

Reconciliation of GAAP and Non-GAAP Information (unaudited)

In the fourth quarter of 2006, we recorded non-cash tax benefits of \$602 million ("2006 Tax Adjustments"), substantially all of which related to the Internal Revenue Service's (IRS's) examination of our consolidated income tax returns for the years 1998 through 2002. In the fourth quarter of 2006, 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 the fourth quarter of 2006. In addition, in the fourth quarter of 2006, we recorded restructuring and impairment charges in conjunction with consolidating the manufacturing network at Frito Lay from 34 sites to 32 sites, and rationalizing other assets, to increase manufacturing productivity and supply chain efficiencies.

In the third quarter of 2005, we recognized a tax charge related to our intention to repatriate \$7.5 billion of international earnings under the provisions of the AJCA. This tax charge was adjusted slightly in the fourth quarter of 2005. In addition, we recorded restructuring charges in the fourth quarter of 2005 to reduce costs in our operations, principally through headcount reductions. In 2005, we had an extra week of results as our fiscal year ends on the last Saturday of each December, resulting in an extra week of results every five or six years.

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. Specifically, investors should consider the following with respect to our quarterly and full year results:

- Our 2006 net revenue growth excluding the impact of the extra week in 2005*;
- Our 2005 Quaker Foods North America net revenue and operating profit growth without the impact of the extra week in 2005**;
- Our 2006 division operating profit growth*;
- Our 2006 division operating profit growth without the impact of restructuring and impairment charges and the extra week in 2005*;
- Our 2006 PepsiCo International operating profit margin growth and 2005 PepsiCo International operating profit margin without the impact of restructuring charges and the extra week in 2005;
- Our 2006 effective tax rate without the impact of restructuring and impairment charges, the 2006 Tax Adjustments and our share of PBG's tax settlement*;
- Our 2006 diluted EPS without the impact of the 2006 Tax Adjustments, our share of PBG's tax settlement and restructuring and impairment charges; our 2005 diluted EPS without the impact of the AJCA tax charge, restructuring charges and the extra week in 2005; and our 2006 diluted EPS growth without the impact of the aforementioned items*; and
- Our 2007 projected diluted EPS growth without the impact of the 2006 Tax Adjustments, our share of PBG's tax settlement and restructuring and impairment charges.

Additionally, management operating cash flow is the primary measure management uses to monitor cash flow performance. It 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.

* Please refer to our February 8, 2007 earnings release and related financial tables found under "PepsiCo Financial Press Releases" on our website (www.pepsico.com) in the "Investors" section, for a reconciliation to the most directly comparable financial measure in accordance with GAAP.

** Please refer to our February 8, 2006 earnings release and related financial tables found under "PepsiCo Financial Press Releases" on our website (www.pepsico.com) in the "Investors" section, for a reconciliation to the most directly comparable financial measure in accordance with GAAP.

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

PepsiCo International Operating Profit Margin Reconciliation

	Year Ended <u>12/30/06</u>	Year Ended <u>12/31/05</u>	Change (% points)
PepsiCo International Reported Operating Profit Margin	15.0%	14.1%	0.9
Extra Week and Restructuring Charges	—	0.1	
PepsiCo International Operating Profit Margin Excluding Above Items	<u>15.0%</u>	<u>14.3%*</u>	0.8*

*Based on unrounded amounts.

Diluted EPS Projected Growth Reconciliation

	2007 Guidance	Year Ended <u>12/30/06</u>	Growth
Reported Diluted EPS	\$3.30+	\$ 3.34	(1)%+
2006 Tax Adjustments	—	(0.36)	
PepsiCo Share of PBG Tax Settlement	—	(0.01)	
Restructuring and Impairment Charges	—	0.03	
Diluted EPS Excluding Above Items	<u>\$3.30+</u>	<u>\$ 3.00</u>	10%+

Cash Flow Reconciliation

	Year Ended <u>12/30/06</u>
Net Cash Provided by Operating Activities	\$ 6,084
Capital Spending	(2,068)
Sales of Property, Plant and Equipment	49
Management Operating Cash Flow	<u>\$ 4,065</u>

Cash Flow Guidance Reconciliation

	2007 Guidance
Net Cash Provided by Operating Activities	\$ 7,000
Net Capital Spending	(2,600)
Management Operating Cash Flow	<u>\$ 4,400</u>