

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

In 2007, we recognized \$129 million of non-cash tax benefits related to the favorable resolution of certain foreign tax matters. Additionally, in 2007, we recorded restructuring and impairment charges in connection with previously announced plant closings and production line rationalizations, as well as costs associated with the recent divisional reorganization.

In 2006, we recorded non-cash tax benefits of \$602 million, substantially all of which related to the Internal Revenue Service's (IRS) examination of our consolidated income tax returns for the years 1998 through 2002. In 2006, The Pepsi Bottling Group (PBG) also recorded non-cash tax benefits in connection with the IRS's examination of certain of their consolidated income tax returns. We recorded our share of these tax benefits in bottling equity income in 2006. In addition, in 2006, we recorded restructuring and impairment charges 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 2003, we recorded restructuring charges in conjunction with the streamlining of our North American divisions and PepsiCo International. Additionally, in 2003, we recorded a tax benefit of \$109 million in connection with agreements with the IRS for open tax years through 1997.

The financial measures listed below are not measures defined by generally accepted accounting principles (GAAP). However, we believe investors should consider these measures as they are more indicative of our ongoing performance and how management evaluates our operational results and trends. Specifically, investors should consider the following with respect to our results:

- Our 2003-2007 compounded annual growth rate (CAGR) of diluted EPS excluding the tax benefits and restructuring and impairment charges;
- Our first quarter 2008 division operating profit growth;
- Our 2007 diluted EPS growth without the impact of the tax benefits, our share of PBG's tax benefits in 2006 and restructuring and impairment charges;
- Our 2007 division operating profit without the impact of corporate unallocated;
- Our 2004-2007 geographic operating profit and operating profit growth excluding corporate unallocated; and
- Our 2007 international operating profit margin and operating profit margin growth (since 2003) excluding the impact of restructuring and impairment charges.

**2003-2007 CAGR Reconciliation – Diluted EPS**

	Year Ended <u>12/29/07</u>	Year Ended <u>12/27/03</u>	CAGR <u>2003-2007</u>
Reported Diluted EPS .....	\$ 3.41	\$ 2.05	14%
Tax Benefits .....	(0.08)	(0.06)	
Restructuring and Impairment Charges .....	0.04	0.06	
Diluted EPS Excluding above Items .....	<u>\$ 3.38*</u>	<u>\$ 2.05</u>	13%

\* Does not sum due to rounding.

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

**Total PepsiCo Operating Profit Growth Reconciliation**

	Quarter Ended <u>3/22/08</u>	Year Ended <u>12/29/07</u>
Total Operating Profit Growth .....	9%	10%
Impact of Corporate Unallocated .....	—	(1)
Division Operating Profit Growth.....	<u>10%*</u>	<u>9</u>
Impact of Restructuring and Impairment Charges .....		—
Division Operating Profit Growth Excluding above Items .....		<u><u>10%*</u></u>

\* Does not sum due to rounding.

**Diluted EPS Reconciliation**

	Year Ended <u>12/29/07</u>	Year Ended <u>12/30/06</u>	Growth
Reported Diluted EPS .....	\$ 3.41	\$ 3.34	2%
Tax Benefits .....	(0.08)	(0.37)	
Restructuring and Impairment Charges.....	0.04	0.03	
Diluted EPS Excluding above Items .....	<u>\$ 3.38*</u>	<u>\$ 3.00</u>	<u>13%</u>

\* Does not sum due to rounding.

**Total PepsiCo Operating Profit Reconciliation**

	Year Ended <u>12/29/07</u>	Year Ended <u>12/30/06</u>	2007 Percentage of Total
PepsiCo Americas Foods Operating Profit .....	\$4,127	\$3,824	52%
PepsiCo Americas Beverages Operating Profit.....	2,487	2,315	31
PepsiCo International Operating Profit .....	1,309	1,101	17
PepsiCo Total Division Operating Profit .....	7,923	7,240	<u>100%</u>
Impact of Corporate Unallocated .....	(753)	(738)	
Total PepsiCo Reported Operating Profit .....	<u>\$7,170</u>	<u>\$6,502</u>	

**Reconciliation of GAAP and Non-GAAP Information (cont.)**  
(\$ in millions, unaudited)

**Geographic Operating Profit Growth Reconciliation (2004-2007)**

	Year Ended 12/29/07	Year Ended 12/25/04	2004- 2007 Growth	2004-2007 Percentage of Total Growth
International .....	\$2,322	\$1,323	\$ 999	55%
North America .....	5,601	4,775	826	45
Total International and North America .....	7,923	6,098	\$1,825	100%
Corporate .....	(753)	(839)		
Total PepsiCo.....	\$7,170	\$5,259		

**Geographic Operating Profit Growth Reconciliation (2007)**

	Year Ended 12/29/07	2007 Percentage of Total
International .....	\$2,322	29%
North America .....	5,601	71
Total International and North America .....	7,923	100%
Corporate .....	(753)	
Total PepsiCo.....	\$7,170	

**International Operating Profit Margin Reconciliation (2003-2007)**

	Year Ended 12/29/07	Year Ended 12/27/03	Growth (Basis Points)
International Operating Profit Margin.....	14.7%	12.2%	250
Impact of Restructuring and Impairment Charges .....	0.4	-	40
International Operating Profit Margin Excluding above Items ..	15.1%	12.2%	290