

## 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. In 2005, we have an additional week of results (53<sup>rd</sup> 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 and the restructuring and impairment charges in 2004, and the 53<sup>rd</sup> 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 53<sup>rd</sup> week since management believes 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 53<sup>rd</sup> 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 53<sup>rd</sup> week in 2005 since management believes it is more indicative of our ongoing performance.

### Diluted EPS Reconciliation

	Estimated Year Ended	Year Ended	Growth
	2005	2004	
Reported Diluted EPS .....	\$2.60-\$2.63	\$2.44	6-8%
53 <sup>rd</sup> Week .....	(0.04)	—	
Restructuring and Impairment Charges .....	—	0.06	
Impact of Tax Benefits.....	—	(0.18)	
Diluted EPS Excluding the 53 <sup>rd</sup> Week, Tax Benefits and Restructuring and Impairment Charges .....	<u>\$2.56-\$2.59</u>	<u>\$2.32</u>	10-12%

### Cash Flow Reconciliation

	24 Weeks Ended	24 Weeks Ended	Growth
	6/11/05	6/12/04	
Net Cash Provided by Operating Activities .....	\$2,363	\$1,530	54%
Capital spending .....	(478)	(452)	
Sales of property, plant and equipment.....	42	13	
Management Operating Cash Flow.....	<u>\$1,927</u>	<u>\$1,091</u>	77%

### 2005 Guidance Reconciliation

	Estimated 52 Weeks	Impact of 53 <sup>rd</sup> Week	Estimated 53 Weeks
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.

This material contains certain forward-looking statements based on our current expectations and projections about future events. Our actual results could differ materially from those anticipated in any forward-looking statements, but we undertake no obligation to update any such statements. Please see our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K, for a discussion of specific risks that may affect our performance.