Reconciliation of GAAP and Non-GAAP Information (unaudited)

Division operating profit, core results, core constant currency results and organic results are non-GAAP financial measures as they exclude certain items noted below. These measures are not in accordance with Generally Accepted Accounting Principles (GAAP). However, we believe investors should consider these measures as they are more indicative of our ongoing performance and reflect how management evaluates our operational results and trends. These measures are not, and should not be viewed as, substitutes for GAAP reporting measures.

Commodity mark-to-market net impact

In the quarter and year ended December 27, 2014, we recognized mark-to-market net losses of $100 million and $68 million, respectively, on commodity hedges in corporate unallocated expenses. In the quarter and year ended December 28, 2013, we recognized $2 million of mark-to-market net gains and $72 million of mark-to-market net losses, respectively, on commodity hedges in corporate unallocated expenses. In the year ended December 29, 2012, we recognized $65 million of mark-to-market net gains on commodity hedges in corporate unallocated expenses. We centrally manage commodity derivatives on behalf of our divisions. These commodity derivatives include agricultural products, energy and metals. Commodity derivatives that do not qualify for hedge accounting treatment are marked to market each period with the resulting gains and losses recorded in corporate unallocated expenses, as either cost of sales or selling, general and administrative expenses, depending on the underlying commodity. These gains and losses are subsequently reflected in division results when the divisions recognize the cost of the underlying commodity in operating profit.

Merger and integration charges

In the quarter and year ended December 28, 2013, we incurred merger and integration charges of $1 million and $10 million, respectively, related to our acquisition of Wimm-Bill-Dann Foods OJSC (WBD). In the year ended December 29, 2012, we incurred merger and integration charges of $16 million related to our acquisition of WBD.

Restructuring and impairment charges

2014 Multi-Year Productivity Plan

In the quarter and year ended December 27, 2014, we incurred restructuring charges of $130 million and $357 million, respectively, in conjunction with the multi-year productivity plan we publicly announced on February 13, 2014 (2014 Productivity Plan). In the quarter and year ended December 28, 2013, we incurred restructuring charges of $53 million in conjunction with our 2014 Productivity Plan. The 2014 Productivity Plan includes the next generation of productivity initiatives that we believe will strengthen our food, snack and beverage businesses by: accelerating our investment in manufacturing automation; further optimizing our global manufacturing footprint, including closing certain manufacturing facilities; re-engineering our go-to-market systems in developed markets; expanding shared services; and implementing simplified organization structures to drive efficiency.

2012 Multi-Year Productivity Plan

In the quarter and year ended December 27, 2014, we incurred restructuring charges of $30 million and $61 million, respectively, in conjunction with the multi-year productivity plan we publicly announced on February 9, 2012 (2012 Productivity Plan). In the quarter and year ended December 28, 2013, we incurred restructuring charges of $73 million and $110 million, respectively, in conjunction with our 2012 Productivity Plan. In the year ended December 29, 2012, we incurred restructuring charges of $279 million in conjunction with our 2012 Productivity Plan. The 2012 Productivity Plan includes actions in every aspect of our business that we believe will strengthen our complementary food, snack and beverage businesses by: leveraging new technologies and processes across PepsiCo's operations, go-to-market and information systems; heightening the focus on best practice sharing across the globe; consolidating manufacturing, warehouse and sales facilities; and implementing simplified organization structures, with wider spans of control and fewer layers of management.

Pension lump sum settlement charges

In the quarter and year ended December 27, 2014, we recorded a pension lump sum settlement charge of $141 million related to payments for pension liabilities to certain former employees who had vested benefits. In the year ended December 29, 2012, we recorded a pension lump sum settlement charge of $195 million related to payments for pension liabilities to certain former employees who had vested benefits.

Venezuela remeasurement charges

In the quarter and year ended December 27, 2014, we recorded a $105 million net charge related to our remeasurement of the bolivar for certain net monetary assets of our Venezuela businesses. $126 million of this charge was recorded in corporate unallocated expenses, with the balance (equity income of $21 million) recorded in our PAB segment.

In the year ended December 28, 2013, we recorded a $111 million net charge related to the devaluation of the bolivar for our Venezuela businesses. $124 million of this charge was recorded in corporate unallocated expenses, with the balance (equity income of $13 million) recorded in our PAB segment.

Tax benefit

In the quarter and year ended December 28, 2013, we recognized a non-cash tax benefit of $209 million associated with our agreement with the IRS resolving all open matters related to the audits for taxable years 2003 through 2009, which reduced our reserve for uncertain tax positions for the tax years 2003 through 2012. In the year ended December 29, 2012, we recognized a non-cash tax benefit of $217 million associated with a favorable tax court decision related to the classification of financial instruments.

Restructuring and other charges related to the transaction with Tingyi (Cayman Islands) Holding Corp. (Tingyi)

In the year ended December 29, 2012, we recorded restructuring and other charges of $150 million in the AMEA segment related to the transaction with Tingyi.

Free cash flow, excluding certain items

Free cash flow (excluding the items noted in the Net Cash Provided by Operating Activities Reconciliation table) is the primary measure management uses to monitor cash flow performance. This is not a measure defined by 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. Additionally, we consider certain other items (included in the Net Cash Provided by Operating Activities Reconciliation table) in evaluating free cash flow that we believe investors should consider in evaluating our free cash flow results.

2015 guidance and long-term targets

Our 2015 core tax rate guidance, our 2015 core and core constant currency EPS growth guidance and our long-term core constant currency EPS growth target exclude the commodity mark-to-market net impact included in corporate unallocated expenses and restructuring and impairment charges. Our 2015 organic revenue growth guidance and our long-term organic revenue growth target exclude the impact of acquisitions, divestitures and other structural changes. In addition, our 2015 organic revenue growth guidance, our 2015 core and core constant currency EPS growth guidance, our long-term organic revenue growth target and our long-term core constant currency EPS growth target exclude the impact of foreign exchange. We are not able to reconcile our full year projected 2015 core tax rate to our full year projected 2015 reported tax rate, our full year projected 2015 core or core constant currency EPS growth to our full year projected 2015 reported EPS growth or our long-term projected core constant currency EPS growth to our long-term projected reported EPS growth because we are unable to predict the 2015 and long-term impacts of foreign exchange or the mark-to-market net impact on commodity hedges due to the unpredictability of future changes in foreign exchange rates and commodity prices. We are also unable to reconcile our full year projected 2015 organic revenue growth to our full year projected 2015 reported net revenue growth or our long-term projected organic revenue growth to our long-term projected reported net revenue growth because we are unable to predict the 2015 and long-term impacts of foreign exchange due to the unpredictability of future changes in foreign exchange rates. Therefore, we are unable to provide a reconciliation of these measures.

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PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
(unaudited)

Net Revenue Growth Reconciliation

	Quarter Ended 12/27/2014	Year Ended 12/27/2014
Reported Net Revenue Growth	(1) %	- %
Impact of Acquisitions and Divestitures	-	-
Impact of Foreign Exchange Translation	6	3
Organic Revenue Growth	5 %	4 %

Gross Margin Growth Reconciliation

	Quarter Ended 12/27/2014	Year Ended 12/27/2014
Reported Gross Margin Growth	60 bps	73 bps
Commodity Mark-to-Market Net Impact	11	(17)
Core Gross Margin Growth	72 bps	55 bps

Operating Margin Growth Reconciliation

	Quarter Ended 12/27/2014	Year Ended 12/27/2014
Reported Operating Margin Growth	(174) bps	(25) bps
Commodity Mark-to-Market Net Impact	50	(1)
Merger and Integration Charges	(1)	(1.5)
Restructuring and Impairment Charges	18	38
Pension Lump Sum Settlement Charges	71	21
Venezuela Remeasurement Charges	53	(1)
Core Operating Margin Growth	17 bps	32 bps

Effective Tax Rate Reconciliation (in millions)

	Quarter Ended 12/27/2014		
	Pre-Tax Income	Income Taxes	Effective Tax Rate
Reported Effective Tax Rate	$ 1,781	$ 455	25.6%
Commodity Mark-to-Market Net Impact	100	35	
Restructuring and Impairment Charges	160	40	
Pension Lump Sum Settlement Charges	141	53	
Venezuela Remeasurement Charges	105	-	
Core Effective Tax Rate	$ 2,287	$ 583	25.5%

	Year Ended 12/27/2014		
	Pre-Tax Income	Income Taxes	Effective Tax Rate
Reported Effective Tax Rate	$ 8,757	$ 2,199	25.1%
Commodity Mark-to-Market Net Impact	68	24	
Restructuring and Impairment Charges	418	99	
Pension Lump Sum Settlement Charges	141	53	
Venezuela Remeasurement Charges	105	-	
Core Effective Tax Rate	$ 9,489	$ 2,375	25.0%

Diluted EPS Growth Reconciliation

	Quarter Ended		
	12/27/2014	12/28/2013	Growth
Reported Diluted EPS	$ 0.87	$ 1.12	(23) %
Commodity Mark-to-Market Net Impact	0.04	-	
Restructuring and Impairment Charges	0.08	0.06	
Pension Lump Sum Settlement Charge	0.06	-	
Venezuela Remeasurement Charges	0.07	-	
Tax Benefits	-	(0.13)	
Core Diluted EPS	$ 1.12	$ 1.05	6
Impact of Foreign Exchange Translation			7
Core Constant Currency Diluted EPS Growth			14 %

	Year Ended		
	12/27/2014	12/28/2013	Growth
Reported Diluted EPS	$ 4.27	$ 4.32	(1) %
Commodity Mark-to-Market Net Impact	0.03	0.03	
Merger and Integration Charges	-	0.01	
Restructuring and Impairment Charges	0.21	0.08	
Pension Lump Sum Settlement Charge	0.06	-	
Venezuela Remeasurement Charges	0.07	0.07	
Tax Benefits	-	(0.13)	
Core Diluted EPS	$ 4.63	$ 4.37	6
Impact of Foreign Exchange Translation			3
Core Constant Currency Diluted EPS Growth			9 %

Note - Certain amounts above may not sum due to rounding.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
(unaudited)

Net Cash Provided by Operating Activities Reconciliation (in millions)

	Year Ended 12/29/2012	Year Ended 12/28/2013	Year Ended 12/27/2014
Net Cash Provided by Operating Activities	$ 8,479	$ 9,688	$ 10,506
Capital Spending	(2,714)	(2,795)	(2,859)
Sales of Property, Plant and Equipment	95	109	115
Free Cash Flow	5,860	7,002	7,762
Discretionary Pension and Retiree Medical Contributions (after-tax)	1,051	20	274
Merger and Integration Payments (after tax)	63	21	-
Payments Related to Restructuring Charges (after-tax)	260	105	215
Net Payments Related to Income Tax Settlements	-	984	-
Net Capital Investments Related to Merger and Integration	10	(4)	-
Net Capital Investments Related to Restructuring Plan	26	8	8
Payments for Restructuring and Other Charges Related to the Transaction with Tingyi (after-tax)	117	26	-
Free Cash Flow Excluding Above Items	$ 7,387	$ 8,162	$ 8,259

Net Income Attributable to PepsiCo Reconciliation (in millions)

	Year Ended 12/29/2012	Year Ended 12/28/2013	Year Ended 12/27/2014
Reported Net Income Attributable to PepsiCo	$ 6,178	$ 6,740	$ 6,513
Commodity Mark-to-Market Net Impact	(41)	44	44
Merger and Integration Charges	12	8	-
Restructuring and Impairment Charges	215	129	316
Pension Lump Sum Settlement Charges	131	-	88
Venezuela Remeasurement Charges	-	111	105
Tax Benefits	(217)	(209)	-
Restructuring and Other Charges Related to the Transaction with Tingyi	176	-	-
Core Net Income Attributable to PepsiCo	$ 6,454	$ 6,823	$ 7,066
Reported Cash Provided by Operating Activities as a Percentage of Net Income	137%	144%	161%
Free Cash Flow Excluding Above Certain Items as a Percentage of Core Net Income	114%	120%	117%

Return on Invested Capital (ROIC) Growth Reconciliation

	Year Ended 12/27/2014	
Reported ROIC Growth	(79)	bps
Impact of:		
Cash, Cash Equivalents and Short-Term Investments	88	
Tax Benefits	42	
Restructuring and Impairment Charges	37	
Pension Lump Sum Settlement Charge	17	
Merger and Integration Charges	3	
Venezuela Remeasurement Charges	(3)	
Restructuring and Other Charges Related to the Transaction with Tingyi	3	
Core Net ROIC Growth[(a)]	108	bps

ROIC Reconciliation

	Year Ended 12/27/2014	
Reported ROIC	13.2	%
Impact of:		
Cash, Cash Equivalents and Short-Term Investments	3.4	
Interest Income After Tax	(0.1)	
Commodity Mark-to-Market Net Impact	0.1	
Venezuela Remeasurement Charges	0.2	
Tax Benefits	0.1	
Restructuring and Impairment Charges	0.5	
Pension Lump Sum Settlement Charge	0.1	
Core Net ROIC[(a)]	17.5	%

(a) Core Net ROIC represents core net income attributable to PepsiCo plus after-tax core net interest expense, divided by a quarterly average of invested capital less cash, cash equivalents and short-term investments adjusted for non-core items.

PAB Net Revenue Growth Reconciliation

	Quarter Ended 12/27/2014	
Reported Net Revenue Growth	1	%
Impact of Foreign Exchange Translation	1	
Organic Revenue Growth	3	%

PAB Operating Profit Growth Reconciliation

	Quarter Ended 12/27/2014	
Reported Operating Profit Growth	4	%
Restructuring and Impairment Charges	3	
Venezuela Remeasurement[(b)]	(3)	
Core Operating Profit Growth	4	
Impact of Foreign Exchange Translation	7	
Core Constant Currency Operating Profit Growth	11	%

(b) Benefit resulting from the remeasurement of certain net monetary liabilities of our joint venture in Venezuela.

Latin America Beverage Net Revenue Growth Reconciliation

	Quarter Ended 12/27/2014	
Reported Net Revenue Growth	(LSD)	%
Impact of Foreign Exchange Translation	DD	
Organic Revenue Growth	DD	%

Note - Certain amounts above may not sum due to rounding.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
(unaudited)

FLNA Net Revenue Growth Reconciliation

	Quarter Ended 12/27/2014	Year Ended 12/27/2014
Reported Net Revenue Growth	3 %	3 %
Impact of Foreign Exchange Translation	1	1
Organic Revenue Growth	3.5 %	3 %

FLNA Operating Profit Growth Reconciliation

	Quarter Ended 12/27/2014	Year Ended 12/27/2014
Reported Operating Profit Growth	5.5 %	5 %
Restructuring and Impairment Charges	-	1
Core Operating Profit Growth	5	5
Impact of Foreign Exchange Translation	1	0.5
Core Constant Currency Operating Profit Growth	6 %	6 %

LAF Net Revenue Growth Reconciliation

	Year Ended 12/27/2014
Reported Net Revenue Growth	1 %
Impact of Foreign Exchange Translation	8
Organic Revenue Growth	10 %

LAF Operating Profit Growth Reconciliation

	Year Ended 12/27/2014
Reported Operating Profit Growth	(2.5) %
Restructuring and Impairment Charges	1
Core Operating Profit Growth	(1.5)
Impact of Foreign Exchange Translation	11
Core Constant Currency Operating Profit Growth	9 %

QFNA Operating Profit Growth Reconciliation

	Quarter Ended 12/27/2014
Reported Operating Profit Growth	3 %
Restructuring and Impairment Charges	4
Core Operating Profit Growth	7
Impact of Foreign Exchange Translation	1
Core Constant Currency Operating Profit Growth	8 %

Europe Net Revenue Growth Reconciliation

	Year Ended 12/27/2014
Reported Net Revenue Growth	(3) %
Impact of Foreign Exchange Translation	8
Organic Revenue Growth	4.5 %

Europe Operating Profit Growth Reconciliation

	Year Ended 12/27/2014
Reported Operating Profit Growth	3 %
Merger and Integration Charges	(1)
Restructuring and Impairment Charges	1
Core Operating Profit Growth	3
Impact of Foreign Exchange Translation	1
Core Constant Currency Operating Profit Growth	4 %

Developing and Emerging Markets Net Revenue Growth Reconciliation

	Quarter Ended 12/27/2014	Year Ended 12/27/2014
Reported Developing and Emerging Markets Net Revenue Growth	(4) %	(1) %
Impact of Acquisitions and Divestitures	-	-
Impact of Foreign Exchange Translation	14	9
Developing and Emerging Markets Organic Revenue Growth	10 %	9 %

Guidance on Net Cash Provided by Operating Activities Reconciliation (in billions)

	2014 Guidance	2015 Guidance
Net Cash Provided by Operating Activities	$ ~10	$ ~10
Net Capital Spending	~(3)	~(3)
Free Cash Flow	~7	~7
Certain Other Items [(c)]	~ -	~ -
Free Cash Flow Excluding Certain Other Items	$ ~7	$ ~7

(c) Certain other items include discretionary pension and retiree medical contributions and payments related to restructuring charges and the tax impact associated with these items, as applicable in 2014 and 2015. In addition, certain other items in 2014 include merger and intergration payments (after-tax) and net capital investments related to restructuring plan.

Note - Certain amounts above may not sum due to rounding.