

Reconciliation of GAAP and Non-GAAP Information (unaudited)

Core results are non-GAAP financial measures for the reasons listed 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 fourth quarter and full year ended 2008, we recognized \$227 million and \$346 million, respectively, of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the fourth quarter and full year ended 2007, we recognized \$18 million and \$19 million, respectively, 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.

As a result of our Productivity for Growth program, in the fourth quarter of 2008 we recorded restructuring and impairment charges of \$543 million. 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, The Pepsi Bottling Group (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, a non-cash charge of \$138 million was included in bottling equity income as part of recording our share of PBG's financial results.

In the fourth quarter of 2007, we recorded restructuring and impairment charges of \$102 million in connection with plant closings and production line rationalizations. Additionally, in the third and fourth quarter of 2007, we recognized \$115 million and \$14 million, respectively, of non-cash tax benefits related to the favorable resolution of certain foreign tax matters.

In 2005, we had an additional week of results (53rd week). Our fiscal year ends on the last Saturday of each December, resulting in an additional week of results every five or six years.

In the fourth quarter of 2004, we incurred restructuring and impairment charges of \$150 million in conjunction with the consolidation of FLNA's manufacturing network. In addition, in 2004, we recognized \$45 million of tax benefits related to the completion of the U.S. Internal Revenue Service audit for pre-merger Quaker open tax years and \$221 million of tax benefits related to the resolution of certain foreign tax matters and a refund claim related to prior U.S. tax settlements.

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

- Our 2005-2008 compounded annual growth rate (CAGR) of revenue excluding the impact of the 53rd week;
- Our 2004-2008 CAGR of operating profit excluding the impact of the restructuring and impairment charges (including, for 2008, charges associated with our Productivity for Growth initiatives) and mark-to-market net impact on our commodity hedges;
- Our 2004-2008 CAGR of diluted EPS excluding the impact of the restructuring and impairment charges (including, for 2008, charges associated with our Productivity for Growth initiatives), mark-to-market net losses on commodity hedges, our share of PBG's restructuring and impairment charges and certain tax benefits;
- Our 2008 diluted EPS growth excluding the impact of the restructuring and impairment charges (including, for 2008, charges associated with our Productivity for Growth initiatives), mark-to-market net losses on commodity hedges, our share of PBG's restructuring and impairment charges and certain tax benefits; and
- Our 2008 operating profit growth excluding the impact of restructuring and impairment charges (including, for 2008, charges associated with our Productivity for Growth initiatives).

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

We are not able to reconcile our constant currency guidance to reported dilutive EPS because we are unable to predict our 2009 projected full-year reported diluted EPS including the impact of foreign exchange or the mark-to-market 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 our 2009 projected full-year reported EPS including the impact of foreign exchange and the mark-to-market net losses or gains on commodity hedges recognized in corporate unallocated expenses.

References in the following reconciliations to "Impact of Restructuring and Impairment Charges" include, for 2008, charges associated with our Productivity for Growth initiatives.

Reconciliation of GAAP and Non-GAAP Information (cont.)
(\$ in millions, except per share amounts, unaudited)

2005-2008 CAGR Reconciliation – Revenue

	Year Ended <u>12/27/08</u>	Year Ended <u>12/31/05</u>	CAGR <u>2005-2008</u>
<u>PepsiCo - Foods</u>			
Reported Revenue	\$27,206	\$20,195	10.4%
Impact of Extra Reporting Week in 2005	–	(309)	
Revenue Excluding above Items	<u>\$27,206</u>	<u>\$19,886</u>	11.0%
<u>PepsiCo - Beverages</u>			
Reported Revenue	\$16,045	\$12,367	9.1%
Impact of Extra Reporting Week in 2005	–	(109)	
Revenue Excluding above Items	<u>\$16,045</u>	<u>\$12,258</u>	9.4%

2004-2008 CAGR Reconciliation – Operating Profit

	Year Ended <u>12/27/08</u>	Year Ended <u>12/25/04</u>	CAGR <u>2004-2008</u>
Reported Operating Profit	\$6,935	\$5,259	7%
Impact of Mark-to-Market Net Losses/(Gains) on Commodity Hedges	346	150	
Impact of Restructuring and Impairment Charges	543	–	
Operating Profit Excluding above Items	<u>\$7,824</u>	<u>\$5,409</u>	10%

2004-2008 CAGR Reconciliation – Diluted EPS

	Year Ended <u>12/27/08</u>	Year Ended <u>12/25/04</u>	CAGR <u>2004-2008</u>
Reported Diluted EPS	\$3.21	\$2.44	7%
Impact of Mark-to-Market Net Losses on Commodity Hedges	0.14	–	
Impact of Restructuring and Impairment Charges	0.25	0.06	
Impact of PBG's Restructuring and Impairment Charges	0.07	–	
Impact of Tax Benefits	–	(0.18)	
Diluted EPS Excluding above Items	<u>\$3.68*</u>	<u>\$2.32</u>	12%

* Does not sum due to rounding

Diluted EPS Reconciliation

	Year Ended <u>12/27/08</u>	Year Ended <u>12/29/07</u>	Growth
Reported Diluted EPS	\$3.21	\$3.41	(6)%
Impact of Mark-to-Market Net Losses/(Gains) on Commodity Hedges	0.14	(0.01)	
Impact of Restructuring and Impairment Charges	0.25	0.04	
Impact of PBG's Restructuring and Impairment Charges	0.07	–	
Impact of Tax Benefits	–	(0.08)	
Diluted EPS Excluding above Items	<u>\$3.68*</u>	<u>\$3.37*</u>	9%

* Does not sum due to rounding

Reconciliation of GAAP and Non-GAAP Information (cont.)
Reported Operating Profit Growth and Operating Profit Growth Excluding Restructuring and Impairment Charges
(unaudited)

	Year Ended 12/27/08	Quarter Ended 12/27/08
<u>Frito-Lay North America</u>		
Reported Operating Profit Growth.....	4%	(0.5)%
Impact of Restructuring and Impairment Charges	3	10
Operating Profit Growth Excluding above Items	7%	9%*
<u>Quaker Foods North America</u>		
Reported Operating Profit Growth.....	2.5%	
Impact of Restructuring and Impairment Charges	5	
Operating Profit Growth Excluding above Items	8%*	
<u>Latin America Foods</u>		
Reported Operating Profit Growth.....	26%	
Impact of Restructuring and Impairment Charges	(1)	
Operating Profit Growth Excluding above Items	24%*	
<u>PepsiCo Americas Foods</u>		
Reported Operating Profit Growth.....	8%	
Impact of Restructuring and Impairment Charges	3	
Operating Profit Growth Excluding above Items	10%*	
<u>PepsiCo Americas Beverages</u>		
Reported Operating Profit Growth.....	(19)%	
Impact of Restructuring and Impairment Charges	11	
Operating Profit Growth Excluding above Items	(7)%*	
<u>PepsiCo International</u>		
Reported Operating Profit Growth.....	13%	
Impact of Restructuring and Impairment Charges	3	
Operating Profit Growth Excluding above Items	16%	
<u>PepsiCo International</u>		
PepsiCo International Foods Operating Profit Growth		
Excluding Restructuring and Impairment Charges		Double-Digit Growth
PepsiCo International Beverages Operating Profit Growth		
Excluding Restructuring and Impairment Charges		Double-Digit Growth
Impact of Restructuring and Impairment Charges	(3)%	
Reported Operating Profit Growth.....	13%	
<u>Total PepsiCo</u>		
PepsiCo –Foods Operating Profit Growth Excluding		
Restructuring and Impairment Charges		Double-Digit Growth
PepsiCo – Beverages Operating Profit Growth Excluding		
Restructuring and Impairment Charges		Single-Digit Decline
Impact of Restructuring and Impairment Charges	(5)%	
Impact of Mark-to-Market Net Losses on Commodity		
Hedges	(6)%	
Impact of Other Corporate Unallocated	2%	
Reported Operating Profit Growth.....	(3)%	

* Does not sum due to rounding