

## 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 12 weeks ended June 12, 2010, we recognized \$4 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the 24 weeks ended June 12, 2010, we recognized \$42 million of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the 12 and 24 weeks ended June 13, 2009, we recognized \$100 million and \$162 million, respectively, 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.

### *PBG/PAS merger and integration charges*

In the 12 weeks ended June 12, 2010, we incurred merger and integration charges of \$155 million related to our acquisitions of PBG and PAS, including \$103 million recorded in the PAB segment, \$28 million recorded in the Europe segment and \$24 million recorded in corporate unallocated expenses. In the 24 weeks ended June 12, 2010, we incurred merger and integration charges of \$467 million related to our acquisitions of PBG and PAS, including \$296 million recorded in the PAB segment, \$29 million recorded in the Europe segment, \$112 million recorded in corporate unallocated expenses and \$30 million recorded in interest expense. These charges are being incurred to help create a more fully integrated supply chain and go-to-market business model, to improve the effectiveness and efficiency of the distribution of our brands and to enhance our revenue growth. These charges also include closing costs, one-time financing costs and advisory fees related to the acquisitions. In addition, in the 24 weeks ended June 12, 2010 we recorded \$9 million of charges, representing our share of the respective merger costs of PBG and PAS, recorded in bottling equity income.

### *2009 restructuring and impairment charges*

As a result of our previously initiated Productivity for Growth program, in the 12 and 24 weeks ended June 13, 2009 we recorded \$11 million and \$36 million, respectively, of restructuring and impairment charges. 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.

### *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 12 weeks ended June 12, 2010, we recorded \$76 million of incremental costs, substantially all 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, including \$36 million recorded in the PAB segment and \$40 million recorded in the Europe segment. In the 24 weeks ended June 12, 2010, we recorded \$357 million of incremental costs, substantially all 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, including \$317 million recorded in the PAB segment and \$40 million recorded in the Europe segment.

### *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.

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### *Asset write-off for SAP software*

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.

### *One-time legal settlement*

In the second quarter of 2010, we incurred a one-time \$11 million charge related to a legal settlement in our Latin America Foods business.

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.

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. Therefore, we are unable to provide a reconciliation of these measures.

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

**Operating Profit Growth Reconciliation**

	12 Weeks Ended <u>6/12/10</u>
Division Operating Profit Growth.....	19%
Impact of Corporate Unallocated .....	(7)
Reported Total Operating Profit Growth.....	<u>12%</u>

**Latin America Foods Operating Profit Growth Reconciliation**

	12 Weeks Ended <u>6/12/10</u>
Reported Growth.....	(3)%
2009 Restructuring and Impairment Charges .....	-
Impact of Venezuela Results.....	11
One-Time Legal Settlement .....	5
Growth, Excluding above Items.....	13
Impact of Foreign Currency Translation, Excluding Venezuela.....	(10)
Constant Currency Growth, Excluding above Items.....	<u>3%</u>

**Diluted EPS Reconciliation**

	24 Weeks Ended		Growth
	<u>6/12/10</u>	<u>6/13/09</u>	
Reported Diluted EPS .....	\$ 1.87	\$ 1.78	5%
Mark-to-Market Net Gains .....	(0.02)	(0.07)	
2009 Restructuring and Impairment Charges.....	-	0.02	
Gain on Previously Held Equity Interests .....	(0.60)	-	
PBG/PAS Merger and Integration Charges.....	0.23	-	
Inventory Fair Value Adjustments .....	0.19	-	
Venezuela Currency Devaluation .....	0.07	-	
Asset Write-Off for SAP Software.....	0.06	-	
Foundation Contribution .....	0.04	-	
Core Diluted EPS .....	<u>\$ 1.86*</u>	<u>\$ 1.73</u>	7%
Impact of Foreign Currency Translation .....			-
Core Constant Currency Diluted EPS .....			<u>7%</u>

\*Does not sum due to rounding.

**Net Cash Provided by Operating Activities Reconciliation**

	24 Weeks Ended	24 Weeks Ended	Change
	<u>6/12/10</u>	<u>6/13/09</u>	
Net Cash Provided by Operating Activities .....	\$2,442	\$1,492	64%
Capital Spending .....	(968)	(735)	
Sales of Property, Plant and Equipment .....	37	26	
Management Operating Cash Flow .....	1,511	783	93%
Discretionary Pension Contributions (after-tax) .....	384	784	
Payments Related to 2009 Restructuring Charges .....	28	160	
PBG/PAS Merger and Integration Payments (after-tax) .....	184	-	
Foundation Contribution (after-tax) .....	64	-	
Management Operating Cash Flow Excluding above Items .....	<u>\$2,171</u>	<u>\$1,727</u>	26%

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

**Net Cash Provided by Operating Activities Reconciliation (in whole dollars)**

	2010 <u>Guidance</u>
Net Cash Provided by Operating Activities .....	~\$7.9 billion
Net Capital Spending .....	<u>~(3.6) billion</u>
Management Operating Cash Flow .....	~4.3 billion
Payments Related to 2009 Restructuring Charges .....	0.03 billion
PBG/PAS Merger and Integration Payments .....	~0.4 billion
Foundation Contribution .....	0.1 billion
Discretionary Pension Contributions.....	1.2 billion
Capital Investments Related to the PBG/PAS Integration .....	~0.2 billion
Less: Cash Tax Benefits Related to the above Items.....	<u>~(0.6) billion</u>
Management Operating Cash Flow Excluding above Items .....	~\$5.6* <u><u>billion</u></u>

*\*Does 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)**

	12 Weeks Ended	
	6/12/10	
	Net Revenue	Operating Profit
<u>Frito-Lay North America</u>		
Reported Growth.....	2%	8%
2009 Restructuring and Impairment Charges.....	—	—
Core Growth.....	2	8
Impact of Foreign Currency Translation.....	(1)	(1)
Core Constant Currency Growth.....	<u>1%</u>	<u>7%</u>
<u>Quaker Foods North America</u>		
Reported Growth.....	(4)%	(13)%
2009 Restructuring and Impairment Charges.....	—	—
Core Growth.....	(4)	(14)**
Impact of Foreign Currency Translation.....	(1.5)	(1)
Core Constant Currency Growth.....	<u>(6)% **</u>	<u>(14)% **</u>
<u>Latin America Foods</u>		
Reported Growth.....	12%	(3)%
2009 Restructuring and Impairment Charges.....	—	—
Core Growth.....	12	(3)
Impact of Foreign Currency Translation.....	(5)	(5)
Core Constant Currency Growth.....	<u>6%**</u>	<u>(7)% **</u>
<u>PepsiCo Americas Foods</u>		
Reported Growth.....	4%	3%
2009 Restructuring and Impairment Charges.....	—	—
Core Growth.....	4	3
Impact of Foreign Currency Translation.....	(2)	(2)
Core Constant Currency Growth.....	<u>2%</u>	<u>2%**</u>
<u>PepsiCo Americas Beverages</u>		
Reported Growth.....	112%	54%
2009 Restructuring and Impairment Charges.....	—	(0.5)
PBG/PAS Merger and Integration Charges.....	—	17
Inventory Fair Value Adjustments.....	—	6
Core Growth.....	112	76**
Impact of Foreign Currency Translation.....	—	4
Core Constant Currency Growth.....	<u>112%</u>	<u>80%</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.

\*\*Does 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)**

	12 Weeks Ended	
	6/12/10	
	Net Revenue	Operating Profit
<u>Europe</u>		
Reported Growth .....	47%	3%
2009 Restructuring and Impairment Charges .....	-	0.5
PBG/PAS Merger and Integration Charges .....	-	11
Inventory Fair Value Adjustments .....	-	15
Core Growth .....	47	30**
Impact of Foreign Currency Translation .....	(4)	(5)
Core Constant Currency Growth .....	43%	25%
 <u>Asia, Middle East &amp; Africa</u>		
Reported Growth .....	22%	17%
2009 Restructuring and Impairment Charges .....	-	(4)
Core Growth .....	22	12**
Impact of Foreign Currency Translation .....	(6)	(6)
Core Constant Currency Growth .....	15%**	6%
 <u>Total Divisions</u>		
Reported Growth .....	40%	19%
2009 Restructuring and Impairment Charges .....	-	(0.5)
PBG/PAS Merger and Integration Charges .....	-	6
Inventory Fair Value Adjustments .....	-	3
Core Growth .....	40	27**
Impact of Foreign Currency Translation .....	(2.5)	(1)
Core Constant Currency Growth .....	37%**	26%

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