

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

In the third quarter of 2007, we recognized \$115 of non-cash tax benefits related to the favorable resolution of certain foreign tax matters. In 2007, PepsiCo International's results were impacted by M&A activity, which also included changes in our equity ownership in certain joint ventures. Additionally, in the fourth quarter of 2007, we have approved certain restructuring actions, and are considering others, relating to plant closings, as well as the rationalization of certain production lines in both our international and domestic businesses.

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) examination of our consolidated income tax returns for the years 1998 through 2002. In the fourth quarter of 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 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 by closing two plants in the U.S., and rationalizing other assets, to increase manufacturing productivity and supply chain efficiencies.

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

- Our 2007 division operating profit growth;
- Our 2007 north american net revenue growth;
- Our 2007 north american operating profit growth;
- Our 2007 north american operating profit margin growth;
- Our 2007 PepsiCo International operating profit margin growth without the impact of M&A activity;
- Our 2007 effective tax rate change without the impact of the tax benefits in 2007;
- Our full-year 2007 effective tax rate guidance without the impact of the tax benefits and restructuring actions in 2007;
- Our 2007 diluted EPS growth without the impact of the tax benefits in 2007;
- Our full-year 2007 diluted EPS guidance without the impact of the tax benefits and restructuring actions in 2007; and
- Our projected full-year 2007 diluted EPS growth without the impact of the tax benefits in 2007, the 2006 Tax Adjustments, our share of PBG's tax settlement in 2006 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 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.

Operating Profit Growth Reconciliation

	12 Weeks Ended 9/8/07	36 Weeks Ended 9/8/07
Total operating profit growth	11%	11%
Impact of corporate unallocated.....	(1)	(1)
Division operating profit growth.....	10%	10%

PepsiCo North American Net Revenue Growth Reconciliation

	12 Weeks Ended 9/8/07	12 Weeks Ended 9/9/06	Growth
PepsiCo north american net revenue	\$ 5,909	\$5,652	4.5%
PepsiCo International net revenue.....	4,262	3,482	
Total PepsiCo reported net revenue.....	\$10,171	\$9,134	11%

PepsiCo North American Operating Profit Growth Reconciliation

	12 Weeks Ended 9/8/07	12 Weeks Ended 9/9/06	Growth
PepsiCo north american operating profit	\$1,517	\$1,420	7%
PepsiCo International operating profit	707	595	
Corporate unallocated.....	(162)	(159)	
Total PepsiCo reported operating profit.....	\$2,062	\$1,856	11%

PepsiCo North American Operating Profit Margin Growth Reconciliation

	12 Weeks Ended 9/8/07	12 Weeks Ended 9/9/06	Margin Change (basis points)*
PepsiCo north american operating profit margin	25.7%	25.1%	50
PepsiCo International operating profit margin	16.6	17.1	
Division operating profit margin	21.9	22.1	
Impact of corporate unallocated.....	(1.6)	(1.7)	
Total PepsiCo reported operating profit margin.....	20.3%	20.3%	—

*Amounts rounded to nearest 10 basis points.

PepsiCo International Operating Profit Margin Growth Reconciliation

	12 Weeks Ended 9/8/07	12 Weeks Ended 9/9/06	Margin Change (basis points)*
PepsiCo International reported operating profit margin	16.6%	17.1%	(50)
Impact of M&A activity.....	0.9	—	
PepsiCo International operating profit margin excluding the impact of M&A activity	17.5%	17.1%	50

*Amounts rounded to nearest 10 basis points.

Effective Tax Rate Reconciliation

	12 Weeks Ended 9/8/07	12 Weeks Ended 9/9/06	Change (basis points)*
Reported effective tax rate	22.3%	27.0%	(470)
Tax benefits in 2007	5.1	—	
Effective tax rate excluding tax benefits	27.4%	27.0%	40

*Amounts rounded to nearest 10 basis points.

Full-Year Effective Tax Rate Guidance Reconciliation

	Full-Year 2007 Guidance
Reported effective tax rate	26.2%
Tax benefits in 2007	1.5
Restructuring actions	—
Effective tax rate excluding above items	27.7%

Diluted EPS Reconciliation

	36 Weeks Ended 9/8/07	36 Weeks Ended 9/9/06	Growth
Reported diluted EPS	\$ 2.64	\$2.26	17%
Tax benefits in 2007	(0.07)	—	
Diluted EPS excluding tax benefits	\$ 2.57	\$2.26	14%

Full-Year Diluted EPS Guidance Reconciliation

	Full-Year 2007 Guidance	Year Ended 12/30/06	Growth
Reported diluted EPS	\$ 3.39+	\$ 3.34	1%+
Tax benefits in 2007	(0.07)	—	
Restructuring and impairment charges	0.03	0.03	
2006 Tax Adjustments	—	(0.36)	
PepsiCo share of PBG tax settlement	—	(0.01)	
Diluted EPS excluding above items	\$ 3.35+	\$ 3.00	~12%

Full-Year Cash Flow Guidance Reconciliation (\$ in billions)

	Full-Year 2007 Guidance*	Year Ended 12/30/06	Growth
Net cash provided by operating activities	\$ 7.0+	\$ 6.1	15%+
Net capital spending	(2.6)	(2.0)	
Management operating cash flow	\$ 4.5+	\$ 4.1	~10%

*Does not sum due to rounding.