

## **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 2002, we incurred \$224 million of costs associated with our merger with The Quaker Oats Company.

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 and 2008 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 Return on Invested Capital (ROIC) 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;
- 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;
- Our 2009 Asia, Middle East & Africa (AMEA) 4-year operating profit Compound Annual Growth Rate (CAGR) excluding restructuring and impairment charges in 2009 and the impact of a one-time gain in 2009 associated with the contribution of our snacks business in Japan to form a joint venture with Calbee;

**Reconciliation of GAAP and Non-GAAP Information (cont.)**  
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- Our 2009 4-year increase in AMEA's operating profit margin percentage excluding restructuring and impairment charges in 2009 and the impact of the one-time gain in 2009 associated with the contribution of our snacks business in Japan to form a joint venture with Calbee;
- Our 2009 Europe net revenue growth on a constant currency basis, as well as excluding the impact of acquisitions in 2009;
- Our 2009 Europe operating profit growth on a constant currency basis excluding the impact of restructuring and impairment charges and costs associated with our mergers with PBG and PAS, as well as excluding the impact of acquisitions in 2009;
- Our 2009 total India revenue growth excluding the impact of a divestiture of a business in 2009 and on a constant currency basis;
- Our 2009 India beverages revenue growth excluding the impact of a divestiture of a business in 2009 and on a constant currency basis; and
- Our 2008 6-year diluted EPS CAGR excluding the impact of restructuring and impairment charges in 2008, the mark-to-market net impact of commodity hedges in 2008 and merger-related costs in 2002.

We are not able to reconcile our forward-looking net revenue growth, operating profit growth, EPS or ROIC 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.

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

**Total Operating Profit Growth Reconciliation**

	Year Ended 12/26/09
Division Operating Profit Growth.....	8%
Corporate Unallocated.....	8
Reported Total Operating Profit Growth .....	16%

**Division Net Revenue Growth and Operating Profit Growth Reconciliation**

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

\*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 .....	\$ 3.71	\$3.68*	1%
Foreign Currency Translation .....			5
Diluted EPS Excluding above Items, on a constant currency basis .....			6%

\*Does not sum due to rounding

**ROIC Reconciliation**

	Year Ended 12/26/09
Reported ROIC .....	27%
Mark-to-Market Net Impact.....	(1)
ROIC Excluding above Item.....	26%

**Net Cash Provided by Operating Activities Reconciliation (in billions)**

	Year Ended		
	12/26/09	12/27/08	Growth
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 .....	\$ 5.6*	\$ 4.8*	16%

\*Does not sum due to rounding

**Reconciliation of GAAP and Non-GAAP Information (cont.)**  
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**2005-2009 AMEA Operating Profit CAGR Reconciliation**

	CAGR
Reported Operating Profit CAGR.....	35%
2009 One-Time Gain .....	(3)
2009 Restructuring and Impairment Charges.....	1
Operating Profit CAGR Excluding above Items.....	32%*

*\*Does not sum due to rounding*

**2005-2009 Change in AMEA Operating Profit Margin Percentage Reconciliation**

	Change
Reported Increase in Operating Profit Margin Percentage .....	+4.2 pps
2009 One-Time Gain .....	(1.1)
2009 Restructuring and Impairment Charges.....	+0.2
Increase in Operating Profit Margin Percentage Excluding above Items .....	+3.3 pps

**2009 Europe Net Revenue Growth and Operating Profit Growth Reconciliation**

	Net Revenue	Operating Profit
Reported Growth.....	(2)%	2%
Restructuring and Impairment Charges .....	-	(5)
Growth Excluding Impact of Restructuring and Impairment Charges .....	(2)	(3)
Foreign Currency Translation .....	12	16
Growth Excluding Impact of above Item, on a constant currency basis .....	10	13
Acquisitions .....	(8)	(5)
Growth Excluding Impact of above Items, on a constant currency basis .....	2%	8%

**2009 Total India and India Beverages Net Revenue Growth Reconciliation**

	Year Ended	
	12/26/09	
	Total India	India Beverages
Reported Net Revenue Growth.....	15%	21%
Divestiture of a Business .....	2	3
Foreign Currency Translation .....	14	16
Net Revenue Growth Excluding above Item, on a constant currency basis .....	31%	41%*

*\*Does not sum due to rounding*

**2002-2008 Diluted EPS CAGR Reconciliation**

	CAGR
Core EPS CAGR .....	13%
2008 Restructuring and Impairment Charges.....	(1)
2008 Mark-to-Market Net Losses .....	(1)
2002 Merger-Related Costs .....	1
Reported EPS CAGR.....	11%*

*\*Does not sum due to rounding*