

Reconciliation of GAAP and Non-GAAP Information

We recognized certain tax benefits in the third and fourth quarters of 2004. In addition, we incurred restructuring and impairment charges in the fourth quarter of 2004 related to Frito Lay's manufacturing consolidation, as well as restructuring charges in the fourth quarter of 2003 in conjunction with the streamlining of our North American divisions and PepsiCo International. In 2005, we will have an additional week of results (53rd week) as our fiscal year ends on the last Saturday of each December, resulting in an additional week of results every five or six years.

Earnings per share excluding the impact of these tax benefits, the restructuring and impairment charges, and the 53rd week of results in 2005, is not a measure defined by generally accepted accounting principles (GAAP). We believe investors should consider our earnings per share without the impact of these tax benefits, the restructuring and impairment charges, and the 53rd week since it is more indicative of our ongoing performance.

Further, revenue and division operating profit excluding the 53rd week of results in 2005 are not measures defined by GAAP. We believe investors should consider our revenue and division operating profit without the impact of the 53rd week in 2005 since it is more indicative of our ongoing performance.

Management operating cash flow is the primary measure management uses to monitor cash flow performance. It is not a measure defined under 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. Further, management operating cash flow excluding the impact of the 53rd week in 2005 is not a measure defined by GAAP. We believe investors should consider our management operating cash flow without the impact of the 53rd week in 2005 since it is more indicative of our ongoing performance.

Please refer to our consolidated financial statements for presentation of results in accordance with GAAP.

Diluted EPS Reconciliation

	16 Weeks Ended 12/25/04	16 Weeks Ended 12/27/03	Growth
Reported Diluted EPS	\$0.58	\$0.52	10%
Impact of Tax Benefits	(0.05)	(0.06)	
Restructuring and Impairment Charges	0.06	0.06	
Diluted EPS Excluding Tax Benefits and Restructuring and Impairment Charges	<u>\$0.58*</u>	<u>\$0.52</u>	12%

* Based on unrounded amounts.

	52 Weeks Ended 12/25/04	52 Weeks Ended 12/27/03	Growth
Reported Diluted EPS	\$2.44	\$2.05	19%
Impact of Tax Benefits	(0.18)	(0.06)	
Restructuring and Impairment Charges	0.06	0.06	
Diluted EPS Excluding Tax Benefits and Restructuring and Impairment Charges	<u>\$2.32</u>	<u>\$2.05</u>	13%

Cash Flow Reconciliation

	52 Weeks Ended 12/25/04	52 Weeks Ended 12/27/03	Growth
Net Cash Provided by Operating Activities	\$5,054	\$4,328	17%
Capital spending	(1,387)	(1,345)	
Sales of property, plant and equipment	38	49	
Management Operating Cash Flow	<u>\$3,705</u>	<u>\$3,032</u>	22%

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

2005 Guidance Reconciliation

	Estimated 52 Weeks	Impact of 53 rd Week	Estimated 53 Weeks
Net Revenue Growth	Mid single digits	1-2%	At least mid single digits
Division Operating Profit	~8%	~2%	~10%
Diluted EPS	\$2.55+	\$0.04-\$0.05	\$2.59+
Operating Cash Flow	\$5.7B	~\$0.05B	\$5.7B+
Less: Net Capital Spending	1.6B	Minimal	1.6B
Management OCF	\$4.1B	~\$0.05B	\$4.1B+

We are evaluating whether to repatriate international cash in 2005 under the provisions of the American Jobs Creation Act (the "AJCA"). Our earnings guidance does not include the potential impact of the AJCA.