

Reconciliation of GAAP and Non-GAAP Information

The financial measures listed below are not measures defined by generally accepted accounting principles. However, we believe investors should consider these measures as they are more indicative of our ongoing performance and how management evaluates our operational results and trends. Specifically, investors should consider the following:

- Our 2007 and 2006 division operating profit;
- Our 2007 and 2006 division operating profit and total operating profit without the impact of restructuring and impairment charges; and our 2007 division operating profit growth and total operating profit growth without the impact of restructuring and impairment charges;
- Our 2007 and 2006 net income without the impact of our 2007 and 2006 non-cash tax benefits and restructuring and impairment charges; our 2007 net income growth without the impact of the aforementioned items; and
- Our 2007 and 2006 diluted EPS without the impact of our 2007 and 2006 non-cash tax benefits and restructuring and impairment charges; our 2007 diluted EPS growth without the impact of the aforementioned items; and our 2005 diluted EPS without the impact of the AJCA tax charge, restructuring charges and the extra week in 2005.

Operating Profit Reconciliation	2007	2006	Growth
Total PepsiCo Reported Operating Profit	\$7,170	\$6,502	10%
Impact of Restructuring and Impairment Charges	102	67	
Total Operating Profit Excluding above Item	7,272	6,569	11%
Impact of Corporate Unallocated	753	738	
PepsiCo Total Division Operating Profit Excluding above Items	\$8,025	\$7,307	10%

Operating Profit Reconciliation	2007	2006	2007 Percentage of Total
Frito-Lay North America Operating Profit	\$2,845	\$2,615	36%
Quaker Foods North America Operating Profit	568	554	7
Latin America Foods Operating Profit	714	655	9
PepsiCo Americas Beverages Operating Profit	2,487	2,315	31
United Kingdom & Europe Operating Profit	774	700	10
Middle East, Africa & Asia Operating Profit	535	401	7
PepsiCo Total Division Operating Profit	7,923	7,240	100%
Impact of Corporate Unallocated	(753)	(738)	
Total PepsiCo Reported Operating Profit	\$7,170	\$6,502	

Net Income Reconciliation	2007	2006	Growth
Reported Net Income	\$5,658	\$5,642	—
Tax Benefits	(129)	(620)	
Restructuring and Impairment Charges	70	43	
Net Income Excluding above Items	\$5,599	\$5,065	11%

Diluted EPS Reconciliation	2007	2006	2007 Growth	2005
Reported Diluted EPS	\$ 3.41	\$ 3.34	2%	\$ 2.39
Tax Benefits	(0.08)	(0.37)		
AJCA Tax Charge				0.27
Extra Week				(0.03)
Restructuring and Impairment Charges	0.04	0.03		0.03
Diluted EPS Excluding above Items	\$ 3.38*	\$ 3.00	13%	\$ 2.66

*Does not sum due to rounding.

GLOSSARY

Anchor bottlers: The Pepsi Bottling Group (PBG), PepsiAmericas (PAS) and Pepsi Bottling Ventures (PBV).

Bottler: customers to whom we have granted exclusive contracts to sell and manufacture certain beverage products bearing our trademarks within a specific geographical area.

Bottler Case Sales (BCS): measure of physical beverage volume shipped to retailers and independent distributors from both PepsiCo and our bottlers.

Bottler funding: financial incentives we give to our bottlers to assist in the distribution and promotion of our beverage products.

Concentrate Shipments and Equivalents (CSE): measure of our physical beverage volume shipments to bottlers, retailers and independent distributors. This measure is reported on our fiscal year basis.

Consumers: people who eat and drink our products.

CSD: carbonated soft drinks.

Customers: authorized bottlers and independent distributors and retailers.

Derivatives: financial instruments that we use to manage our risk arising from changes in commodity prices, interest rates, foreign exchange rates and stock prices.

Direct-Store-Delivery (DSD): delivery system used by us and our bottlers to deliver snacks and beverages directly to retail stores where our products are merchandised.

Effective net pricing: reflects the year-over-year impact of discrete pricing actions, sales incentive activities and mix resulting from selling varying products in different package sizes and in different countries.

Management operating cash flow: net cash provided by operating activities less capital spending plus sales of property, plant and equipment. It is our primary measure used to monitor cash flow performance.

Marketplace spending: sales incentives offered through various programs to our customers and consumers (trade spending), as well as advertising and other marketing activities.

Servings: common metric reflecting our consolidated physical unit volume. Our divisions' physical unit measures are converted into servings based on U.S. Food and Drug Administration guidelines for single-serving sizes of our products.

Smart Spot: our initiative that helps consumers find our products that can contribute to healthier lifestyles.

Transaction gains and losses: the impact on our consolidated financial statements of exchange rate changes arising from specific transactions.

Translation adjustments: the impact of the conversion of our foreign affiliates' financial statements to U.S. dollars for the purpose of consolidating our financial statements.