

Reconciliation of GAAP and Non-GAAP Information
(\$ in millions and unaudited)

In 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 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 2006, we recorded restructuring and impairment charges in conjunction with consolidating the manufacturing network at Frito-Lay North America by closing two plants in the U.S., and rationalizing other assets, to increase manufacturing productivity and supply chain efficiencies.

In 2005, we recognized a tax charge related to our intention to repatriate \$7.5 billion of international earnings under the provisions of the American Jobs Creation Act (AJCA). In addition, we recorded restructuring charges in 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 full year results:

- Our 2005 net revenue and 2006 net revenue growth excluding the impact of the extra week in 2005;
- Our 2006 and 2005 Quaker Foods North America net revenue growth excluding the impact of the extra week in 2005;
- Our 2006 division operating profit;
- Our 2006 division operating profit without the impact of restructuring and impairment charges;
- Our 2006 north american operating profit as a percentage of total division operating profit;
- Our 2006 PepsiCo International operating profit as a percentage of total division operating profit;
- 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.

Net Revenue Reconciliation

	Year Ended 12/30/06	Year Ended 12/31/05	Growth
Reported Net Revenue	\$35,137	\$32,562	8%
Extra Week.....	—	(418)	
Net Revenue Excluding Extra Week.....	<u>\$35,137</u>	<u>\$32,144</u>	9%

Quaker Foods North America Net Revenue Growth Reconciliation

	Year Ended 12/30/06	Year Ended 12/31/05
Quaker Foods North America Reported Net Revenue Growth ...	3%	13%
Extra Week.....	2	3
Quaker Foods North America Net Revenue Growth Excluding Extra Week	<u>5%</u>	<u>10%</u>

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

	Year Ended 12/30/06	% of PepsiCo North American Operating Profit
Frito-Lay North America Operating Profit (Excluding Restructuring and Impairment Charges)	\$2,682	51%
PepsiCo Beverages North America Operating Profit.....	2,055	39
Quaker Foods North America Operating Profit.....	554	10
PepsiCo North American Operating Profit (Excluding Restructuring and Impairment Charges)	5,291	100%
PepsiCo International Operating Profit	1,948	
PepsiCo Total Division Operating Profit Excluding Restructuring and Impairment Charges.....	7,239	
Restructuring and Impairment Charges	(67)	
PepsiCo Total Division Operating Profit	7,172	
Corporate Unallocated	(733)	
Total PepsiCo Reported Operating Profit	\$6,439	

**PepsiCo North American and International Operating Profit as Percentages of Total
Operating Profit Reconciliation**

	Year Ended 12/30/06
PepsiCo North American Operating Profit	\$5,224
PepsiCo International Operating Profit	1,948
PepsiCo Total Division Operating Profit	7,172
Corporate Unallocated	(733)
Total PepsiCo Reported Operating Profit	\$6,439
PepsiCo North American Operating Profit as a % of PepsiCo Total Division Operating Profit	73%
PepsiCo North American Operating Profit as a % of Total PepsiCo Reported Operating Profit	81%
PepsiCo International Operating Profit as a % of PepsiCo Total Division Operating Profit	27%
PepsiCo International Operating Profit as a % of Total PepsiCo Reported Operating Profit	30%

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

Diluted EPS Reconciliation

	Year Ended <u>12/30/06</u>	Year Ended <u>12/31/05</u>	Growth
Reported Diluted EPS	\$3.34	\$2.39	40%
2006 Tax Adjustments	(0.36)	—	
PepsiCo Share of PBG Tax Settlement	(0.01)	—	
AJCA Tax Charge	—	0.27	
Extra Week.....	—	(0.03)	
Restructuring and Impairment Charges	0.03	0.03	
Diluted EPS Excluding Above Items	<u>\$3.00</u>	<u>\$2.66</u>	13%

Diluted EPS Projected Growth Reconciliation

	2007 Guidance <u>\$3.30+</u>	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%+