

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 gains

In the first quarter of 2010, we recognized \$46 million of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the first quarter of 2009, we recognized \$62 million of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the year ended December 26, 2009, we recognized \$274 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.

PBG/PAS merger and integration charges

In the first quarter of 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 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, we recorded \$9 million of charges, representing our share of the respective merger costs of PBG and PAS, recorded in bottling equity income. In the year ended December 26, 2009, we incurred \$50 million of costs associated with these acquisitions, as well as an additional \$11 million of costs 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, we recorded restructuring and impairment charges of \$25 million in the first quarter of 2009. In the first half of 2009, we recorded restructuring and impairment charges of \$36 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.

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 first quarter of 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 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.

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

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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 first-half, second-half or full-year projected 2010 core constant currency EPS to our first-half, second-half or full-year projected 2010 reported results because we are unable to predict the 2010 first-half, second-half or 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

	Quarter Ended
	3/20/10
Division Operating Profit Growth.....	(17)%
Impact of Corporate Unallocated.....	(30)
Reported Total Operating Profit Growth	(47)%

Effective Tax Rate Reconciliation

	Quarter Ended		
	3/20/10		
	Pre-Tax Income	Income Taxes	Effective Tax Rate
Reported Effective Tax Rate.....	\$1,401	\$(33)	(2.3)%
Mark-to-Market Net Gains	(46)	(17)	
Gain on Previously Held Equity Interests.....	(735)	223	
PBG/PAS Merger and Integration Charges.....	321	60	
Inventory Fair Value Adjustments.....	281	41	
Venezuela Currency Devaluation	120	-	
Asset Write-Off for SAP Software	145	53	
Foundation Contribution	100	36	
Core Effective Tax Rate	<u>\$1,587</u>	<u>\$363</u>	22.9%

Diluted EPS Reconciliation

	Year Ended
	12/26/09
Reported Diluted EPS.....	\$ 3.77
Mark-to-Market Net Gains	(0.11)
Restructuring and Impairment Charges.....	0.02
PBG/PAS Merger Costs	0.03
Core Diluted EPS.....	<u>\$ 3.71</u>

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

Net Cash Provided by Operating Activities Reconciliation

	Quarter Ended	Quarter Ended	Change
	3/20/10	3/21/09	
Net Cash Provided by Operating Activities	\$ 241	\$ (266)	n/m
Capital Spending	(274)	(298)	
Sales of Property, Plant and Equipment.....	16	8	
Management Operating Cash Flow	(17)	(556)	(97)%
Discretionary Pension Contributions	600	1,000	
Payments Related to 2009 Restructuring Charges	26	124	
PBG/PAS Merger and Integration Payments	85	-	
Foundation Contribution.....	100	-	
Management Operating Cash Flow Excluding above Items	<u>\$ 794</u>	<u>\$ 568</u>	40%

n/m = not meaningful

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

	2010 Guidance
Net Cash Provided by Operating Activities	~\$8.3 billion
Net Capital Spending	<u>~(3.6) billion</u>
Management Operating Cash Flow	~4.7 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 Contribution.....	~0.6 billion
Capital Investments Related to the PBG/PAS Integration	~0.2 billion
Less: Cash Tax Benefits Related to the above Items	<u>~(0.3) billion</u>
Management Operating Cash Flow Excluding above Items	<u>~\$5.6* billion</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)

	Quarter Ended	
	3/20/10	
	Net Revenue	Operating Profit
<u>Frito-Lay North America</u>		
Reported Growth.....	2%	10%
2009 Restructuring and Impairment Charges.....	-	-
Core Growth.....	2	10
Impact of Foreign Currency Translation.....	(1)	(1)
Core Constant Currency Growth.....	1%	9%
<u>Quaker Foods North America</u>		
Reported Growth.....	(1)%	(12)%
2009 Restructuring and Impairment Charges.....	-	-
Core Growth.....	(1)	(13)**
Impact of Foreign Currency Translation.....	(2)	(1)
Core Constant Currency Growth.....	(3)%	(14)%
<u>Latin America Foods</u>		
Reported Growth.....	13%	(12)%
2009 Restructuring and Impairment Charges.....	-	(2)
Core Growth.....	13	(13)**
Impact of Foreign Currency Translation.....	(6)	8
Core Constant Currency Growth.....	8%**	(5)%
<u>PepsiCo Americas Foods</u>		
Reported Growth.....	4%	3%
2009 Restructuring and Impairment Charges.....	-	(1)
Core Growth.....	4	2.5**
Impact of Foreign Currency Translation.....	(2)	-
Core Constant Currency Growth.....	2%	3%**
<u>PepsiCo Americas Beverages</u>		
Reported Growth.....	32%	(83)%
2009 Restructuring and Impairment Charges.....	-	(3)
PBG/PAS Merger and Integration Charges.....	-	46
Inventory Fair Value Adjustments.....	-	66
Venezuela Currency Devaluation.....	-	(2)
Core Growth.....	32	23**
Impact of Foreign Currency Translation.....	(1)	5
Core Constant Currency Growth.....	32%**	28%

*Core results and core constant currency results are financial measures that are not in accordance with GAAP and exclude the above non-core adjustments. See page 1 for a discussion of each of these non-core adjustments.

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

	Quarter Ended	
	3/20/10	
	Net Revenue	Operating Profit
<u>Europe</u>		
Reported Growth	5%	16%
2009 Restructuring and Impairment Charges.....	-	(2.5)
PBG/PAS Merger and Integration Charges.....	-	1
Core Growth	5	14**
Impact of Foreign Currency Translation.....	(8)	(10)
Core Constant Currency Growth.....	(3)%	4%
 <u>Asia, Middle East & Africa</u>		
Reported Growth	23%	17%
2009 Restructuring and Impairment Charges.....	-	(2)
Core Growth	23	15
Impact of Foreign Currency Translation.....	(5)	(3)
Core Constant Currency Growth.....	18%	12%
 <u>Total Divisions</u>		
Reported Growth	13%	(17)%
2009 Restructuring and Impairment Charges.....	-	(1.5)
PBG/PAS Merger and Integration Charges.....	-	11
Inventory Fair Value Adjustments	-	17
Venezuela Currency Devaluation.....	-	(0.5)
Core Growth	13	9
Impact of Foreign Currency Translation.....	(3)	1
Core Constant Currency Growth.....	11%**	10%

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

	Quarter Ended	
	3/21/09	
	Net Revenue	Operating Profit
<u>Frito-Lay North America</u>		
Reported Growth.....	10%	10%
Impact of Restructuring and Impairment Charges.....	-	-
Core Growth.....	10	10
Impact of Foreign Currency Translation	2	1
Core Constant Currency Growth	12%	12% **
<u>Latin America Foods</u>		
Reported Growth.....		(1)%
Impact of Restructuring and Impairment Charges.....		2
Core Growth.....		1
Impact of Foreign Currency Translation		26
Core Constant Currency Growth		27%
<u>PepsiCo Americas Foods</u>		
Reported Growth.....	4%	7%
Impact of Restructuring and Impairment Charges.....	-	1
Core Growth.....	4	8
Impact of Foreign Currency Translation	6	6
Core Constant Currency Growth	10%	14%

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