

Reconciliation of GAAP and Non-GAAP Information (unaudited)

In the third and fourth quarter of 2007, we recognized \$115 million and \$14 million, respectively, of non-cash tax benefits related to the favorable resolution of certain foreign tax matters. Additionally, in the fourth quarter of 2007, we recorded restructuring and impairment charges in connection with previously announced plant closings and production line rationalizations, as well as costs associated with the recent divisional reorganization.

In the fourth quarter of 2006, we recorded non-cash tax benefits of \$602 million, 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, 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 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 quarterly and full year results:

- Our 2007 division operating profit growth without the impact of the aforementioned items;*
- Our 2007 effective tax rate without the impact of the tax benefits and restructuring and impairment charges; and our 2006 effective tax rate without the impact of the tax benefits, our share of PBG's tax benefits and restructuring and impairment charges;*
- Our 2007 diluted EPS without the impact of the tax benefits and restructuring and impairment charges; our 2006 diluted EPS without the impact of the tax benefits, our share of PBG's tax benefits and restructuring and impairment charges; and our 2007 diluted EPS growth without the impact of the aforementioned items;*
- Our 2008 projected diluted EPS growth without the impact of the tax benefits and restructuring and impairment charges;
- Our 2007 PepsiCo International revenue growth without the impact of consolidations and net acquisitions/divestitures, and foreign exchange; and
- Our 2007 PepsiCo International operating profit margin without the impact of restructuring and impairment charges.

* Please refer to our February 7, 2008 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 and unaudited)

Effective Tax Rate Reconciliation (Year Ended 12/30/06)

	Pre-tax Income	Income Taxes	Effective Tax Rate
Reported Effective Tax Rate	\$6,989	\$1,347	19.3%
Restructuring and Impairment Charges	67	24	
Tax Benefits	—	602	
PepsiCo Share of PBG Tax Benefits	(21)	(3)	
Effective Tax Rate Excluding Above Items	<u>\$7,035</u>	<u>\$1,970</u>	28.0%

Effective Tax Rate Reconciliation (Year Ended 12/29/07)

	Pre-tax Income	Income Taxes	Effective Tax Rate
Reported Effective Tax Rate	\$7,631	\$1,973	25.9%
Restructuring and Impairment Charges	102	32	
Tax Benefits	—	129	
Effective Tax Rate Excluding Above Items	<u>\$7,733</u>	<u>\$2,134</u>	27.6%

Diluted EPS Projected Growth Reconciliation

	2008 Guidance	Year Ended 12/29/07	Growth
Reported Diluted EPS	\$3.72+	\$3.41	9%+
Tax Benefits	—	(0.08)	
Restructuring and Impairment Charges	—	0.04	
Diluted EPS Excluding Above Items	<u>\$3.72+</u>	<u>\$3.38*</u>	10%+

* Does not sum due to rounding.

PepsiCo International Revenue Growth Reconciliation

	Quarter Ended 12/29/07
PepsiCo International Reported Revenue Growth	26%
Impact of Consolidations and Net Acquisitions/Divestitures	(8)%
Impact of Foreign Exchange	(7)%
PepsiCo International Revenue Growth Excluding Above Items	<u>10%*</u>

* Does not sum due to rounding.

PepsiCo International Operating Profit Margin Reconciliation

	Year Ended		Change (percentage points)
	12/29/07	12/30/06	
PepsiCo International Reported Operating Profit Margin	14.7%	15.6%	(0.9)
Impact of Restructuring and Impairment Charges	0.4	-	
PepsiCo International Operating Profit Margin Excluding Above Items	15.1%	15.6%	(0.5)