquisitions of PBG and PAS. This change does not impact our overall commitment to continue our implementation of SAP across our global operations over the next few years.

Foundation contribution

In the first quarter of 2010, we made a \$100 million contribution to The PepsiCo Foundation, Inc. (Foundation), in order to fund charitable and social programs over the next several years. This contribution was recorded in corporate unallocated expenses.

Management operating cash flow

Additionally, management operating cash flow is the primary measure management uses to monitor cash flow performance. This is not a measure defined by GAAP. Since net capital spending is essential to our product innovation initiatives and maintaining our operational capabilities, we believe that it is a recurring and necessary use of cash. As such, we believe investors should also consider net capital spending when evaluating our cash from operating activities.

Reconciliation of GAAP and Non-GAAP Information (cont.)
(unaudited)

Net revenue on a pro forma basis

Net revenue on a pro forma basis includes unaudited consolidated pro forma financial information as if the closing of our acquisitions of PBG and PAS had occurred on December 27, 2009 for purposes of the financial information presented for the quarter ended March 20, 2010. This information was prepared in accordance with the acquisition method of accounting under existing standards, and the regulations of the U.S. Securities and Exchange Commission, and is not necessarily indicative of the results of operations that would have occurred if our acquisitions of PBG and PAS had been completed on the date indicated, nor is it indicative of the future operating results of PepsiCo. This information has been adjusted to give effect to pro forma events that are (1) directly attributable to the acquisitions, (2) factually supportable, and (3) expected to have a continuing impact on the combined results of PepsiCo, PBG and PAS. Growth in total net revenue on a pro forma basis and excluding the impact of the WBD acquisition, is not a measure defined by GAAP. However, we believe that investors should consider this measure when evaluating our net revenue performance as it is more indicative of our ongoing performance.

Global snacks operating margins

Growth in global snacks operating margins excluding the impact of the WBD acquisition is not a measure defined by GAAP. We are unable to reconcile this measure to the nearest GAAP measure due to the fact that we have not yet finalized the allocation of WBD net revenue and operating profit between our snacks and beverage results.

Q2 and full-year 2011 guidance

Our Q2 and full-year 2011 core tax rate guidance and our full-year 2011 core constant currency EPS guidance exclude the commodity mark-to-market net impact included in corporate unallocated expenses; merger and integration charges related to PBG, PAS and WBD; and, with respect to our full-year guidance, the impact of the 53rd week in 2011. We are not able to reconcile our Q2 or our full-year projected 2011 core tax rate to our Q2 or full-year projected 2011 reported tax rate, nor able to reconcile our full-year projected 2011 core constant currency EPS to our full-year projected 2011 reported EPS, because we are unable to predict the 2011 impacts of foreign exchange or the mark-to-market net gains or losses on commodity hedges due to the unpredictability of future changes in foreign exchange rates and commodity prices. Therefore, we are unable to provide a reconciliation of these measures.

Reconciliation of GAAP and Non-GAAP Information (cont.)
(unaudited)

Operating Profit Growth Reconciliation

	Quarter Ended
	3/19/11
Division Operating Profit Growth	36%
Impact of Corporate Unallocated	69
Reported Total Operating Profit Growth	<u>105%</u>

Diluted EPS Reconciliation

	Quarter Ended		Growth
	3/19/11	3/20/10	
Reported Diluted EPS	\$ 0.71	\$ 0.89	(20)%
Mark-to-Market Net Gains	(0.01)	(0.02)	
Gain on Previously Held Equity Interests	-	(0.60)	
Merger and Integration Charges	0.03	0.16	
Inventory Fair Value Adjustments	0.01	0.15	
Venezuela Currency Devaluation	-	0.07	
Asset Write-Off	-	0.06	
Foundation Contribution	-	0.04	
Core Diluted EPS	<u>\$ 0.74</u>	<u>\$ 0.76*</u>	(2)%

*Does not sum due to rounding.

Net Cash Provided by Operating Activities Reconciliation (\$ millions)

	Quarter Ended
	3/19/11
Net Cash Provided by Operating Activities	\$ 380
Capital Spending	(433)
Sales of Property, Plant and Equipment	12
Management Operating Cash Flow	(41)
Payments Related to 2009 Restructuring Charges	1
Merger and Integration Payments (after-tax)	97
Capital Investments Related to the PBG/PAS Integration	21
Management Operating Cash Flow Excluding above Items	<u>\$ 78</u>

Net Capital Expenditures (\$ billions)

	Projected Full-Year 2011
Reported Net Capital Expenditures	~\$3.65
Capital Investments Related to the PBG/PAS Integration	(~0.15)
Net Capital Expenditures Excluding above Item	<u>~\$3.5</u>

Growth in Total Net Revenue on a Pro Forma Basis Reconciliation

	Quarter Ended
	3/19/11
Growth in Total Net Revenue on a Pro Forma Basis	7%
Impact of WBD	(2)
Growth in Total Net Revenue on a Pro Forma Basis Excluding WBD	<u>5%</u>

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (cont.)
Core Growth and Core Constant Currency Growth*
(unaudited)

	Quarter Ended	
	3/19/11	
	Net Revenue	Operating Profit
<u>Frito-Lay North America</u>		
Reported Growth.....	1.5%	6%
Merger and Integration Charges	—	—
Core Growth.....	1.5	6
Impact of Foreign Currency Translation	—	—
Core Constant Currency Growth	<u>1%</u>	<u>6%</u>
<u>Quaker Foods North America</u>		
Reported Growth.....	(6)%	9%
Merger and Integration Charges	—	—
Core Growth.....	(6)	9
Impact of Foreign Currency Translation	(1)	(1)
Core Constant Currency Growth	<u>(7)%</u>	<u>9%</u>
<u>Latin America Foods</u>		
Reported Growth.....	13%	17%
Merger and Integration Charges	—	—
Core Growth.....	13	17
Impact of Foreign Currency Translation	(6)	(5)
Core Constant Currency Growth	<u>7%</u>	<u>13%</u>
<u>PepsiCo Americas Foods</u>		
Reported Growth.....	3%	8%
Merger and Integration Charges	—	—
Core Growth.....	3	8
Impact of Foreign Currency Translation	(2)	(1)
Core Constant Currency Growth	<u>1%</u>	<u>7%</u>
<u>PepsiCo Americas Beverages</u>		
Reported Growth.....	64%	669%
Merger and Integration Charges	—	(262)
Inventory Fair Value Adjustments.....	—	(411)
Venezuela Currency Devaluation	—	13
Core Growth.....	64	9
Impact of Foreign Currency Translation	(0.5)	(1)
Core Constant Currency Growth	<u>63%</u>	<u>9%</u>

*Core results and core constant currency results are financial measures that are not in accordance with GAAP and exclude the above non-core adjustments.

Note – certain amounts above may not sum due to rounding.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (cont.)
Core Growth and Core Constant Currency Growth*
(unaudited)

	Quarter Ended	
	3/19/11	
	Net Revenue	Operating Profit
<u>Europe</u>		
Reported Growth.....	56%	(47)%
Merger and Integration Charges	-	(8)
Inventory Fair Value Adjustments.....	-	21
Core Growth.....	56	(33)
Impact of Foreign Currency Translation	2	2
Core Constant Currency Growth	<u>58%</u>	<u>(31)%</u>
 <u>Asia, Middle East & Africa</u>		
Reported Growth.....	10%	(6)%
Merger and Integration Charges	-	-
Core Growth.....	10	(6)
Impact of Foreign Currency Translation	(2)	(3)
Core Constant Currency Growth	<u>7%</u>	<u>(9)%</u>
 <u>Total Divisions</u>		
Reported Growth.....	27%	36%
Merger and Integration Charges	-	(14)
Inventory Fair Value Adjustments.....	-	(18)
Venezuela Currency Devaluation	-	1
Core Growth.....	27	5
Impact of Foreign Currency Translation	(1)	(1)
Core Constant Currency Growth	<u>26%</u>	<u>4%</u>

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