

**PepsiCo, Inc. 2019 Annual Meeting of Shareholders**  
**Reconciliation of GAAP and Non-GAAP Information (unaudited)**<sup>1</sup>

In discussing financial results, the Company refers to the following measures which are not in accordance with U.S. Generally Accepted Accounting Principles (GAAP): core results, core constant currency results, organic results, free cash flow and free cash flow excluding certain items. We use these non-GAAP financial measures internally to make operating and strategic decisions, including the preparation of our annual operating plan, evaluation of our overall business performance and as a factor in determining compensation for certain employees. We believe presenting non-GAAP financial measures provides additional information to facilitate comparison of our historical operating results and trends in our underlying operating results, and provides additional transparency on how we evaluate our business. We also believe presenting these measures allows investors to view our performance using the same measures that we use in evaluating our financial and business performance and trends.

We consider quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of our ongoing financial and business performance or trends. Examples of items for which we may make adjustments include: amounts related to mark-to-market gains or losses (non-cash); charges related to restructuring programs; charges or adjustments related to the enactment of new laws, rules or regulations, such as significant tax law changes; amounts related to the resolution of tax positions; tax benefits related to reorganizations of our operations; amounts associated with mergers, acquisitions, divestitures and other structural changes; debt redemptions, cash tender or exchange offers; pension and retiree medical related items; asset impairments (non-cash); and remeasurements of net monetary assets.

Non-GAAP information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with U.S. GAAP. In addition, our non-GAAP financial measures may not be the same as or comparable to similar non-GAAP measures presented by other companies.

*Mark-to-market net impact*

Mark-to-market net gains and losses on commodity derivatives in corporate unallocated expenses. These gains and losses are subsequently reflected in division results when the divisions recognize the cost of the underlying commodity in operating profit.

*Restructuring and impairment charges*

Expenses related to the multi-year productivity plans publicly announced on February 15, 2019 and in 2014.

*Inventory fair value adjustments and merger and integration charges*

Charges related to our acquisition of SodaStream International Ltd., including incremental costs related to fair value adjustments to the acquired inventory, as well as merger and integration charges.

*Tax benefit/net tax expense related to the Tax Cuts and Jobs Act*

During the fourth quarter of 2017, the Tax Cuts and Jobs Act (TCJ Act) was enacted in the United States. Among its many provisions, the TCJ Act imposed a mandatory one-time transition tax on undistributed international earnings and reduced the U.S. corporate income tax rate from 35% to 21%, effective January 1, 2018. In periods subsequent to the enactment of the TCJ Act, we recognized certain tax benefits and/or expenses associated therewith.

While our accounting for the recorded impact of the TCJ Act as of December 29, 2018 was deemed to be complete, this amount was based on prevailing regulations and available information as of December 29, 2018, and additional guidance issued by the Internal Revenue Service (IRS) impacted, and may continue to impact, our recorded amounts after December 29, 2018.

*Other net tax benefits*

In the year ended December 29, 2018, other net tax benefits related to the reorganization of our international operations and non-cash tax benefits associated with both the conclusion of certain international tax audits and our agreement with the IRS resolving all open matters related to the audits of taxable years 2012 and 2013.

*Charges related to cash tender and exchange offers*

In the year ended December 29, 2018, interest expense in connection with our cash tender and exchange offers, primarily representing the tender price paid over the carrying value of the tendered notes.

*Free cash flow*

Net cash provided by operating activities less capital spending, plus sales of property, plant and equipment. Since net capital

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<sup>1</sup> For a full discussion of our first quarter 2019 financial results, including definitions we use in discussing our financial results, please refer to our press release issued April 17, 2019 and our quarterly report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on April 17, 2019. For a full discussion of our full year 2018 financial results, including definitions we use in discussing our financial results, please refer to our press release issued February 15, 2019 and our Annual Report on Form 10-K for the fiscal year ended December 29, 2018 filed with the SEC on February 15, 2019.

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.

Free cash flow is used by us primarily for financing activities, including debt repayments, dividends and share repurchases. Free cash flow is not a measure of cash available for discretionary expenditures since we have certain non-discretionary obligations such as debt service that are not deducted from the measure.

*Net capital spending:* Capital spending less cash proceeds from sales of property, plant and equipment.

*Free cash flow excluding certain items*

Free cash flow, excluding payments related to restructuring charges, discretionary pension and retiree medical contributions and the related net cash tax benefits associated with both these items, tax payments related to the TCJ Act, as well as certain other items. As free cash flow, excluding certain items, is an important measure used to monitor our cash flow performance, we believe this non-GAAP measure provides investors additional useful information when evaluating our cash from operating activities. See below for a reconciliation of this non-GAAP financial measure to the most directly comparable financial measure in accordance with U.S. GAAP (operating cash flow). In future years, we expect this measure to exclude additional payments related to the mandatory transition tax liability of \$3.8 billion as of December 29, 2018, which we currently expect to be paid over the period 2019 to 2026 under the provisions of the TCJ Act.

**PepsiCo, Inc. and Subsidiaries**  
**Reconciliation of GAAP and Non-GAAP Information**  
**(unaudited)**

**Net Revenue Growth Reconciliation**

	12 Weeks Ended March 23, 2019			
	Reported % Change, GAAP Measure	Impact of		Organic % Change, Non-GAAP Measure
	Foreign exchange translation	Acquisitions and divestitures		
<b>PepsiCo</b>	<b>3 %</b>	<b>3</b>	<b>—</b>	<b>5%</b>
Frito-Lay North America	5.5 %	—	—	6 %
PepsiCo Beverages North America	2 %	—	—	2.5 %
Latin America	1 %	8	—	10 %
Europe Sub-Saharan Africa	1.5 %	12	(6)	8 %
Asia, Middle East and North Africa	(1)%	5	5	10 %

**Operating Profit Growth Reconciliation**

	12 Weeks Ended March 23, 2019
Reported % Change, GAAP Measure	11%
Impact of:	
Mark-to-market net impact	(5)
Restructuring and impairment charges	1
Inventory fair value adjustments and merger and integration charges	1
Core % Change, Non-GAAP Measure	8%
Impact of foreign exchange translation	2
Core Constant Currency % Change, Non-GAAP Measure	10%

**Diluted EPS Growth Reconciliation**

	12 Weeks Ended March 23, 2019
Reported % Change, GAAP Measure	6%
Impact of:	
Mark-to-market net impact	(5)
Restructuring and impairment charges	1
Inventory fair value adjustments and merger and integration charges	1
Tax benefits related to the TCJ Act	(2)
Core % Change, Non-GAAP Measure	1%
Impact of foreign exchange translation	2
Core Constant Currency % Change, Non-GAAP Measure	3%

*Note – Certain amounts above may not sum due to rounding.*

**PepsiCo, Inc. and Subsidiaries**  
**Reconciliation of GAAP and Non-GAAP Information**  
**(unaudited)**

**Net Revenue Growth Reconciliation**

	Year Ended December 29, 2018
Reported % Change, GAAP Measure	2%
Impact of:	
Foreign exchange translation	1
Acquisitions and divestitures	1
Sales and certain other taxes	—
Organic % Change, Non-GAAP Measure	4%

**Diluted EPS Growth Reconciliation**

	Year Ended December 29, 2018
Reported % Change, GAAP Measure	160%
Impact of:	
Mark-to-market net impact	3
Restructuring and impairment charges	1
Merger and integration charges	2
Net tax benefit related to the TCJ Act	(53)
Other net tax benefits	(108)
Charges related to cash tender and exchange offers	4
Core % Change, Non-GAAP Measure	8%
Impact of foreign exchange translation	1
Core Constant Currency % Change, Non-GAAP Measure	9%

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

	Year Ended December 29, 2018
Net Cash Provided by Operating Activities	\$ 9,415
Capital spending	(3,282)
Sales of property, plant and equipment	134
Free Cash Flow	6,267
Discretionary pension and retiree medical contributions	1,454
Net cash tax benefit related to discretionary pension and retiree medical contributions	(473)
Payments related to restructuring charges	266
Net cash tax benefit related to restructuring charges	(45)
Tax payments related to the TCJ Act	115
Certain other items	47
Free Cash Flow Excluding Certain Items	\$ 7,631

*Note – Certain amounts above may not sum due to rounding.*