

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. Constant currency financial results (historical and projected) assume constant foreign currency exchange rates used for translation based on the rates in effect for the comparable prior-year period. In addition, core constant currency EPS growth is computed by adjusting core EPS growth by the after-tax foreign currency translation impact on core operating profit growth using PepsiCo's core effective tax rate.

In the year ended December 26, 2009, we recognized \$274 million of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the year ended December 27, 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 year ended December 26, 2009, we incurred \$50 million of costs associated with our mergers with Pepsi Bottling Group, Inc. (PBG) and PepsiAmericas, Inc. (PAS), 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.

As a result of our previously initiated Productivity for Growth program, we recorded restructuring and impairment charges of \$36 million in the year ended December 26, 2009. In 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 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.

In 2004, we incurred restructuring and impairment charges of \$150 million in conjunction with the consolidation of Frito-Lay North America's (FLNA) manufacturing network. In 2004, we also recognized \$304 million of certain tax benefits.

In 1999, we recorded a \$1.0 billion gain in connection with the deconsolidation of our bottling operations. In 1999, we also recorded asset impairment and restructuring charges of \$65 million related to the closure of three plants and impairment of equipment at FLNA.

Additionally, management operating cash flow growth is a primary measure management uses to monitor cash flow performance. It 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 believe investors should consider the following non-GAAP financial measures with respect to our 2009 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 in 2009 and 2008 and costs associated with our mergers with PBG and PAS, on a constant currency basis;
- Our 2009 diluted EPS growth excluding the impact of restructuring and impairment charges in 2009 and 2008, costs associated with our mergers with PBG and PAS and the mark-to-market net impact of commodity hedges in 2009 and 2008, on a constant currency basis;
- Our 2009 5-year division operating profit Compound Annual Growth Rate (CAGR) excluding the impact of restructuring and impairment charges in 2009 and 2004 and costs associated with our mergers with PBG and PAS;

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- Our 2009 5-year diluted EPS CAGR excluding the impact of restructuring and impairment charges in 2009 and 2004, costs associated with our mergers with PBG and PAS, the mark-to-market net impact of commodity hedges in 2009 and certain tax benefits in 2004;
- Our 2009 10-year division operating profit CAGR excluding the impact of restructuring and impairment charges in 2009 and 1999 and costs associated with our mergers with PBG and PAS;
- Our 2009 10-year diluted EPS CAGR excluding the impact of restructuring and impairment charges in 2009 and 1999, costs associated with our mergers with PBG and PAS, the mark-to-market net impact of commodity hedges in 2009 and the gain in connection with the deconsolidation of our bottling operations in 1999;
- Our 2009 PepsiCo Americas Foods (PAF) net revenue growth on a constant currency basis and 2009 net revenue growth for developed and emerging markets within the PAF segment on a constant currency basis;
- Our 2009 2-year net revenue CAGR for our combined Sabritas and Gamesa businesses on a constant currency basis;
- Our 2009 net revenue growth for our combined Sabritas and Gamesa businesses on a constant currency basis;
- Our 2009 operating profit growth for our combined Sabritas and Gamesa businesses excluding restructuring and impairment charges and on a constant currency basis; and
- Our 2009 management operating cash flow growth, excluding the impact of a discretionary pension contribution in 2009, cash payments for PBG/PAS merger costs in 2009 and restructuring-related cash payments in 2009 and 2008.

We are not able to reconcile our forward-looking (2010-2015) revenue growth, operating profit growth, operating margins or EPS on a core and/or constant currency basis to our forward-looking results in accordance with GAAP for the corresponding measures and periods because we are unable to predict the impact of foreign exchange and/or mark-to-market net gains or losses on commodity hedges due to the unpredictability of future changes in foreign exchange rates and/or commodity prices. Additionally, with respect to our mergers with PBG and PAS, we are unable to predict the amounts or timing of any additional restructuring or integration costs. Therefore, we are unable to provide a reconciliation of these measures.

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Total Operating Profit Growth Reconciliation

	Year Ended
	12/26/09
Division Operating Profit Growth.....	8%
Impact of Corporate Unallocated.....	8
Reported Total Operating Profit Growth	<u>16%</u>

Division Net Revenue and Operating Profit Reconciliation

	Year Ended	
	12/26/09	
	Net Revenue	Division Operating Profit
Reported Growth	-%	8%
Impact of Restructuring and Impairment Charges	-	(6)
Growth Excluding Impact of Restructuring and Impairment Charges	-	2
Impact of Foreign Currency Translation.....	5	5
Growth Excluding Impact of above Item, on a constant currency basis	<u>5%</u>	<u>6%*</u>

**Does not sum due to rounding*

Diluted EPS Reconciliation

	Year Ended		
	12/26/09	12/27/08	Growth
Reported Diluted EPS.....	\$ 3.77	\$3.21	17%
Mark-to-Market Net (Gains)/Losses	(0.11)	0.14	
Restructuring and Impairment Charges.....	0.02	0.25	
PBG's Restructuring and Impairment Charges	-	0.07	
PBG/PAS Merger Costs	0.03	-	
Diluted EPS Excluding above Items	<u>\$ 3.71</u>	<u>\$3.68*</u>	1%
Foreign Currency Translation			5
Diluted EPS Excluding above Items, on a constant currency basis			<u>6%</u>

**Does not sum due to rounding*

2004-2009 Operating Profit CAGR Reconciliation

	CAGR
Core Division Operating Profit CAGR.....	7%
2009 Mark-to-Market Net Gains	1
2004 Restructuring and Impairment Charges.....	1
Reported Total Operating Profit CAGR	<u>9%</u>

2004-2009 Diluted EPS CAGR Reconciliation

	CAGR
Core EPS CAGR	10%
2009 Mark-to-Market Net Gains	1
2004 Tax Benefits.....	(2)
Reported EPS CAGR.....	<u>9%</u>

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1999-2009 Operating Profit CAGR Reconciliation

	<u>CAGR</u>
Core Division Operating Profit CAGR.....	8%
Individually Immaterial Items.....	<u>1</u>
Reported Total Operating Profit CAGR	<u><u>9%</u></u>

1999-2009 Diluted EPS CAGR Reconciliation

	<u>CAGR</u>
Core EPS CAGR	12%
1999 Bottling Gain	(2)
Individually Immaterial Items.....	<u>1</u>
Reported EPS CAGR.....	<u><u>11%</u></u>

2009 PAF Net Revenue Growth Reconciliation

	<u>Developed Markets</u>	<u>Emerging Markets</u>	<u>Total PAF</u>
Reported Net Revenue Growth.....	+LSD	-MSD	<u>+LSD</u>
Impact of Foreign Currency Translation.....	<u>+LSD</u>	<u>+DD</u>	<u>+MSD</u>
Reported Net Revenue Growth, on a constant currency basis	<u><u>+MSD</u></u>	<u><u>+DD</u></u>	<u><u>+HSD</u></u>

Note: LSD=low-single-digit, MSD=mid-single-digit, HSD=high-single-digit, DD=double-digit

2007-2009 Combined Sabritas/Gamesa Net Revenue CAGR

	<u>CAGR</u>
Reported Combined Sabritas/Gamesa Net Revenue CAGR.....	-MSD
Impact of Foreign Currency Translation.....	<u>+DD</u>
Reported Combined Sabritas/Gamesa Net Revenue CAGR, on a constant currency basis	<u><u>+MSD</u></u>

Note: MSD=mid-single-digit, DD=double-digit

Combined Sabritas/Gamesa Net Revenue and Operating Profit Reconciliation

	<u>Year Ended</u>	
	<u>12/26/09</u>	
	<u>Net Revenue</u>	<u>Operating Profit</u>
Reported Combined Sabritas/Gamesa Growth	-DD	-MSD
Impact of Restructuring and Impairment Charges	-	-MSD
Growth Excluding Impact of Restructuring and Impairment Charges	-DD	-DD
Impact of Foreign Currency Translation.....	<u>+DD</u>	<u>+DD</u>
Growth Excluding Impact of above Item, on a constant currency basis	<u><u>+MSD</u></u>	<u><u>+DD</u></u>

Note: MSD=mid-single-digit, DD=double-digit

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Net Cash Provided by Operating Activities Reconciliation (in billions)

	Year Ended		Growth
	12/26/09	12/27/08	
Net Cash Provided by Operating Activities	\$ 6.8	\$ 7.0	(3)%
Capital Spending	(2.1)	(2.4)	
Sales of Property, Plant and Equipment	0.1	0.1	
Management Operating Cash Flow	4.7*	4.7	2%
Discretionary Pension Contribution (After-Tax)	0.6	-	
Restructuring Payments (After-Tax)	0.2	0.2	
PBG/PAS Merger Cost Payments	0.0	-	
Management Operating Cash Flow Excluding above Items	<u>\$ 5.6*</u>	<u>\$ 4.8*</u>	<u>16%</u>

**Does not sum due to rounding*