



PEPSICO



Third Quarter 2010

Earnings Call



PEPSICO



Lynn A. Tyson

SVP, Investor Relations
PepsiCo

Safe Harbor Statement, Glossary of Terms and Non-GAAP Information



Safe Harbor Statement

Statements in this communication that are “forward-looking statements”, including PepsiCo’s 2010 guidance, are based on currently available information, operating plans and projections about future events and trends. They inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such forward-looking statements. Such risks and uncertainties include, but are not limited to: changes in demand for PepsiCo’s products, as a result of changes in consumer preferences and tastes or otherwise; damage to PepsiCo’s reputation; trade consolidation, the loss of any key customer, or failure to maintain good relationships with PepsiCo’s bottling partners; PepsiCo’s ability to hire or retain key employees or a highly skilled and diverse workforce; unstable political conditions, civil unrest or other developments and risks in the countries where PepsiCo operates; changes in the legal and regulatory environment; PepsiCo’s ability to build and sustain proper information technology infrastructure, successfully implement its ongoing business process transformation initiative or outsource certain functions effectively; unfavorable economic conditions and increased volatility in foreign exchange rates; PepsiCo’s ability to compete effectively; increased costs, disruption of supply or shortages of raw materials and other supplies; disruption of PepsiCo’s supply chain; climate change or changes in legal, regulatory or market measures to address climate change; PepsiCo’s ability to realize the anticipated cost savings and other benefits expected from the mergers with The Pepsi Bottling Group, Inc. and PepsiAmericas, Inc.; failure to renew collective bargaining agreements or strikes or work stoppages; and any downgrade of PepsiCo’s credit rating resulting in an increase of its future borrowing costs. For additional information on these and other factors that could cause PepsiCo’s actual results to materially differ from those set forth herein, please see PepsiCo’s filings with the SEC, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Glossary of Terms

Please refer to the glossary appearing at the end of this slide presentation to find definitions for abbreviations and financial terms used herein.

Non-GAAP Information

Unless otherwise indicated herein, all references to net revenue in this slide presentation are on a constant currency basis and all references to EPS growth and division and total operating profit growth in this slide presentation are on a core constant currency basis. In addition, all comparisons are on a year-over-year basis unless otherwise noted.

Please refer to the appendix appearing at the end of this slide presentation to find disclosure and a reconciliation of constant currency & core constant currency measures, and of any other non-GAAP financial measures contained herein.



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Indra Nooyi

Chairman and CEO,
PepsiCo



Q3 Highlights

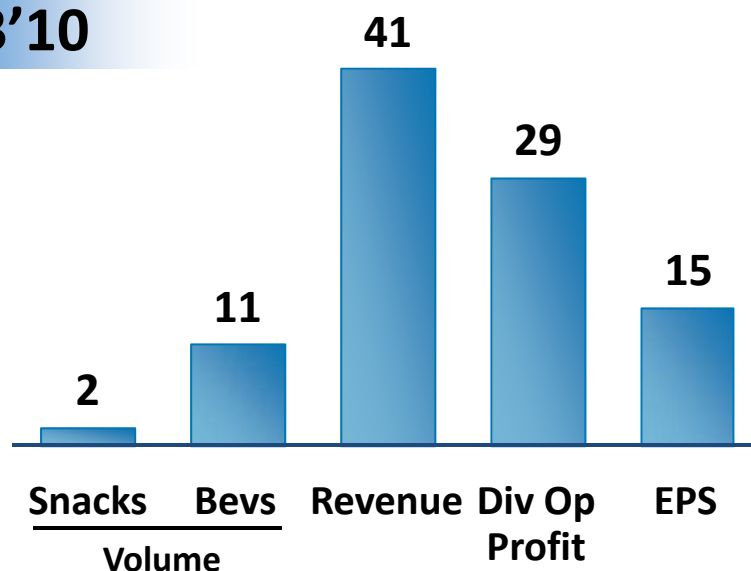
- Achieved top-tier performance among leading consumer staples companies driven by bottler acquisitions and broad-based gains in snacks and beverages in key international markets in the midst of a challenging macroeconomic environment
- Continued to invest in both innovation and brands and these investments are already yielding results
- Making strategic investments to transform PepsiCo and enhance competitiveness, solidify growth, and expand the value of the company well into the future
- Returned over \$6.6 billion to shareholders YTD through share repurchases and dividends. Management operating cash flow, excluding certain items, was up 29 percent YTD to \$5.3 billion
- Announced the creation of a new Global Nutrition Group to develop new products and breakthrough innovation in the areas of fruits and vegetables, grains, dairy and functional nutrition



Q3 Results

% Growth Year Over Year

Q3'10



Q3'10 YTD	2	8	31	22	10
Q3'09	2	0.5	5	8	8

- Net revenue grew 41%
- EPS grew 15% to \$1.24
- Strong results driven by:
 - Acquisition of bottlers
 - Broad-based gains across both snack and beverage portfolio in key international markets
 - Disciplined investments in strategic initiatives
 - Prudent cost controls



Power of One (Po1) Initiatives

- For U.S. customers, streamlined customer-facing resources and shopper insights teams under one organization and held joint planning and growth summits with largest customers to provide Po1 insights and solutions
- There are dedicated Po1 resources in each region and the number of sales leaders selling Po1 solutions are increasing by ten-fold
- Harmonizing regional structures for beverages and snacks in the U.S. to enhance organizational effectiveness and efficiency, which will allow to better balance size and scale, share geographic boundaries, and align Po1 accountabilities and performance targets
- Unprecedented levels of Po1 activation in both Grocery and Convenience in the U.S. – over 70% of grocery business, or 200-plus customers, now have Po1 ads, growth in inventory on display and increased revenue and 20,000 Convenience outlets featured Po1 activations this quarter
- Strong shared merchandising for the Super Bowl with joint advertising of Frito Lay and Pepsi Throwback products and also Pepsi Max



NutritionCo Update

- Establishing a new group called Global Nutrition Group within PepsiCo to achieve goal of building a \$30 billion nutrition business by 2020
- Objective is to position PepsiCo globally as a leader in wholesome and convenient nutrition to win in the \$500 billion global market for packaged nutrition by leveraging a great portfolio of brands across four target platforms – Fruits & Vegetables, Grains, Dairy and Functional Nutrition
- Dr. Mehmood Khan, Chief Scientific Officer of PepsiCo will assume additional responsibility as CEO of the Global Nutrition Group, reporting directly to PepsiCo's CEO
- Based in Chicago, this group will collaborate with businesses across the globe to ensure rapid growth of the company's nutrition portfolio



Global Nutrition Group

- Global Nutrition Group will be responsible for the following:
 - The global product innovation agenda for fruits and vegetables, grains and dairy
 - Functional Nutrition – expanding beyond sports nutrition into new functional arenas over time
 - Nutrition Services – providing education and incentives to help consumers change and sustain behaviors related to nutrition
- Jaya Kumar, President of Quaker Foods North America will move into a new role as President, Global Nutrition Platforms, reporting to Mehmood
- The group will be able to harness the best of PepsiCo by retaining the operating capability in the sectors while centralizing very important innovation and development of nutrition products based on science
- The team will work closely with all four PepsiCo business units to integrate these innovations appropriately into each of the regional organizations and their sales and distribution systems



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Hugh Johnston

Chief Financial Officer,
PepsiCo

Q3 2010

Financial Highlights – Divisions



% Growth (YoY)	Volume	Constant Currency	
		Net Revenue	Core Division Operating Profit
PAF	Flat	4	10
FLNA	(2)	1	10
QFNA	(1)	(3.5)	(5.5)
LAF	5	12	22
PAB	13	118	79
Europe	3 / 17*	55	45
AMEA	16 / 4*	13	(19)
Total Divisions	2 / 11*	41	29

*Snacks/Beverage

	Reported	Core	Core Constant Currency
Revenue	\$15.5B		
EPS	\$1.19	\$1.22	\$1.24
EPS – Growth (YoY)	9%	13%	15%

Q3 2010 Year-to-Date Financial Highlights – Divisions



% Growth (YoY)	Volume	Constant Currency	
		Net Revenue	Core Division Operating Profit
PAF	Flat	2	5
FLNA	(1.5)	1	9
QFNA	(1)	(4)	(11)
LAF	3	9	3
PAB	8	92	64
Europe	1 / 10*	38	32
AMEA	15 / 7*	15	(4)
Total Divisions	2 / 8*	31	22

*Snacks/Beverage

	Reported	Core	Core Constant Currency
Revenue	\$39.7B		
EPS	\$3.06	\$3.08	
EPS – Growth (YoY)	7%	10%	10%
Management Operating Cash Flow (MOCF)*	\$4.2B	\$5.3B	
MOCF – Growth*	27%	29%	

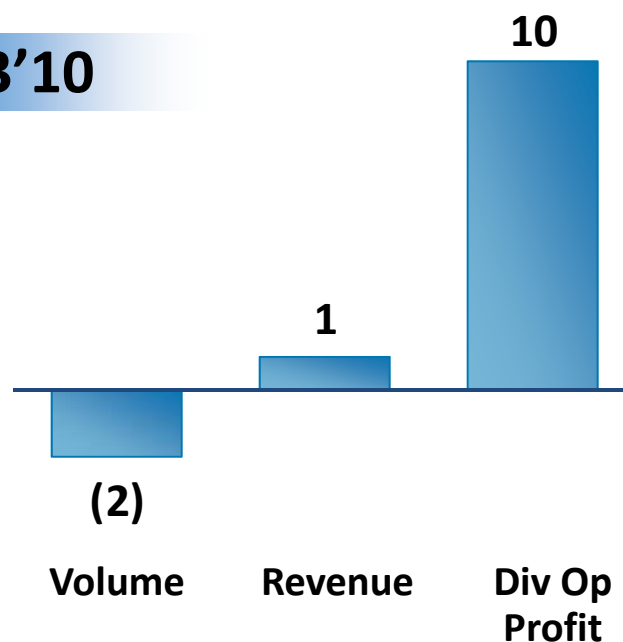
*MOCF is a Non-GAAP measure and Core MOCF excludes certain items. See appendix for reconciliations to the nearest GAAP measures.

FLNA Q3 Results – Excellent Management of the P&L



% Growth Year Over Year

Q3'10



Q3'09

3

5

5

- Volume was impacted as FLNA overlapped the “20% More Free” promotion from last year
- Volume performance improved sequentially as did flow through to operating profit, driven by lower commodity costs, top-line performance and focus on productivity
- Units grew in the low-single-digits as the division gained salty-snack value share and posted the fastest value growth among top-20 food & beverage companies in measured channels
- Success with Lay’s all-natural regional flavors have helped to drive solid revenue growth for the brand; also double-digit volume growth in snack adjacencies like Stacy’s and Sabra
- Strength in Foodservice driven by the \$2 Meal Deal promotion with Taco Bell



FLNA Q3 Initiatives & Innovations

Marketing Initiatives

Back to School



Tostitos College Football



Product Innovation

Tostitos Artisan Recipes



Doritos Stadium Nacho & Tailgater BBQ



Rold Gold Sourdough and Lightly Salted



3/\$1 Cookies & Crackers

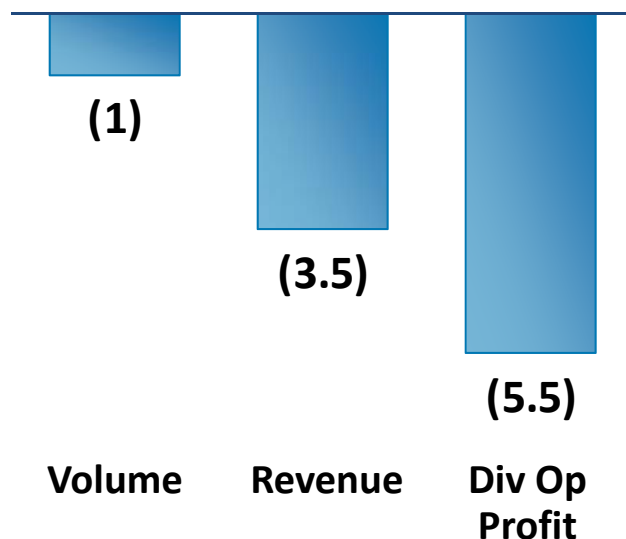


QFNA Q3 Results – Focused on Quality & Innovation



% Growth Year Over Year

Q3'10



- Gained both value share and volume share in a category that was down, benefiting from investments in value, quality, innovation and increased advertising & marketing
- Top-selling products have been reformulated with 25% less sugar, all natural flavors, a heartier texture and improved taste
- Positive early read on Hearty Medleys and Mix-Up Creations launches with both shipments and distribution exceeding expectations
- Expecting continued sequential improvements in both top-line and profit in Q4 as investments in innovation & value begin to payback



QFNA Q3 Initiatives & Innovations



Innovation Designed For Boomers



**Hearty Medleys – New
Texture with Real Fruit**



Innovation Designed For Kids



**Quaker Mix-Up
Creations**



Bars Innovation



**New Cocoa
Flavors**



Innovation Designed For Moms with Kids



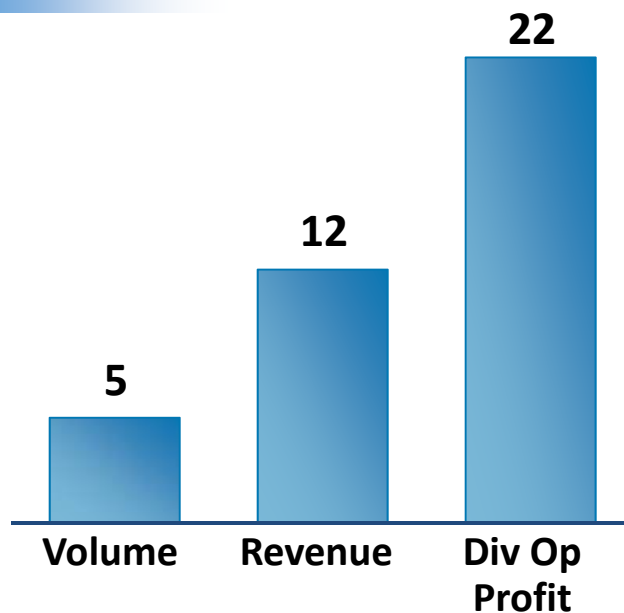
**Quaker Strawberry and
Vanilla Instant Oatmeal**

LAF Q3 Results – Investments Drive Improved Volume



% Growth Year Over Year

Q3'10



Q3'09 (3) 9 11

- Continued focus on value, marketplace execution, innovative promotions to drive consumer engagement, and investments in infrastructure drove improved volume performance
 - In Mexico, Sabritas and Gamesa delivered strong volume growth
 - In South America, volume growth accelerated from Q2 with strong performance in Brazil, Argentina and Chile
- Pricing, productivity and tight P&L management drove positive flow-through to revenue and operating profit
- Mixed macros throughout the region
 - moderate improvement in Mexico, pockets of strength in South America, Venezuela remains challenged

LAF Q3 Initiatives & Innovations



Mexico

Shrek Scratch & Win Promo Rascashrek



Value Innovation with more flavors coming

GIRO achieving same distribution as Emperador



Chokis Chocomax continues to drive Share growth



New Quaker Sandwich launched in August



SAF

Brazil



Cheetos Pack/Price



Value Mixes



Bread Snacks



Venezuela

Doritos Flavor Plus



Ruffles Twist



Quaker Cookies

Colombia



Ridge PC



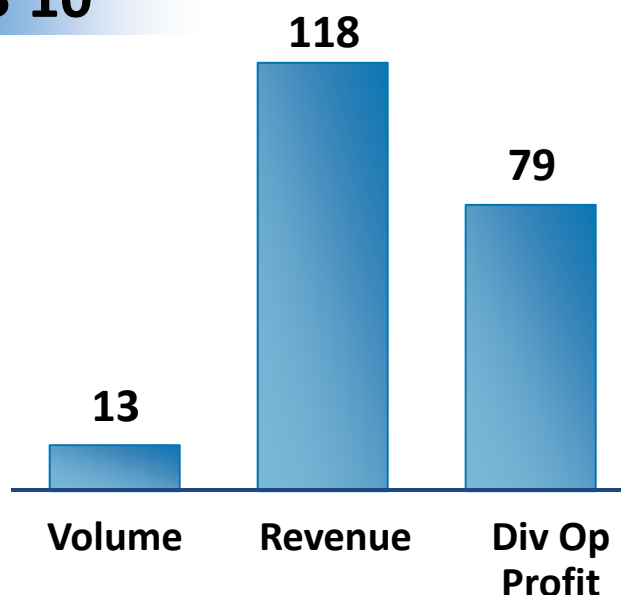
Note: Shrek Forever After TM & © 2010 DreamWorks Animation L.L.C. Shrek is a registered trademark of DreamWorks Animation L.L.C.

PAB Q3 Results – Improving Organic Volume Trends



% Growth Year Over Year

Q3'10



Q3'09 (6) (7) (5)

- Volume, revenue and operating profit results driven by favorable impact of acquisitions, synergies, and improving sequential organic volume trends in North America
- Organic volume in North America was flat, a sequential improvement of one percentage point versus Q2
- Integration on track – now moving beyond cost synergies to realizing top-line benefits – Gatorade via DSD in small format, Foodservice
- CSDs remain challenged; addressing barriers to consumption – calories and artificiality through Pepsi Max re-launch, Sierra Mist Natural and Senomyx

PAB Q3 Initiatives & Innovations



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AMERICAS BEVERAGES

Gatorade G Series



Throwback



Sierra Mist Natural



Pepsi Max Re-Launch



LAB Initiatives



Pepsi Kick
Argentina

Gatorade
Pineapple
Brazil



H2O!
Passion Fruit
Brazil &
Venezuela

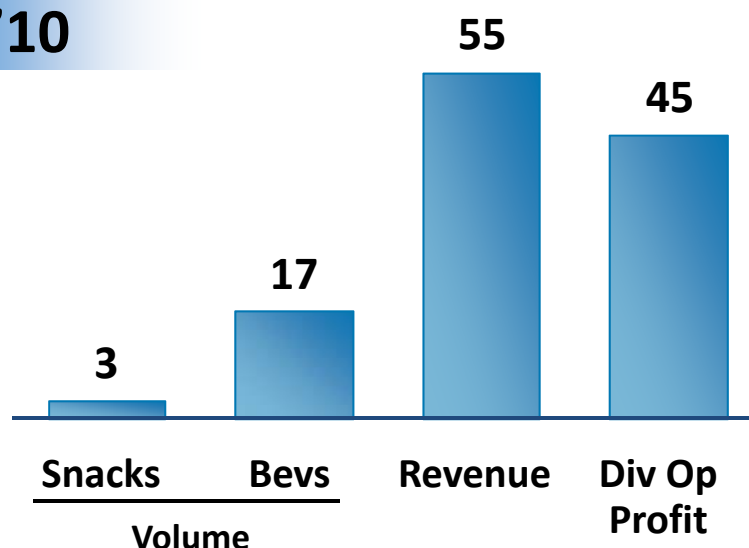
Europe Q3 Results – Broad-Based Gains in Snacks & Beverages



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EUROPE

% Growth Year Over Year

Q3'10



Q3'09 (1) 9 12 18

- Broad-based gains across the region in both snacks and beverages, productivity gains, and the favorable impact of acquisitions drove strong results
- Snacks volume grew across the region with significant improvement in sequential performance in Eastern Europe
- Beverage organic volume grew 10%, driven by both Eastern and Western Europe with the most significant acceleration coming from the East driven by a strong commercial calendar combined with an unusually hot summer that drove category growth
- Captured dollar share gains in beverages in key markets such as Russia, Turkey, Spain and U.K.

Europe Q3 Initiatives & Innovations



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EUROPE

Differentiated Value



Poland



Turkey



Netherlands



UK



Russia



Disruptive Marketing

Football
Campaign



Walkers Flavour Cup



Iberia



Portfolio Transformation



France



UK

Iberia
Seeds
Launch



Netherlands



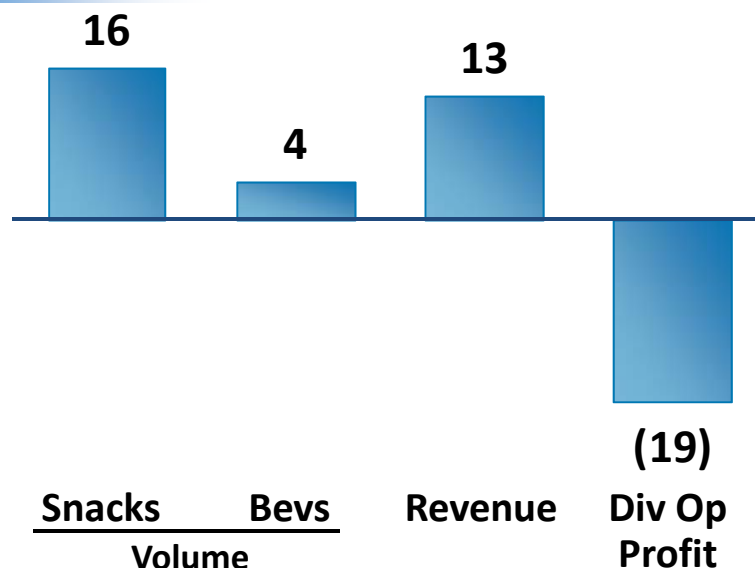
AMEA Q3 Results – Strong Top-Line & Continued Investment



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ASIA, MIDDLE EAST & AFRICA

% Growth Year Over Year

Q3'10



Q3'09 **8** **9** **13** **52**

- Volume gains in both snacks and beverages drove strong top-line performance
- Operating profit growth declined due to overlapping of over 30 points of growth last year associated with the formation of a snack JV in Japan, and due to a step-up in investments in the region
- Snacks volume grew mid-teens driven by double-digit growth in India, China, the Middle East and Indonesia. Acquisitions contributed 1.5 points to volume growth
- Beverage volume growth benefited from high-single-digit growth in China, driven by continued strong growth in both CSDs and NCBs

AMEA Q3 Initiatives & Innovations



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ASIA, MIDDLE EAST & AFRICA

Differentiated Value



India
1 Litre Pack
Promo



Australia
Value Pack



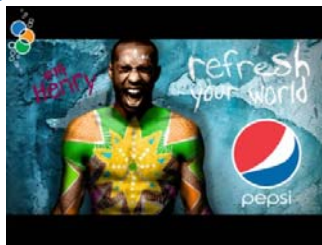
India
Family
Value
Packs



Pakistan
Money in Bag
Promo



Disruptive Marketing



Football Program (All)



Egypt
Hibiscus & Tamarind



China
Lay's Spicy



Vietnam
Local Activation



Portfolio Transformation



Philippines
Vitamin Fortified
& Drinkable
Formats



China
Quaker
Congee



Australia
Grain Waves
Cheddar



Thailand
Sunbites





Strategic Investments Update

- Selectively stepping up investments incremental to the 10 cents per share strategic spending earmarked at the beginning of the year. In total, these investments include:
 - Expanding beverage footprint in China (which is expected to be the world's largest LRB market by 2015) including investment in routes, coolers, systems and additional capacity
 - Revitalizing North American beverage business with increased investments in innovation and brand building, including partnership with Senomyx and increased support for Pepsi Max and Sierra Mist
 - Laying a firm foundation for Global Nutrition Group by reinforcing preeminent health and wellness brand – Quaker
 - Adding R&D capabilities through building a brand new Fruit and Juice research center in Hamburg Germany to support European juice businesses, expanding salt reduction technology, and research in delivering whole grain nutrition in beverage forms using technology that is proprietary to PepsiCo
- Investments are closely scrutinized and must show a positive return on investment and drive – directly or indirectly – the long-term value of the company

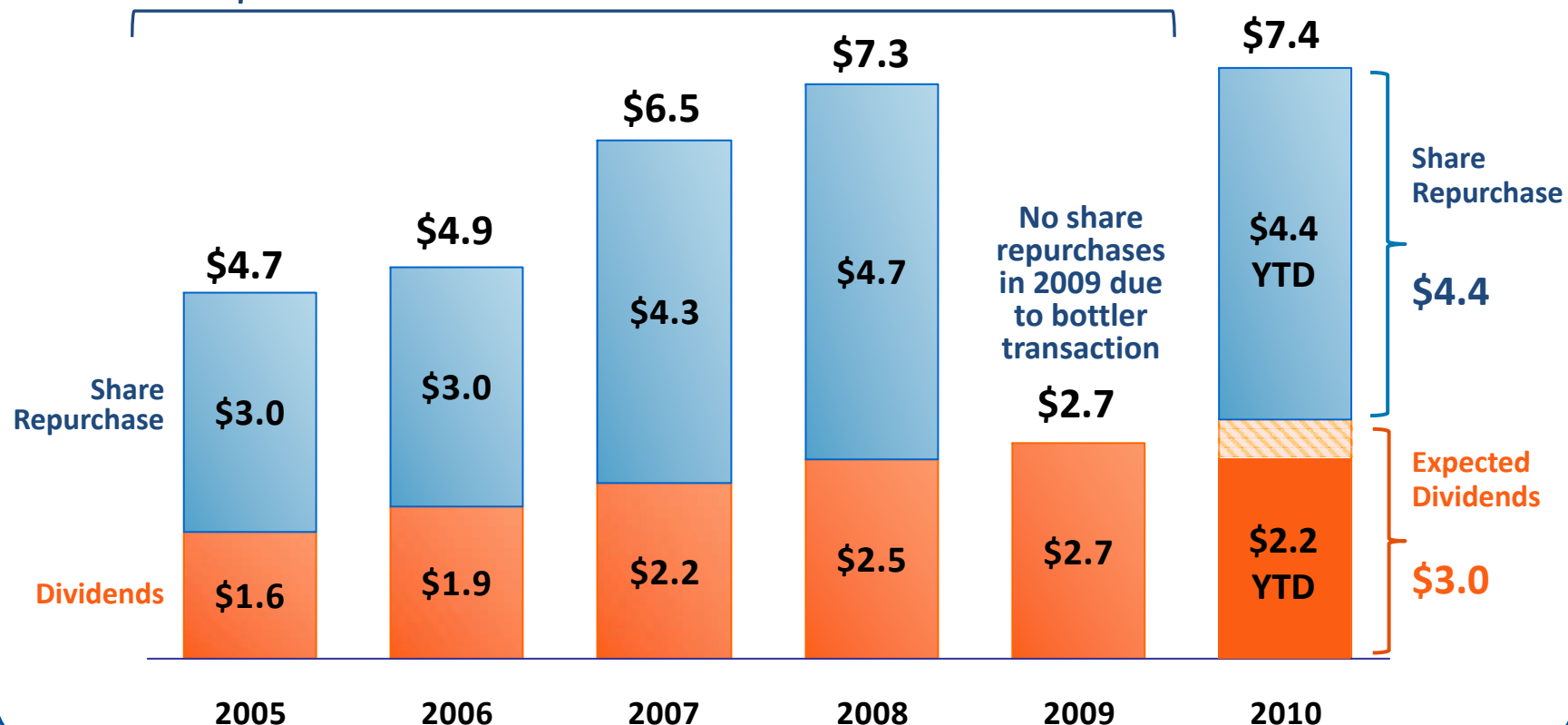
Significant Return of Cash to Shareholders in the Form of Dividends and Share Buybacks



Over \$7B Expected to be Returned to Shareholders in 2010

(\$ in Billions)

\$26B Returned to Shareholders from 2005-09



Note: Amounts may not sum due to rounding



Fiscal Year 2010 Guidance

- **EPS:** Targeting 11 – 12% core constant currency EPS growth (within previous guidance range of 11 – 13%). Based on current spot rates, FX translation would represent a one percentage point unfavorable impact on full-year core EPS – core EPS expected to be in the 10 – 11% range
- **Acquisition Synergies:** Synergies to be realized in 2010 are expected to total approximately \$150 million. Targeting pre-tax annual synergies of ~\$400 million by 2012, with one-time costs of ~\$650 million (~\$225 million of it non-cash) to achieve these synergies
- **Cash Flow:** For the year, company expects cash flow from operations to be about \$8 billion, with management operating cash flow, excluding certain items, to be about \$6.1 billion. The company expects to invest about \$3.3 billion in net capital spending in 2010
- **Uses of Cash:** Repurchased \$1.1 billion in common stock, or 17 million shares in the quarter and spent \$767 million on dividends in Q3
- **Tax Rate:** The company expects its full-year reported tax rate to be roughly 23 to 24 percent, which reflects a benefit of about four percentage points from non-core items



Key Takeaways for Q3

- PepsiCo delivered on EPS commitments while responsibly balancing growth, investments, profitability and liquidity
- Company is making clear strides in the revitalization of North American Beverage business in key strategic areas, and delivering on the benefits of the acquisitions
- PepsiCo's scale, geographic footprint and broad product portfolio positioned it well to capture growth and improve performance across all regions and product categories



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Indra Nooyi

Chairman and CEO,
PepsiCo



Closing Remarks

- Despite a challenging global macro environment, we believe PepsiCo is on track and posting one of the strongest top- and bottom-line performances in the CPG space
- Investments in innovation and portfolio transformation are already producing winners, and we are making these investments while delivering on near-term commitments
- We have a focused set of strategic initiatives that we believe will enhance the growth profile of the company well into the future



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Glossary



Glossary of Terms

Financial Terms

- **Core:** Core results are non-GAAP financial measures which exclude certain non-core items in all periods presented. Please see the slides on the Reconciliation of GAAP and Non-GAAP Information that appear in the Appendix at the end of this slide presentation for a detailed description of these non-core items.
- **Constant Currency:** Financial results (historical and projected) assuming constant foreign currency exchange rates used for translation based on the rates in effect for the comparable prior-year period. In addition, the impact on EPS growth is computed by adjusting core EPS growth by the after-tax foreign currency translation impact on core operating profit growth using PepsiCo's core effective tax rate.
- **Division Operating Profit:** The aggregation of the operating profit for each of our reportable segments, which excludes the impact of corporate unallocated expenses.
- **Management Operating Cash Flow:** Net cash provided by operating activities less capital spending plus sales of property, plant and equipment. This non-GAAP financial measure is our primary measure used to monitor cash flow performance. See the attached exhibits for a reconciliation of this non-GAAP financial measure to the most directly comparable financial measure in accordance with GAAP (operating cash flow).
- **Management Operating Cash Flow, Excluding Certain Items:** Management operating cash flow, excluding: (1) discretionary pension contributions in both 2010 and 2009, (2) restructuring payments in connection with our Productivity for Growth initiative in 2009, (3) acquisition and integration payments paid in 2010 in connection with our PBG and PAS acquisitions, (4) a contribution to The PepsiCo Foundation in 2010, and (5) capital investments in 2010 related to the bottling integration, and (6) the tax impacts associated with each of these items, as applicable. See the attached exhibits for a reconciliation of this non-GAAP financial measure to the most directly comparable financial measure in accordance with GAAP (operating cash flow).
- **Pricing:** The impact of list price changes and weight changes per package.

Acronyms Used

- AMEA:** Asia, Middle East & Africa
- FLNA:** Frito-Lay North America
- JV:** Joint Venture
- LAF:** Latin America Foods
- DSD:** Direct Store Delivery
- CSD:** Carbonated Soft Drink
- NCBs:** Non-Carbonated Beverages
- LRB:** Liquid Refreshment Beverage
- PAB:** PepsiCo Americas Beverages
- PAF:** PepsiCo Americas Foods
- PAS:** Pepsi Americas, Inc.
- PBG:** The Pepsi Bottling Group, Inc
- QFNA:** Quaker Foods North America
- SAF:** South America Foods
- CPG:** Consumer Packaged Goods
- YTD:** Year To Date



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Appendix

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 and 36 weeks ended September 4, 2010, we recognized \$16 million and \$58 million, respectively, of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the 12 and 36 weeks ended September 5, 2009, we recognized \$29 million and \$191 million, respectively, of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the 12 weeks ended September 6, 2008, we recognized \$176 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the year ended December 26, 2009, we recognized \$274 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. In the 36 weeks ended September 4, 2010, we incurred merger and integration charges of \$536 million related to our acquisitions of PBG and PAS, including \$334 million recorded in the PAB segment, \$44 million recorded in the Europe segment, \$128 million recorded in corporate unallocated expenses and \$30 million recorded in interest expense. 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. These charges also include closing costs, one-time financing costs and advisory fees related to the acquisitions. In addition, in the 36 weeks ended September 4, 2010, we recorded \$9 million of charges, representing our share of the respective merger costs of PBG and PAS, recorded in bottling equity income. In the 12 and 36 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. In the year ended December 26, 2009, we incurred \$50 million of costs associated with these acquisitions, as well as an additional \$11 million of costs representing our share of the respective merger costs of PBG and PAS, recorded in bottling equity income.

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



2009 restructuring and impairment charges

As a result of our previously initiated Productivity for Growth program, in the 36 weeks ended September 5, 2009, we recorded \$36 million of restructuring and impairment charges. 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.

Gain on previously held equity interests in PBG and PAS

In the first quarter of 2010, in connection with our acquisitions of PBG and PAS, we recorded a gain on our previously held equity interests of \$958 million, comprising \$735 million which is non-taxable and recorded in bottling equity income and \$223 million related to the reversal of deferred tax liabilities associated with these previously held equity interests.

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. In the 36 weeks ended September 4, 2010, we recorded \$374 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, including \$334 million recorded in the PAB segment and \$40 million recorded in the Europe segment.

Venezuela currency devaluation

As of the beginning of our 2010 fiscal year, we recorded a one-time \$120 million net charge related to our change to hyperinflationary accounting for our Venezuelan businesses and the related devaluation of the bolivar fuerte (bolivar). \$129 million of this net charge was recorded in corporate unallocated expenses, with the balance (income of \$9 million) recorded in our PAB segment.

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



Asset write-off for SAP software

In the first quarter of 2010, we recorded a \$145 million charge related to a change in scope of one release in our ongoing migration to SAP software. This change was driven, in part, by a review of our North America systems strategy following our acquisitions of PBG and PAS. This change does not impact our overall commitment to continue our implementation of SAP across our global operations over the next few years.

Foundation contribution

In the first quarter of 2010, we made a \$100 million contribution to The PepsiCo Foundation, Inc. (Foundation), in order to fund charitable and social programs over the next several years. This contribution was recorded in corporate unallocated expenses.

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.) (unaudited)



Operating Profit Growth Reconciliation

	12 Weeks Ended 9/4/10	36 Weeks Ended 9/4/10	12 Weeks Ended 9/5/09
Division Operating Profit Growth	24%	11%	2%
Impact of Corporate Unallocated.....	1	(10)	10
Reported Total Operating Profit Growth	25%	1.5%*	12%

*Does not sum due to rounding.

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	\$ 1.24*	\$ 1.08	15%*

*Does not sum due to rounding.

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



Diluted EPS Reconciliation

	36 Weeks Ended		Growth
	9/4/10	9/5/09	
Reported Diluted EPS	\$ 3.06	\$ 2.87	7%
Mark-to-Market Net Gains	(0.02)	(0.08)	
2009 Restructuring and Impairment Charges	—	0.02	
Gain on Previously Held Equity Interests.....	(0.60)	—	
PBG/PAS Merger and Integration Charges	0.27	0.01	
Inventory Fair Value Adjustments.....	0.20	—	
Venezuela Currency Devaluation	0.07	—	
Asset Write-Off for SAP Software	0.06	—	
Foundation Contribution.....	0.04	—	
Core Diluted EPS.....	<u>\$ 3.08</u>	<u>\$ 2.81*</u>	10%
Impact of Foreign Currency Translation.....			—
Core Constant Currency Diluted EPS.....			<u>10%</u>

*Does not sum due to rounding.

Diluted EPS Reconciliation

	12 Weeks Ended		Growth
	9/5/09	9/6/08	
Reported Diluted EPS	\$1.09	\$0.99	10%
Mark-to-Market Net (Gains)/Losses.....	(0.01)	0.07	
PBG/PAS Merger and Integration Charges	0.01	—	
Core Diluted EPS.....	<u>\$1.08*</u>	<u>\$1.06</u>	2%
Impact of Foreign Currency Translation.....			6
Core Constant Currency Diluted EPS.....			<u>8%</u>

*Does not sum due to rounding

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

(\$ in millions, except as otherwise noted, unaudited)



Net Cash Provided by Operating Activities Reconciliation

	36 Weeks Ended 9/4/10	36 Weeks Ended 9/5/09	Change
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	1% **	10% **
<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	(3.5)% **	(5.5)% **
<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	12%	22%

*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>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	4%	10%
<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	118%	79% **

*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)% **

*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>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%**

*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)



	36 Weeks Ended	
	9/4/10	
	Net Revenue	Operating Profit
<u>Frito-Lay North America</u>		
Reported Growth	2%	10%
2009 Restructuring and Impairment Charges.....	—	—
Core Growth	2	9**
Impact of Foreign Currency Translation.....	(1)	(1)
Core Constant Currency Growth	1%	9% **
<u>Quaker Foods North America</u>		
Reported Growth	(3)%	(11)%
2009 Restructuring and Impairment Charges.....	—	—
Core Growth	(3)	(11)
Impact of Foreign Currency Translation.....	(1)	(1)
Core Constant Currency Growth	(4)%	(11)% **
<u>Latin America Foods</u>		
Reported Growth	12%	2%
2009 Restructuring and Impairment Charges.....	—	—
Core Growth	12	2
Impact of Foreign Currency Translation.....	(3)	1
Core Constant Currency Growth	9%	3%

*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)



	36 Weeks Ended	
	9/4/10	
	Net Revenue	Operating Profit
<u>PepsiCo Americas Foods</u>		
Reported Growth	4%	6%
2009 Restructuring and Impairment Charges.....	—	—
Core Growth	4	5**
Impact of Foreign Currency Translation.....	(1.5)	(1)
Core Constant Currency Growth	2% **	5% **
<u>PepsiCo Americas Beverages</u>		
Reported Growth	92%	24%
2009 Restructuring and Impairment Charges.....	—	(1)
PBG/PAS Merger and Integration Charges	—	20
Inventory Fair Value Adjustments.....	—	20
Venezuela Currency Devaluation	—	(0.5)
Core Growth	92	62**
Impact of Foreign Currency Translation.....	—	2
Core Constant Currency Growth	92%	64%

*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)



	36 Weeks Ended	
	9/4/10	
	Net Revenue	Operating Profit
<u>Europe</u>		
Reported Growth	38%	19%
2009 Restructuring and Impairment Charges.....	—	—
PBG/PAS Merger and Integration Charges	—	7
Inventory Fair Value Adjustments.....	—	6
Core Growth.....	38	31**
Impact of Foreign Currency Translation.....	—	—
Core Constant Currency Growth	38%	32%**
 <u>Asia, Middle East & Africa</u>		
Reported Growth	19%	2%
2009 Restructuring and Impairment Charges.....	—	(2)
Core Growth.....	19	—
Impact of Foreign Currency Translation.....	(4)	(4)
Core Constant Currency Growth	15%	(4)%

*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)



	36 Weeks Ended	
	9/4/10	
	Net Revenue	Operating Profit
<u>Total Divisions</u>		
Reported Growth	33%	11%
2009 Restructuring and Impairment Charges.....	—	(1)
PBG/PAS Merger and Integration Charges	—	6
Inventory Fair Value Adjustments.....	—	6
Venezuela Currency Devaluation	—	—
Core Growth	33	22
Impact of Foreign Currency Translation.....	(1)	—
Core Constant Currency Growth	31% **	22%

*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.)

Constant Currency Growth* (unaudited)



	12 Weeks Ended	
	9/5/09	
	Net Revenue	Operating Profit
<u>Frito-Lay North America</u>		
Reported Growth	5%	5%
Impact of Foreign Currency Translation	1	1
Constant Currency Growth	5% **	5% **
<u>Quaker Foods North America</u>		
Reported Growth	7%	(1)%
Impact of Foreign Currency Translation	1	0.5
Constant Currency Growth	8%	(1)% **
<u>Latin America Foods</u>		
Reported Growth	(10)%	(11)%
Impact of Foreign Currency Translation	19	22
Constant Currency Growth	9%	11%

*Constant currency results are financial measures that are not in accordance with GAAP and exclude the impact of foreign currency translation.

**Does not sum due to rounding

PepsiCo, Inc. and Subsidiaries

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

Constant Currency Growth*

(unaudited)



	12 Weeks Ended	
	9/5/09	
	Net Revenue	Operating Profit
<u>PepsiCo Americas Foods</u>		
Reported Growth	—%	1%
Impact of Foreign Currency Translation	6	5
Constant Currency Growth	7% **	6%
<u>PepsiCo Americas Beverages</u>		
Reported Growth	(9)%	(8)%
Impact of Foreign Currency Translation	2	3
Constant Currency Growth	(7)%	(5)%
<u>Europe</u>		
Reported Growth	(2)%	1%
Impact of Foreign Currency Translation	14	17
Constant Currency Growth	12%	18%

*Constant currency results are financial measures that are not in accordance with GAAP and exclude the impact of foreign currency translation.

**Does not sum due to rounding

PepsiCo, Inc. and Subsidiaries

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

Constant Currency Growth* (unaudited)



	12 Weeks Ended	
	9/5/09	
	Net Revenue	Operating Profit
<u>Asia, Middle East & Africa</u>		
Reported Growth	9%	49%
Impact of Foreign Currency Translation	4.5	3.5
Constant Currency Growth	13% **	52%
<u>Total Divisions</u>		
Reported Growth	(1.5)%	2%
Impact of Foreign Currency Translation	6	6
Constant Currency Growth	5% **	8%

*Constant currency results are financial measures that are not in accordance with GAAP and exclude the impact of foreign currency translation.

**Does not sum due to rounding



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