

Reconciliation of GAAP and Non-GAAP Information (unaudited)

Division operating profit, core results and core results on a constant currency basis 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.

In the 12 and 36 weeks ended September 5, 2009, we recognized \$29 million and \$191 million, respectively, of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the 12 and 36 weeks ended September 6, 2008, we recognized \$176 million and \$119 million, respectively, of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the full-year 2008, we recognized \$346 million of mark-to-market net losses 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.

In the 12 weeks ended September 5, 2009, we incurred \$1 million of costs associated with the proposed mergers with PBG and PAS, as well as an additional \$8 million of costs, representing our share of the respective merger costs of PBG and PAS, recorded in bottling equity income.

As a result of our previously initiated Productivity for Growth program, we recorded restructuring and impairment charges of \$36 million in the 36 weeks ended September 5, 2009. In the full-year 2008, we recorded restructuring and impairment charges of \$543 million in connection with this program. The program includes actions in all segments of the business, including the closure of six plants that we believe will increase cost competitiveness across the supply chain, upgrade and streamline our product portfolio and simplify the organization for more effective and timely decision-making.

In addition, in the full-year 2008, PBG implemented a restructuring initiative across all of its geographic segments. PBG also recognized an asset impairment charge related to its business in Mexico. Consequently, in 2008, we recorded a non-cash charge of \$138 million, included in bottling equity income, as part of recording our share of PBG's financial results.

Additionally, management operating cash flow and management operating cash flow growth are the primary measures management uses to monitor cash flow performance. They are not measures 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.

We believe investors should consider the following non-GAAP financial measures with respect to our third quarter results:

- Our 2009 net revenue growth on a constant currency basis;
- Our 2009 division operating profit growth;
- Our 2009 division operating profit growth on a constant currency basis;
- Our 2009 effective tax rate excluding the impact of costs associated with our proposed merger with PBG and PAS and the mark-to-market net gains on commodity hedges; and
- Our 2009 diluted EPS excluding the impact of costs associated with our proposed merger with PBG and PAS and the mark-to-market net gains on commodity hedges; our 2008 diluted EPS excluding the impact of the mark-to-market net losses on commodity hedges; and our 2009 diluted EPS growth and total operating profit growth excluding the impact of costs associated with our proposed merger with PBG and PAS and the mark-to-market net impact of commodity hedges, on a constant currency basis.

We believe investors should consider the following non-GAAP financial measure with respect to our year-to-date results:

- Our 2009 net revenue growth on a constant currency basis;
- Our 2009 division operating profit growth;
- Our 2009 division operating profit growth excluding the impact of restructuring and impairment charges, as well as on a constant currency basis;
- Our 2009 diluted EPS excluding the impact of restructuring and impairment charges, costs associated with our proposed merger with PBG and PAS and the mark-to-market net gains on commodity hedges; our 2008 diluted EPS excluding the impact of the mark-to-market net losses on commodity hedges; and our 2009 diluted EPS growth and total operating profit growth excluding the impact of restructuring and impairment charges, costs associated with our proposed merger with PBG and PAS and the mark-to-market net impact of commodity hedges, on a constant currency basis; and
- Our 2009 and 2008 management operating cash flow and 2009 management operating cash flow growth, excluding the impact of a discretionary pension contribution in the first quarter of 2009 and restructuring-related cash payments in 2009 and 2008.

We believe investors should consider the following non-GAAP financial measure with respect to our 2008 full-year results:

- Our 2008 diluted EPS excluding the impact of restructuring and impairment charges, mark-to-market net losses on commodity hedges and our share of PBG's restructuring and impairment charges.

Reconciliation of GAAP and Non-GAAP Information (cont.)
(\$ in millions, except per share amounts and as otherwise noted, unaudited)

We are not able to reconcile our full-year projected 2009 core constant currency results to our full-year projected 2009 reported results because we are unable to predict the 2009 full-year impact 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. Because the company expects to close on the proposed acquisitions of PBG and PAS in late 2009 or early 2010, the company's fiscal 2009 guidance does not include the impact of the proposed acquisitions.

We are not able to reconcile our full-year projected 2010 core constant currency EPS to our full-year projected 2010 reported results because we are unable to predict the 2010 full-year impact 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. Additionally, with respect to our proposed transactions with PBG and PAS, we are unable to predict the 2010 full-year impact of the gain or loss on previously held equity interests in PBG and PAS, the post-merger one-time impact to earnings of fair value adjustments to acquired inventory, any additional restructuring or integration costs and transaction costs related to the proposed acquisitions of PBG and PAS due to the uncertainty of the amounts and/or timing of such items. Therefore, we are unable to provide a reconciliation of these measures.

Operating Profit Growth Reconciliation

	12 Weeks Ended <u>9/5/09</u>	36 Weeks Ended <u>9/5/09</u>
Division Operating Profit Growth.....	2%	-%
Impact of Corporate Unallocated.....	10	5
Reported Total Operating Profit Growth.....	12	5
Impact of Mark-to-Market Net Gains.....	(10)	(5)
Impact of Restructuring and Impairment Charges.....	-	1
Impact of PBG/PAS Merger Costs.....	-	-
Impact of Foreign Currency Translation.....	6	7
Growth Excluding Impact of above Items, on a constant currency basis.....	<u>8%</u>	<u>7%*</u>

**Does not sum due to rounding*

Net Revenue Growth Reconciliation

	36 Weeks Ended <u>9/5/09</u>
Reported Net Revenue Growth.....	(2)%
Impact of Foreign Currency Translation.....	7
Net Revenue Growth, on a constant currency basis.....	<u>5%</u>

PepsiCo Division Operating Profit Growth Reconciliation

	36 Weeks Ended <u>9/5/09</u>
Reported Growth.....	-%
Impact of Restructuring and Impairment Charges.....	1
Impact of Foreign Currency Translation.....	7
Growth Excluding Impact of above Items, on a constant currency basis.....	<u>7%*</u>

**Does not sum due to rounding*

Effective Tax Rate Reconciliation

	12 Weeks Ended <u>9/5/09</u>		
	Pre-Tax Income	Income Taxes	Effective Tax Rate
Reported Effective Tax Rate.....	\$2,308	\$575	24.9%
Mark-to-Market Net Gains.....	(29)	(10)	
PBG/PAS Merger Costs.....	9	1	
Effective Tax Rate Excluding above Items.....	<u>\$2,288</u>	<u>\$567*</u>	24.7%

**Does not sum due to rounding*

Reconciliation of GAAP and Non-GAAP Information (cont.)
(\$ in millions, except per share amounts and as otherwise noted, unaudited)

Diluted EPS Reconciliation

	12 Weeks Ended		Growth
	9/5/09	9/6/08	
Reported Diluted EPS.....	\$1.09	\$0.99	10%
Mark-to-Market Net (Gains)/Losses.....	(0.01)	0.07	
PBG/PAS Merger Costs.....	0.01	-	
Diluted EPS Excluding above Items.....	<u>\$1.08*</u>	<u>\$1.06</u>	2%
Impact of Foreign Currency Translation.....			<u>6</u>
Diluted EPS Excluding above Items, on a constant currency basis.....			<u>8%</u>

**Does not sum due to rounding*

Diluted EPS Reconciliation

	36 Weeks Ended		Growth
	9/5/09	9/6/08	
Reported Diluted EPS.....	\$2.87	\$2.74	5%
Mark-to-Market Net (Gains)/Losses.....	(0.08)	0.05	
Restructuring and Impairment Charges.....	0.02	-	
PBG/PAS Merger Costs.....	0.01	-	
Diluted EPS Excluding above Items.....	<u>\$2.81*</u>	<u>\$2.79</u>	1%
Impact of Foreign Currency Translation.....			<u>7</u>
Diluted EPS Excluding above Items, on a constant currency basis.....			<u>8%</u>

**Does not sum due to rounding*

Net Cash Provided by Operating Activities Reconciliation (in billions)

	36 Weeks	36 Weeks	Change
	Ended	Ended	
	9/5/09	9/6/08	
Net Cash Provided by Operating Activities.....	\$ 4.4	\$ 4.7	(5.5)%
Capital Spending.....	(1.1)	(1.4)	
Sales of Property, Plant and Equipment.....	-	0.1	
Management Operating Cash Flow.....	3.3	3.3*	(1)%
Discretionary Pension Contribution (After-Tax).....	0.6	-	
Restructuring Payments.....	0.2	-	
Management Operating Cash Flow Excluding above Items.....	<u>\$ 4.1</u>	<u>\$ 3.4*</u>	22%

**Does not sum due to rounding*

Diluted EPS Reconciliation

	Year Ended
	12/27/08
Reported Diluted EPS.....	\$3.21
Mark-to-Market Net Losses.....	0.14
Restructuring and Impairment Charges.....	0.25
PBG's Restructuring and Impairment Charges.....	0.07
Diluted EPS Excluding above Items.....	<u>\$3.68*</u>

**Does not sum due to rounding*

Reconciliation of GAAP and Non-GAAP Information (cont.)
Reported Growth and Growth Excluding the Impact of Foreign Currency Translation
(unaudited)

	12 Weeks Ended	
	9/5/09	
	Net Revenue	Operating Profit
<u>Frito-Lay North America</u>		
Reported Growth.....	5%	5%
Impact of Foreign Currency Translation	1	1
Growth on a constant currency basis	<u>5%*</u>	<u>5%*</u>
 <u>Latin America Foods</u>		
Reported Growth.....	(10)%	(11)%
Impact of Foreign Currency Translation	19	22
Growth on a constant currency basis	<u>9%</u>	<u>11%</u>
 <u>PepsiCo Americas Foods</u>		
Reported Growth.....	-%	1%
Impact of Foreign Currency Translation	6	5
Growth on a constant currency basis	<u>7%*</u>	<u>6%</u>
 <u>Europe</u>		
Reported Growth.....	(2)%	1%
Impact of Foreign Currency Translation	14	17
Growth on a constant currency basis	<u>12%</u>	<u>18%</u>
 <u>PepsiCo International</u>		
Reported Growth	2.5%	
Impact of Foreign Currency Translation.....	10	
Growth on a constant currency basis	<u>13%*</u>	
 <u>Total Divisions</u>		
Reported Growth	(1.5)%	2%
Impact of Foreign Currency Translation.....	6	6
Growth on a constant currency basis	<u>5%*</u>	<u>8%</u>

*Does not sum due to rounding