

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.

In the quarter and year ended December 26, 2009, we recognized \$83 million and \$274 million, respectively, of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the quarter and year ended December 27, 2008, we recognized \$227 million and \$346 million, respectively, 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 quarter and year ended December 26, 2009, we incurred \$49 million and \$50 million, respectively, of costs associated with the proposed mergers with PBG and PAS, as well as an additional \$3 million and \$11 million of costs in the quarter and year ended December 26, 2009, respectively, 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 first half of the year ended December 26, 2009. In the fourth quarter of 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 the fourth quarter of 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 the fourth quarter of 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 the fourth quarter of 2008, we also recorded \$20 million of insurance recoveries in our Latin America Foods division (LAF).

In the fourth quarter of 2007, we recorded restructuring and impairment charges of \$102 million in connection with plant closings and product line rationalizations.

In the fourth quarter of 2006, we recorded restructuring and impairment charges of \$67 million in conjunction with consolidating the manufacturing network at Frito-Lay by closing two plants in the U.S., and rationalizing other assets, to increase manufacturing productivity and supply chain efficiencies.

In the fourth quarter of 2005, we incurred restructuring charges of \$83 million to reduce costs in our operations, principally through headcount reductions. Additionally, in 2005, we had an extra week of results as our fiscal year ends on the last Saturday of each December, resulting in an additional week of results every five or six years.

Additionally, management operating cash flow and management operating cash flow growth are the primary measures management uses to monitor cash flow performance. They are not measures 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 fourth quarter results:

- Our 2009 net revenue growth on a constant currency basis;
- Our 2009 and 2008 division operating profit and our 2009 division operating profit growth;
- Our 2009 division operating profit excluding the impact of restructuring and impairment charges and costs associated with our proposed mergers with PBG and PAS; our 2008 division operating profit excluding the impact of restructuring and impairment charges and insurance recoveries; and our 2009 division operating profit growth excluding the impact of the above items, as well as on a constant currency basis; and
- Our 2009 total operating profit excluding the impact of restructuring and impairment charges, costs associated with our proposed mergers with PBG and PAS and the mark-to-market net gains on commodity hedges; our 2008 total operating profit excluding the impact of restructuring and impairment charges and the mark-to-market net losses on commodity hedges; and our 2009 total operating profit growth excluding the impact of the above items.

(unaudited)

We believe investors should consider the following non-GAAP financial measures with respect to our full-year results:

- Our 2009 net revenue growth on a constant currency basis;
- Our 2009 and 2008 division operating profit and our 2009 division operating profit growth;
- Our 2009 division operating profit excluding the impact of restructuring and impairment charges, costs associated with our proposed mergers with PBG and PAS and acquisitions and divestitures; our 2008 division operating profit excluding the impact of restructuring and impairment charges; and our 2009 division operating profit growth excluding the impact of the above items, as well as on a constant currency basis;
- Our 2009 total operating profit excluding the impact of restructuring and impairment charges, costs associated with our proposed mergers with PBG and PAS and the mark-to-market net gains on commodity hedges; our 2008 total operating profit excluding the impact of restructuring and impairment charges and the mark-to-market net losses on commodity hedges; and our 2009 total operating profit growth excluding the impact of the above items;
- Our 2009 diluted EPS excluding the impact of restructuring and impairment charges, costs associated with our proposed mergers with PBG and PAS and the mark-to-market net gains on commodity hedges; our 2008 diluted EPS excluding the impact of restructuring and impairment charges, mark-to-market net losses on commodity hedges and our share of PBG's restructuring and impairment charges; and our 2009 diluted EPS growth excluding the impact of the above items, on a constant currency basis; and
- Our 2009 and 2008 management operating cash flow and 2009 management operating cash flow growth, excluding the impact of a discretionary pension contribution in the first quarter of 2009, cash payments for PBG/PAS merger costs in the fourth quarter of 2009 and restructuring-related cash payments in 2009 and 2008.

We believe investors should consider the following non-GAAP financial measure with respect to Europe's full-year results:

- Our 2009 Europe operating profit excluding the impact of restructuring and impairment charges, costs associated with our proposed mergers with PBG and PAS and acquisitions and divestitures; our 2008 Europe operating profit excluding the impact of restructuring and impairment charges; and our 2009 Europe operating profit growth excluding the impact of the above items, as well as on a constant currency basis.

We believe investors should consider the following non-GAAP financial measure with respect to Frito-Lay North America's (FLNA) full-year 2008, 2007 and 2006 results:

- Our 2008 and 2007 FLNA operating profit growth excluding the impact of restructuring and impairment charges, and our 2006 FLNA operating profit growth excluding the impact of restructuring and impairment charges and the additional week in 2005.

We are not able to reconcile our full-year projected 2010 core constant currency EPS (including our full-year projected 2010 EPS growth from "base" PepsiCo) 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. Additionally, with respect to our proposed transactions with PBG and PAS, we are unable to predict the 2010 full-year impact of the gain or loss on previously held equity interests in PBG and PAS, the post-merger one-time impact to earnings of fair value adjustments to acquired inventory, any additional restructuring or integration costs and transaction costs related to the proposed mergers with PBG and PAS due to the uncertainty of the amounts and/or timing of such items. Therefore, we are unable to provide a reconciliation of these measures.

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

Operating Profit Growth Reconciliation

	Quarter Ended	Year Ended
	12/26/09	12/26/09
Division Operating Profit Growth	39%	8%
Impact of Corporate Unallocated	28	8
Reported Total Operating Profit Growth	<u>67%</u>	<u>16%</u>

FLNA Operating Profit Growth Reconciliation

	Year Ended		
	12/27/08	12/29/07	12/30/06
FLNA Reported Operating Profit Growth	4%	9%	3%
Restructuring and Impairment Charges	3	(2)	2
Additional Week	-	-	2
FLNA Operating Profit Growth Excluding above Items	<u>7%</u>	<u>7%</u>	<u>7%</u>

LAF Operating Profit Growth Reconciliation

	Quarter Ended
	12/26/09
LAF Reported Operating Profit Growth	20%
Restructuring and Impairment Charges	(16)
Foreign Currency Translation	(1)
LAF Operating Profit Growth Excluding Restructuring and Impairment Charges, on a constant currency basis	3
2008 Insurance Recoveries	8
LAF Operating Profit Growth Excluding above Items, on a constant currency basis	<u>11%</u>

Diluted EPS Reconciliation

	Year Ended		Growth
	12/26/09	12/27/08	
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

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

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*

Reconciliation of GAAP and Non-GAAP Information (cont.)
Reported Growth and Growth Excluding the Impact of Restructuring and Impairment Charges, PBG/PAS
Merger Costs and Foreign Currency Translation
(unaudited)

	Quarter Ended	
	12/26/09	
	Net Revenue	Operating Profit
<u>Frito-Lay North America</u>		
Reported Growth.....	3%	19%
Impact of Restructuring and Impairment Charges.....	–	(13)
Growth Excluding Impact of Restructuring and Impairment Charges.....	3	5*
Impact of Foreign Currency Translation	(1)	(1)
Growth Excluding Impact of above Item, on a constant currency basis	2%	4%
<u>Quaker Foods North America</u>		
Reported Growth.....	(4)%	18%
Impact of Restructuring and Impairment Charges.....	–	(19)
Growth Excluding Impact of Restructuring and Impairment Charges.....	(4)	(1)
Impact of Foreign Currency Translation	(1)	(1)
Growth Excluding Impact of above Item, on a constant currency basis	(5)%	(2)%
<u>Latin America Foods</u>		
Reported Growth.....	11%	20%
Impact of Restructuring and Impairment Charges.....	–	(16)
Growth Excluding Impact of Restructuring and Impairment Charges.....	11	4
Impact of Foreign Currency Translation	(1)	(1)
Growth Excluding Impact of above Item, on a constant currency basis	10%	3%
<u>PepsiCo Americas Foods</u>		
Reported Growth.....	5%	19%
Impact of Restructuring and Impairment Charges.....	–	(15)
Growth Excluding Impact of Restructuring and Impairment Charges.....	5	4
Impact of Foreign Currency Translation	(1)	(1)
Growth Excluding Impact of above Item, on a constant currency basis	4%	3%
<u>PepsiCo Americas Beverages</u>		
Reported Growth.....	(1)%	191%
Impact of Restructuring and Impairment Charges.....	–	(180)
Growth Excluding Impact of Restructuring and Impairment Charges.....	(1)	11
Impact of Foreign Currency Translation	(1)	(1.5)
Growth Excluding Impact of above Item, on a constant currency basis	(2)%	10%*
<u>Europe</u>		
Reported Growth.....	5%	33%
Impact of Restructuring and Impairment Charges.....	–	(26)
Impact of PBG/PAS Merger Costs	–	1
Growth Excluding Impact of above Items	5	7*
Impact of Foreign Currency Translation	(1)	1
Growth Excluding Impact of above Items, on a constant currency basis	4%	7%*
<u>Asia, Middle East & Africa</u>		
Reported Growth.....	12%	(4)%
Impact of Restructuring and Impairment Charges.....	–	(23)
Growth Excluding Impact of Restructuring and Impairment Charges.....	12	(27)
Impact of Foreign Currency Translation	(5)	(15)
Growth Excluding Impact of above Item, on a constant currency basis	7%	(42)%

*Does not sum due to rounding

Reconciliation of GAAP and Non-GAAP Information (cont.)
Reported Growth and Growth Excluding the Impact of Restructuring and Impairment Charges, PBG/PAS
Merger Costs and Foreign Currency Translation
(unaudited)

	Quarter Ended	
	12/26/09	
	Net Revenue	Operating Profit
<u>PepsiCo International</u>		
Reported Growth	8%	26%
Impact of Restructuring and Impairment Charges.....	–	(27)
Growth Excluding Impact of Restructuring and Impairment Charges.....	8	(0.5) *
Impact of Foreign Currency Translation	(3)	(2)
Growth Excluding Impact of above Item, on a constant currency basis.....	<u>5%</u>	<u>(3)%*</u>
 <u>Total Divisions</u>		
Reported Growth	4.5%	39%
Impact of Restructuring and Impairment Charges.....	–	(33)
Growth Excluding Impact of Restructuring and Impairment Charges.....	4.5	5*
Impact of Foreign Currency Translation	(1.5)	(1)
Growth Excluding Impact of above Item, on a constant currency basis.....	<u>3%</u>	<u>3.5%*</u>

**Does not sum due to rounding*

Reconciliation of GAAP and Non-GAAP Information (cont.)
Reported Growth and Growth Excluding the Impact of Restructuring and Impairment Charges, Foreign
Currency Translation and Acquisitions and Divestitures
(unaudited)

	Year Ended	
	12/26/09	
	Net Revenue	Operating Profit
<u>Frito-Lay North America</u>		
Reported Growth.....	6%	10%
Impact of Restructuring and Impairment Charges.....	-	(4)
Growth Excluding Impact of Restructuring and Impairment Charges.....	6	6
Impact of Foreign Currency Translation	1	0.5
Growth Excluding Impact of above Item, on a constant currency basis	<u>6%*</u>	<u>7%*</u>
<u>Quaker Foods North America</u>		
Reported Growth.....	(1)%	8%
Impact of Restructuring and Impairment Charges.....	-	(5)
Growth Excluding Impact of Restructuring and Impairment Charges.....	(1)	3
Impact of Foreign Currency Translation	1	-
Growth Excluding Impact of above Item, on a constant currency basis	<u>-%</u>	<u>3%</u>
<u>Latin America Foods</u>		
Reported Growth.....	(3)%	1%
Impact of Restructuring and Impairment Charges.....	-	(4)
Growth Excluding Impact of Restructuring and Impairment Charges.....	(3)	(3)
Impact of Foreign Currency Translation	14	16
Growth Excluding Impact of above Item, on a constant currency basis	<u>10%*</u>	<u>13%</u>
<u>PepsiCo Americas Foods</u>		
Reported Growth.....	2.5%	8%
Impact of Restructuring and Impairment Charges.....	-	(4)
Growth Excluding Impact of Restructuring and Impairment Charges.....	2.5	4
Impact of Foreign Currency Translation	4.5	4
Growth Excluding Impact of above Item, on a constant currency basis	<u>7%</u>	<u>8%</u>
<u>PepsiCo Americas Beverages</u>		
Reported Growth.....	(8)%	7%
Impact of Restructuring and Impairment Charges.....	-	(13)
Growth Excluding Impact of Restructuring and Impairment Charges.....	(8)	(5.5)*
Impact of Foreign Currency Translation	1	2
Growth Excluding Impact of above Item, on a constant currency basis	<u>(6)%*</u>	<u>(3)%*</u>
<u>Europe</u>		
Reported Growth.....	(2)%	2%
Impact of Restructuring and Impairment Charges.....	-	(5)
Growth Excluding Impact of Restructuring and Impairment Charges.....	(2)	(3)
Impact of Foreign Currency Translation	12	16
Growth Excluding Impact of above Item, on a constant currency basis	<u>10%</u>	<u>13%</u>
Impact of Acquisitions and Divestitures.....		(5)%
Growth Excluding Impact of above Items, on a constant currency basis		<u>8%</u>
<u>Asia, Middle East & Africa</u>		
Reported Growth.....	9%	21%
Impact of Restructuring and Impairment Charges.....	-	(0.5)
Growth Excluding Impact of Restructuring and Impairment Charges.....	9	20*
Impact of Foreign Currency Translation	3	3
Growth Excluding Impact of above Item, on a constant currency basis	<u>12%</u>	<u>23%</u>

*Does not sum due to rounding

Reconciliation of GAAP and Non-GAAP Information (cont.)
Reported Growth and Growth Excluding the Impact of Restructuring and Impairment Charges, Foreign
Currency Translation and Acquisitions and Divestitures
(unaudited)

	Year Ended	
	12/26/09	
	Net Revenue	Operating Profit
<u>PepsiCo International</u>		
Reported Growth	2.5%	10%
Impact of Restructuring and Impairment Charges	-	(3)
Growth Excluding Impact of Restructuring and Impairment Charges	2.5	6*
Impact of Foreign Currency Translation	8	11
Growth Excluding Impact of above Item, on a constant currency basis.....	11%*	17%
 <u>Total Divisions</u>		
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.....	5%	6%*

**Does not sum due to rounding*