

Reconciliation of GAAP and Non-GAAP Information

(unaudited)

Division operating profit, core results and core constant currency results 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.

Commodity mark-to-market net impact

In the 12 weeks ended September 4, 2010, we recognized \$16 million of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the 12 weeks ended September 5, 2009, we recognized \$29 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.

PBG/PAS merger and integration charges

In the 12 weeks ended September 4, 2010, we incurred merger and integration charges of \$69 million related to our acquisitions of PBG and PAS, including \$38 million recorded in the PAB segment, \$15 million recorded in the Europe segment and \$16 million recorded in corporate unallocated expenses. These charges are being incurred to help create a more fully integrated supply chain and go-to-market business model, to improve the effectiveness and efficiency of the distribution of our brands and to enhance our revenue growth. In the 12 weeks ended September 5, 2009, we incurred merger-related charges of \$1 million related to these acquisitions, as well as an additional \$8 million of merger-related charges, representing our share of the respective merger costs of PBG and PAS, recorded in bottling equity income.

Inventory fair value adjustments

In the 12 weeks ended September 4, 2010, in the PAB segment, we recorded \$17 million of incremental costs, substantially all in cost of sales, related to fair value adjustments to the acquired inventory and other related hedging contracts included in PBG's and PAS's balance sheets at the acquisition date.

Additionally, management operating cash flow is the primary measure management uses to monitor cash flow performance. This is not a measure 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 are not able to reconcile our full-year projected 2010 core constant currency EPS 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. Therefore, we are unable to provide a reconciliation of these measures.

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

Operating Profit Growth Reconciliation

	12 Weeks Ended 9/4/10
Division Operating Profit Growth.....	24%
Impact of Corporate Unallocated.....	1
Reported Total Operating Profit Growth.....	<u>25%</u>

Diluted EPS Reconciliation

	12 Weeks Ended		
	9/4/10	9/5/09	Growth
Reported Diluted EPS.....	\$ 1.19	\$ 1.09	9%
Mark-to-Market Net Gains	(0.01)	(0.01)	
PBG/PAS Merger and Integration Charges	0.03	0.01	
Inventory Fair Value Adjustments	0.01	-	
Core Diluted EPS.....	1.22	1.08*	13%
Impact of Foreign Currency Translation.....	0.01	-	1
Core Constant Currency Diluted EPS.....	<u>\$ 1.24*</u>	<u>\$ 1.08</u>	<u>15%*</u>

*Does not sum due to rounding.

Net Cash Provided by Operating Activities Reconciliation

	36 Weeks Ended 9/4/10	36 Weeks Ended 9/5/09	
Net Cash Provided by Operating Activities.....	\$ 5,788	\$ 4,403	31%
Capital Spending.....	(1,670)	(1,138)	
Sales of Property, Plant and Equipment.....	55	33	
Management Operating Cash Flow.....	4,173	3,298	27%
Discretionary Pension Contributions (after-tax)	768	640	
Payments Related to 2009 Restructuring Charges	29	183	
PBG/PAS Merger and Integration Payments (after-tax).....	233	-	
Foundation Contribution (after-tax).....	64	-	
Capital Investments Related to the PBG/PAS Integration	33	-	
Management Operating Cash Flow Excluding above Items	<u>\$ 5,300</u>	<u>\$ 4,121</u>	29%

Net Cash Provided by Operating Activities Reconciliation (in whole dollars)

	2010 Guidance
Net Cash Provided by Operating Activities.....	~\$ 8.0 billion
Net Capital Spending.....	~(3.3) billion
Management Operating Cash Flow.....	~4.7 billion
Payments Related to 2009 Restructuring Charges	0.03 billion
PBG/PAS Merger and Integration Payments	~0.4 billion
Foundation Contribution.....	0.1 billion
Discretionary Pension Contributions	1.2 billion
Capital Investments Related to the PBG/PAS Integration	~0.2 billion
Less: Cash Tax Benefits Related to the above Items	~(0.6) billion
Management Operating Cash Flow Excluding above Items	<u>~\$ 6.1* billion</u>

*Does not sum due to rounding.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (cont.)
Core Growth and Core Constant Currency Growth*
(unaudited)

	12 Weeks Ended	
	9/4/10	
	Net Revenue	Operating Profit
<u>Frito-Lay North America</u>		
Reported Growth.....	1.5%	10%
2009 Restructuring and Impairment Charges	-	-
Core Growth	1.5	10
Impact of Foreign Currency Translation	(1)	(1)
Core Constant Currency Growth.....	<u>1%**</u>	<u>10%**</u>
<u>Quaker Foods North America</u>		
Reported Growth.....	(3)%	(5)%
2009 Restructuring and Impairment Charges	-	-
Core Growth	(3)	(5)
Impact of Foreign Currency Translation	(1)	-
Core Constant Currency Growth.....	<u>(3.5)% **</u>	<u>(5.5)% **</u>
<u>Latin America Foods</u>		
Reported Growth.....	10%	20%
2009 Restructuring and Impairment Charges	-	-
Core Growth	10	20
Impact of Foreign Currency Translation	2	2
Core Constant Currency Growth.....	<u>12%</u>	<u>22%</u>
<u>PepsiCo Americas Foods</u>		
Reported Growth.....	4%	10%
2009 Restructuring and Impairment Charges	-	-
Core Growth	4	10
Impact of Foreign Currency Translation	-	-
Core Constant Currency Growth.....	<u>4%</u>	<u>10%</u>
<u>PepsiCo Americas Beverages</u>		
Reported Growth.....	118%	68%
2009 Restructuring and Impairment Charges	-	-
PBG/PAS Merger and Integration Charges.....	-	6
Inventory Fair Value Adjustments	-	3
Core Growth	118	77
Impact of Foreign Currency Translation	-	2.5
Core Constant Currency Growth.....	<u>118%</u>	<u>79%**</u>

*Core results and core constant currency results are financial measures that are not in accordance with GAAP and exclude the above non-core adjustments.

**Does not sum due to rounding.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (cont.)
Core Growth and Core Constant Currency Growth*
(unaudited)

	12 Weeks Ended	
	9/4/10	
	Net Revenue	Operating Profit
<u>Europe</u>		
Reported Growth.....	47%	33%
2009 Restructuring and Impairment Charges	-	-
PBG/PAS Merger and Integration Charges.....	-	5
Inventory Fair Value Adjustments	-	-
Core Growth	47	38
Impact of Foreign Currency Translation	8	7
Core Constant Currency Growth.....	55%	45%
<u>Asia, Middle East & Africa</u>		
Reported Growth.....	15%	(18)%
2009 Restructuring and Impairment Charges	-	-
Core Growth	15	(18)
Impact of Foreign Currency Translation	(2)	(2)
Core Constant Currency Growth.....	13%	(19)%**
<u>Total Divisions</u>		
Reported Growth.....	40%	24%
2009 Restructuring and Impairment Charges	-	-
PBG/PAS Merger and Integration Charges.....	-	2
Inventory Fair Value Adjustments	-	1
Core Growth	40	27
Impact of Foreign Currency Translation	1	1
Core Constant Currency Growth.....	41%	29%**

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