Reconciliation of GAAP and Non-GAAP Information
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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 12 weeks ended September 6, 2014, we recognized $33 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the 36 weeks ended September 6, 2014, we recognized $32 million of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the 12 weeks ended September 7, 2013, we recognized $19 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the 36 weeks ended September 7, 2013, we recognized $74 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the year ended December 28, 2013, we recognized $72 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. We centrally manage commodity derivatives on behalf of our divisions. These commodity derivatives include energy, agricultural products and metals. Certain of these commodity derivatives do not qualify for hedge accounting treatment and are marked to market with the resulting gains and losses recognized 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 12 and 36 weeks ended September 7, 2013, we recorded merger and integration charges of $9 million related to our acquisition of Wimm-Bill-Dann Foods OJSC (WBD) recorded in the Europe segment. In the year ended December 28, 2013, we incurred merger and integration charges of $10 million related to our acquisition of WBD recorded in the Europe segment.

Restructuring and impairment charges

2014 Multi-Year Productivity Plan

In the 12 weeks ended September 6, 2014, we incurred restructuring and impairment charges of $54 million in conjunction with the multi-year productivity plan we publicly announced on February 13, 2014 (2014 Productivity Plan), including $9 million recorded in the Frito-Lay North America (FLNA) segment, $8 million recorded in the Latin America Foods (LAF) segment, $16 million recorded in the PepsiCo Americas Beverages (PAB) segment, $7 million recorded in the Europe segment, $2 million recorded in the Asia Middle East and Africa (AMEA) segment and $12 million recorded in corporate unallocated expenses. In the 36 weeks ended September 6, 2014, we incurred restructuring and impairment charges of $227 million in conjunction with the 2014 Productivity Plan, including $33 million recorded in the FLNA segment, $2 million recorded in the Quaker Foods North America (QFNA) segment, $14 million recorded in the LAF segment, $131 million recorded in the PAB segment, $22 million recorded in the Europe segment, $11 million recorded in the AMEA segment and $14 million recorded in corporate unallocated expenses.

In the year ended December 28, 2013, we incurred restructuring and impairment charges of $53 million in conjunction with the 2014 Productivity Plan, including $11 million recorded in the FLNA segment, $3 million recorded in the QFNA segment, $5 million recorded in the LAF segment, $10 million recorded in the PAB segment, $10 million recorded in the Europe segment, $1 million recorded in the AMEA segment and $13 million recorded in corporate unallocated expenses. 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 12 weeks ended September 6, 2014, we incurred restructuring and impairment charges of $14 million in conjunction with the multi-year productivity plan we publicly announced on February 9, 2012 (2012 Productivity Plan), including $7 million recorded in the Europe segment, $6 million recorded in the AMEA segment, $3 million recorded in corporate unallocated expenses and income of $2 million recorded in the LAF segment, representing adjustments of previously recorded amounts. In the 36 weeks ended September 6, 2014, we incurred restructuring and impairment charges of $31 million in conjunction with the 2012 Productivity Plan, including $2 million recorded in the FLNA segment, $7 million recorded in the PAB segment, $15 million recorded in the Europe segment, $8 million recorded in the AMEA segment, $6 million recorded in corporate unallocated expenses and income of $7 million recorded in the LAF segment, representing adjustments of previously recorded amounts.

In the 12 weeks ended September 7, 2013, we incurred restructuring and impairment charges of $7 million in conjunction with the 2012 Productivity Plan, including $1 million recorded in the FLNA segment, $1 million recorded in the LAF segment, $3 million recorded in the PAB segment, $2 million recorded in the Europe segment, $1 million recorded in the AMEA segment and income of $1 million recorded in corporate unallocated expenses, representing adjustments of previously recorded amounts. In the 36 weeks ended September 7, 2013, we incurred restructuring and impairment charges of $37 million in conjunction with the 2012 Productivity Plan, including $5 million recorded in the FLNA segment, $6 million recorded in the LAF segment, $8 million recorded in the PAB segment, $14 million recorded in the Europe segment, $3 million recorded in the AMEA segment and $1 million recorded in corporate unallocated expenses.

In the year ended December 28, 2013, we incurred restructuring and impairment charges of $110 million in conjunction with the 2012 Productivity Plan, including $8 million recorded in the FLNA segment, $1 million recorded in the QFNA segment, $7 million recorded in the LAF segment, $21 million recorded in the PAB segment, $50 million recorded in the Europe segment, $25 million recorded in the AMEA segment and income of $2 million recorded in corporate unallocated expenses, representing adjustments of previously recorded amounts. 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.

Venezuela currency devaluation

In the 36 weeks ended September 7, 2013, we recorded a $111 million net charge related to the devaluation of the bolivar for our Venezuelan businesses. $124 million of this charge was recorded in corporate unallocated expenses, with the balance (equity income of $13 million) recorded in the PAB segment.

Tax benefits

In the 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.

Pension lump sum settlement charge

In the quarter ended December 29, 2012, we recorded a pension lump sum settlement charge of $195 million.

Free cash flow, excluding certain items

Additionally, 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.

2014 guidance

Our 2014 core tax rate guidance and our 2014 core constant currency EPS growth guidance exclude the commodity mark-to-market net impact included in corporate unallocated expenses and restructuring and impairment charges. Our 2014 organic revenue growth guidance excludes the impact of acquisitions, divestitures and other structural changes. In addition, our 2014 organic revenue growth guidance and our 2014 core constant currency EPS growth guidance exclude the impact of foreign exchange. We are not able to reconcile our full year projected 2014 core tax rate to our full year projected 2014 reported tax rate or our full year projected 2014 core constant currency EPS growth to our full year projected 2014 reported EPS growth because we are unable to predict the 2014 impact 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 2014 organic revenue growth to our full year projected 2014 reported net revenue growth because we are unable to predict the 2014 impact 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.

PepsiCo, Inc. and Subsidiaries
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Net Revenue Growth Reconciliation

	12 Weeks Ended 9/6/2014	36 Weeks Ended 9/6/2014
Reported Net Revenue Growth	2 %	1 %
Impact of Acquisitions and Divestitures	-	-
Impact of Foreign Exchange Translation	1	2
Organic Revenue Growth	3 %	3.5 %

Developing and Emerging Markets Net Revenue Growth Reconciliation

	12 Weeks Ended 9/6/2014	36 Weeks Ended 9/6/2014
Reported Developing and Emerging Markets Net Revenue Growth	LSD %	- %
Impact of Acquisitions and Divestitures	-	LSD
Impact of Foreign Exchange Translation	MSD	HSD
Developing and Emerging Markets Organic Revenue Growth	HSD %	HSD %

Net Revenue Year-over-Year Growth Reconciliation

	GAAP Measure Reported Growth 36 Weeks Ended 9/6/2014	Percent Impact of Foreign Exchange Translation	Non-GAAP Measure Organic Growth 36 Weeks Ended 9/6/2014
Egypt	DD %	LSD %	DD %
India	MSD %	HSD %	DD %
China	HSD %	- %	HSD %
Brazil	(LSD) %	HSD %	HSD %
Turkey	(HSD) %	DD %	HSD %
Russia	(MSD) %	DD %	MSD %

FLNA Net Revenue Growth Reconciliation

	12 Weeks Ended 9/6/2014	36 Weeks Ended 9/6/2014
Reported Net Revenue Growth	3 %	3 %
Impact of Foreign Exchange Translation	-	0.5
Organic Revenue Growth	3 %	3 %

Gross Margin Growth Reconciliation

	12 Weeks Ended 9/6/2014	36 Weeks Ended 9/6/2014
Reported Gross Margin Growth	55 bps	78 bps
Commodity Mark-to-Market Net Impact	(10)	(30)
Core Gross Margin Growth	46 bps	48 bps

Operating Margin Growth Reconciliation

	12 Weeks Ended 9/6/2014	36 Weeks Ended 9/6/2014
Reported Operating Margin Growth	9 bps	37 bps
Commodity Mark-to-Market Net Impact	8	(23)
Merger and Integration Charges	(5)	(2)
Restructuring and Impairment Charges	35	47
Venezuela Currency Devaluation	-	(24)
Core Operating Margin Growth	47 bps	36 bps

Diluted EPS Growth Reconciliation

	12 Weeks Ended 9/6/2014	12 Weeks Ended 9/7/2013	Growth
Reported Diluted EPS	$ 1.32	$ 1.23	7 %
Commodity Mark-to-Market Net Impact	0.01	0.01	
Merger and Integration Charges	-	-	
Restructuring and Impairment Charges	0.03	-	
Core Diluted EPS	$ 1.36	$ 1.24	10
Impact of Foreign Exchange Translation			1
Core Constant Currency Diluted EPS Growth			11 %

PepsiCo, Inc. and Subsidiaries
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Operating Profit Growth Reconciliation

	12 Weeks Ended 9/6/2014
Reported Operating Profit Growth	2 %
Commodity Mark-to-Market Net Impact	0.5
Merger and Integration Charges	-
Restructuring and Impairment Charges	2
Core Operating Profit Growth	5
Impact of Foreign Exchange Translation	1
Core Constant Currency Operating Profit Growth	5.5 %

Effective Tax Rate Reconciliation (in millions)

	12 Weeks Ended 9/6/2014		
	Pre-Tax Income	Income Taxes	Effective Tax Rate
Reported Effective Tax Rate	$ 2,655	$ 637	24.0 %
Commodity Mark-to-Market Net Impact	33	13	
Restructuring and Impairment Charges	68	17	
Core Effective Tax Rate	$ 2,756	$ 667	24.2 %

Return on Invested Capital (ROIC) Growth Reconciliation[(a)]

	9/6/2014
Reported ROIC Growth	(40) bps
Impact of:	
Cash, Cash Equivalents and Short-Term Investments	94
Interest Income After Tax	3
Commodity Mark-to-Market Net Impact	(19)
Merger and Integration Charges	4
Venezuela Currency Devaluation	(22)
Tax Benefits	9
Restructuring and Impairment Charges	37
Pension Lump Sum Settlement Charge	(26)
Core Net ROIC Growth	39 bps

ROIC Reconciliation[(a)]

	9/6/2014
Reported ROIC	13.7 %
Impact of:	
Cash, Cash Equivalents and Short-Term Investments	3.3
Interest Income After Tax	(0.1)
Commodity Mark-to-Market Net Impact	(0.1)
Restructuring and Impairment Charges	0.4
Tax Benefits	(0.3)
Core Net ROIC	16.9 %

(a) The impact of all other reconciling items to reported ROIC round to zero. Core net return on invested capital is defined as adjusted core net income attributable to PepsiCo divided by the sum of average common shareholders' equity and average total debt, less average cash and cash equivalents and average short-term investments. Adjusted core net income attributable to PepsiCo is defined as core net income attributable to PepsiCo plus net interest expense after-tax.

Fiscal 2013 Diluted EPS Reconciliation

	Year Ended 12/28/2013
Reported Diluted EPS	$ 4.32
Commodity Mark-to-Market Net Impact	0.03
Merger and Integration Charges	0.01
Restructuring and Impairment Charges	0.08
Venezuela Currency Devaluation	0.07
Tax Benefits	(0.13)
Core Diluted EPS	$ 4.37

Net Cash Provided by Operating Activities Reconciliation (in billions)

	2014 Guidance
Net Cash Provided by Operating Activities	$ ~10
Net Capital Spending	~(3)
Free Cash Flow	~7
Certain Other Items [(b)]	~0
Free Cash Flow Excluding Certain Other Items	$ ~7

(b) Certain other items include discretionary pension and retiree medical contributions, payments related to restructuring charges, net capital investments related to restructuring plan and the tax impacts associated with each of these items, as applicable.

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