

## Reconciliation of GAAP and Non-GAAP Information (unaudited)

Core and organic 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 full year ended 2008, we recognized \$346 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the full year ended 2007, we recognized \$19 million 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.

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

- Our 2008 operating profit growth excluding the impact of restructuring and impairment charges (including, for 2008, charges associated with our Productivity for Growth initiatives);
- Our 2008 Latin America Foods (LAF) revenue growth and operating profit growth without the impact of Merger and Acquisition (M&A) activity; and
- Our 2008 diluted EPS growth excluding the impact of 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 2007 tax benefits.

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.)  
(unaudited)**

**Operating Profit Growth Reconciliation**

	Year Ended <u>12/27/08</u>
<u>Frito-Lay North America</u>	
Reported Growth .....	4%
Impact of Restructuring and Impairment Charges .....	3
Growth Excluding above Items.....	<u>7%</u>
 <u>Quaker Foods North America</u>	
Reported Growth .....	2.5%
Impact of Restructuring and Impairment Charges .....	5
Growth Excluding above Items.....	<u>8%*</u>
 <u>PepsiCo International</u>	
Reported Operating Profit Growth.....	13%
Impact of Restructuring and Impairment Charges .....	3
Operating Profit Growth Excluding above Items .....	<u>16%</u>

\* Does not sum due to rounding

**LAF Revenue Growth and Operating Profit Growth Reconciliation**

	Year Ended <u>12/27/08</u>
Revenue Growth .....	21%
Impact of M&A Activity .....	(9)
Revenue Growth Excluding above Items.....	<u>11%*</u>
 Operating Profit Growth .....	 26%
Impact of M&A Activity .....	(4)
Impact of Restructuring and Impairment Charges.....	(1)
Operating Profit Growth Excluding above Items.....	<u>20%*</u>

\* 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