

PepsiCo, Inc. Q3 2015 Earnings Call
Reconciliation of GAAP and Non-GAAP Information (unaudited)

In discussing financial results and guidance, we may refer to certain measures not in accordance with Generally Accepted Accounting Principles (GAAP). Our non-GAAP measures exclude from reported results those items that management believes are not indicative of our ongoing performance and reflect how management evaluates our operating results and trends. 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, and should not be viewed as, substitutes for GAAP reporting measures.

Commodity mark-to-market net impact

In the 12 and 36 weeks ended September 5, 2015, we recognized \$28 million of mark-to-market net losses and \$10 million of mark-to-market net gains, respectively, on commodity hedges in corporate unallocated expenses. 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 years ended December 27, 2014, December 28, 2013, December 29, 2012, December 31, 2011 and December 25, 2010, we recognized \$68 million and \$72 million of mark-to-market net losses, \$65 million of mark-to-market net gains, \$102 million of mark-to-market net losses and \$91 million of mark-to-market net gains, respectively, 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.

Restructuring and impairment charges

2014 Multi-Year Productivity Plan

In the 12 and 36 weeks ended September 5, 2015, we incurred restructuring charges of \$43 million and \$94 million, respectively, in conjunction with the multi-year productivity plan we publicly announced on February 13, 2014 (2014 Productivity Plan). In the 12 weeks ended September 6, 2014, we incurred restructuring charges of \$54 million in conjunction with our 2014 Productivity Plan. In the years ended December 27, 2014 and December 28, 2013, we incurred restructuring charges of \$357 million and \$53 million, respectively, 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 12 and 36 weeks ended September 5, 2015, we incurred restructuring charges of \$9 million and \$19 million, respectively, in conjunction with the multi-year productivity plan we publicly announced on February 9, 2012 (2012 Productivity Plan). In the 12 weeks ended September 6, 2014, we incurred restructuring charges of \$14 million in conjunction with our 2012 Productivity Plan. In the years ended December 27, 2014, December 28, 2013, December 29, 2012 and December 31, 2011, we incurred restructuring charges of \$61 million, \$110 million, \$279 million and \$383 million, respectively, 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-related settlement credit/charge

In the 12 and 36 weeks ended September 5, 2015, we recorded a gain of \$37 million associated with the settlement of a pension-related liability from a previous acquisition.

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

Venezuela impairment charges

In the 12 and 36 weeks ended September 5, 2015, we recorded a pre- and after-tax charge of \$1.4 billion in the Latin America segment related to the impairment of investments in our wholly-owned Venezuelan subsidiaries and beverage joint venture.

Venezuela remeasurement charges

In the 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 Latin America segment.

In the years ended December 28, 2013 and December 25, 2010, we recorded net charges of \$111 million and \$120 million, respectively, related to the devaluation of the bolivar for our Venezuela businesses. \$124 million of the 2013 charge was recorded in corporate unallocated expenses, with the balance (equity income of \$13 million) recorded in our Latin America segment. \$129 million of the 2010 charge was recorded in corporate unallocated expenses, with the balance (equity income of \$9 million) recorded in our Latin America segment.

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

In the 12 and 36 weeks ended September 5, 2015, we recorded a pre- and after-tax charge of \$73 million related to a write-off of the recorded value of a call option to increase our holding in Tingyi-Asahi Beverages Holding Co. Ltd.

In the year ended December 29, 2012, we recorded restructuring and other charges of \$150 million in the Asia, Middle East and North Africa segment related to the transaction with Tingyi.

Merger and integration charges

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

In the year ended December 31, 2011, we incurred merger and integration charges of \$329 million related to our acquisitions of The Pepsi Bottling Group, Inc. (PBG), PepsiAmericas, Inc. (PAS) and WBD.

In the year ended December 25, 2010, we incurred merger and integration charges of \$799 million related to our acquisitions of PBG and PAS, as well as advisory fees in connection with our acquisition of WBD. In addition, in the year ended December 25, 2010, we recorded \$9 million of charges, representing our share of the respective merger costs of PBG and PAS, recorded in bottling equity income.

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 Internal Revenue Service resolving all open matters related to the audits for the 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.

Gain on previously held equity interests in PBG and PAS

In the year ended December 25, 2010, in connection with our acquisitions of PBG and PAS, we recorded a gain on our previously held equity interests of \$958 million, comprising \$735 million which is non-taxable and recorded in bottling equity income and \$223 million related to the reversal of deferred tax liabilities associated with these previously held equity interests.

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

Our 2015 core tax rate guidance and our 2015 core and core constant currency EPS growth guidance exclude the commodity mark-to-market net impact included in corporate unallocated expenses, restructuring and impairment charges, a pension-related settlement benefit, Venezuela impairment charges and a charge related to the transaction with Tingyi. Our 2015 organic revenue growth guidance excludes the impact of acquisitions, divestitures and other structural changes. In addition, our 2015 organic revenue growth guidance and our 2015 core constant currency EPS growth guidance 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 or our full year projected 2015 core and core constant currency EPS growth to our full year projected 2015 reported EPS growth because we are unable to predict the 2015 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 2015 organic revenue growth to our full year projected 2015 reported net revenue growth because we are unable to predict the 2015 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.

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

| Net Revenue Growth Reconciliation | <u>12 Weeks Ended</u> <u>9/5/2015</u> |
|---|--|
| Reported Net Revenue Growth | (5) % |
| Impact of Acquisitions and Divestitures | — |
| Impact of Foreign Exchange Translation | <u>12</u> |
| Organic Revenue Growth | <u><u>7 %</u></u> |
| | |
| Global Snacks Net Revenue Growth Reconciliation | <u>12 Weeks Ended</u> <u>9/5/2015</u> |
| Reported Net Revenue Growth | (5) % |
| Impact of Acquisitions and Divestitures | — |
| Impact of Foreign Exchange Translation | <u>15</u> |
| Global Snacks Organic Revenue Growth | <u><u>10 %</u></u> |
| | |
| Global Beverages Net Revenue Growth Reconciliation | <u>12 Weeks Ended</u> <u>9/5/2015</u> |
| Reported Net Revenue Growth | (5) % |
| Impact of Acquisitions and Divestitures | 1 |
| Impact of Foreign Exchange Translation | <u>9</u> |
| Global Beverages Organic Revenue Growth | <u><u>5 %</u></u> |
| | |
| Gross Margin Growth Reconciliation | <u>12 Weeks Ended</u> <u>9/5/2015</u> |
| Reported Gross Margin Growth | 115 bps |
| Commodity Mark-to-Market Net Impact | <u>3</u> |
| Core Gross Margin Growth | <u><u>118 bps</u></u> |
| | |
| Operating Profit Growth Reconciliation | <u>12 Weeks Ended</u> <u>9/5/2015</u> |
| Reported Operating Profit Growth | (50) % |
| Restructuring and Impairment Charges | (1) |
| Pension-Related Settlement | (1) |
| Venezuela Impairment Charges | 48 |
| Charge Related to the Transaction with Tingyi | <u>3</u> |
| Core Operating Profit Growth | (2) |
| Impact of Foreign Exchange Translation | <u>14</u> |
| Core Constant Currency Operating Profit Growth | <u><u>12 %</u></u> |

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

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

Diluted EPS Growth Reconciliation

| | 12 Weeks Ended | | Growth |
|---|----------------|----------------|-------------|
| | 9/5/2015 | 9/6/2014 | |
| Reported Diluted EPS | \$ 0.36 | \$ 1.32 | (73) % |
| Commodity Mark-to-Market Net Impact | 0.01 | 0.01 | |
| Restructuring and Impairment Charges | 0.03 | 0.03 | |
| Pension-Related Settlement | (0.02) | — | |
| Venezuela Impairment Charges | 0.92 | — | |
| Charge Related to the Transaction with Tingyi | 0.05 | — | |
| Core Diluted EPS | <u>\$ 1.35</u> | <u>\$ 1.36</u> | (1) |
| Impact of Foreign Exchange Translation | | | 15 |
| Core Constant Currency Diluted EPS Growth | | | <u>14 %</u> |

North America Operating Profit Reconciliation (in millions)

| | 12 Weeks Ended | | | | | | |
|---|-----------------|---------------|---------------|---------------------------|---------------------------------|--------------------------|------------------------------|
| | 9/5/2015 | | | | | | |
| | FLNA | QFNA | NAB | Total North America | Division Operating Profit | Corporate Unallocated | Total Operating Profit |
| Reported Operating Profit | \$ 1,085 | \$ 150 | \$ 860 | \$ 2,095 | \$ 1,698 | \$ (282) | \$ 1,416 |
| Commodity Mark-to-Market Net Impact | — | — | — | — | — | 28 | 28 |
| Restructuring and Impairment Charges | 12 | 1 | 4 | 17 | 48 | 4 | 52 |
| Pension-Related Settlement | — | — | (37) | (37) | (37) | — | (37) |
| Venezuela Impairment Charges | — | — | — | — | 1,359 | — | 1,359 |
| Charge Related to the Transaction with Tingyi | — | — | — | — | 73 | — | 73 |
| Core Operating Profit | <u>\$ 1,097</u> | <u>\$ 151</u> | <u>\$ 827</u> | <u>\$ 2,075</u> | <u>\$ 3,141</u> | <u>\$ (250)</u> | <u>\$ 2,891</u> |

North America Core Operating Profit as a Percentage of Operating Profit 66% 72%

North America Beverages (NAB) Net Revenue Growth Reconciliation

| | 12 Weeks Ended |
|--|----------------|
| | 9/5/2015 |
| Reported Net Revenue Growth | 4 % |
| Impact of Foreign Exchange Translation | 1 |
| Organic Revenue Growth | <u>5 %</u> |

NAB Operating Profit Growth Reconciliation

| | 12 Weeks Ended |
|--|----------------|
| | 9/5/2015 |
| Reported Operating Profit Growth | 14 % |
| Restructuring and Impairment Charges | (1) |
| Pension-Related Settlement | (5) |
| Core Operating Profit Growth | 8 |
| Impact of Foreign Exchange Translation | 2 |
| Core Constant Currency Operating Profit Growth | <u>10 %</u> |

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

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

| FLNA Net Revenue Growth Reconciliation | <u>12 Weeks Ended</u> <u>9/5/2015</u> |
|--|--|
| Reported Net Revenue Growth | 1 % |
| Impact of Foreign Exchange Translation | 1 |
| Organic Revenue Growth | <u>2 %</u> |
| | |
| FLNA Operating Profit Growth Reconciliation | <u>12 Weeks Ended</u> <u>9/5/2015</u> |
| Reported Operating Profit Growth | 6 % |
| Restructuring and Impairment Charges | — |
| Core Operating Profit Growth | 6 |
| Impact of Foreign Exchange Translation | 1 |
| Core Constant Currency Operating Profit Growth | <u>7 %</u> |
| | |
| FLNA Operating Margin Growth Reconciliation | <u>12 Weeks Ended</u> <u>9/5/2015</u> |
| Reported Operating Margin Growth | 148 bps |
| Restructuring and Impairment Charges | 5 |
| Core Operating Margin Growth | <u>153 bps</u> |
| | |
| QFNA Net Revenue Growth Reconciliation | <u>12 Weeks Ended</u> <u>9/5/2015</u> |
| Reported Net Revenue Growth | (0.5) % |
| Impact of Foreign Exchange Translation | 2 |
| Organic Revenue Growth | <u>2 %</u> |
| | |
| QFNA Operating Profit Growth Reconciliation | <u>12 Weeks Ended</u> <u>9/5/2015</u> |
| Reported Operating Profit Growth | — % |
| Restructuring and Impairment Charges | — |
| Core Operating Profit Growth | — |
| Impact of Foreign Exchange Translation | 1 |
| Core Constant Currency Operating Profit Growth | <u>1.5 %</u> |

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

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

Net Revenue Year-over-Year Growth Reconciliations

| | Reported Net Revenue Growth | Percent Impact of | Organic Revenue Growth |
|--------|-----------------------------|------------------------------|-------------------------|
| | 12 Weeks Ended 9/5/2015 | Foreign Exchange Translation | 12 Weeks Ended 9/5/2015 |
| Turkey | (DD) % | DD % | DD % |
| Mexico | (DD) % | DD % | HSD % |
| Egypt | (LSD) % | HSD % | MSD % |

Net Cash Provided by Operating Activities Reconciliation (in millions)

| | Year Ended | Year Ended | 36 Weeks Ended | Total |
|---|------------|------------|----------------|-----------------|
| | 12/28/2013 | 12/27/2014 | 9/5/2015 | 12/30/12-9/5/15 |
| Net Cash Provided by Operating Activities | \$ 9,688 | \$ 10,506 | \$ 6,775 | \$ 26,969 |
| Capital Spending | (2,795) | (2,859) | (1,463) | (7,117) |
| Sales of Property, Plant and Equipment | 109 | 115 | 63 | 287 |
| Free Cash Flow | 7,002 | 7,762 | 5,375 | 20,139 |
| Discretionary Pension and Retiree Medical Contributions (after-tax) | 20 | 274 | — | 294 |
| Pension-Related Settlement | — | — | 68 | 68 |
| Merger and Integration Payments (after tax) | 21 | — | — | 21 |
| Payments Related to Restructuring Charges (after-tax) | 105 | 215 | 144 | 464 |
| Net Payments Related to Income Tax Settlements | 984 | — | — | 984 |
| Net Capital Investments Related to Mergers and Integrations | (4) | — | — | (4) |
| Net Capital Investments Related to Restructuring Plan | 8 | 8 | — | 16 |
| Payments for Restructuring and Other Charges Related to the Transaction with Tingyi (after-tax) | 26 | — | — | 26 |
| Free Cash Flow Excluding Above Items | \$ 8,162 | \$ 8,259 | \$ 5,587 | \$ 22,008 |

Net Income Attributable to PepsiCo Reconciliation (in millions)

| | Year Ended | Year Ended | 36 Weeks Ended | Total |
|---|------------|------------|----------------|-----------------|
| | 12/28/2013 | 12/27/2014 | 9/5/2015 | 12/30/12-9/5/15 |
| Reported Net Income Attributable to PepsiCo | \$ 6,740 | \$ 6,513 | \$ 3,734 | \$ 16,987 |
| Commodity Mark-to-Market Net Impact | 44 | 44 | (8) | 80 |
| Merger and Integration Charges | 8 | — | — | 8 |
| Restructuring and Impairment Charges | 129 | 316 | 89 | 534 |
| Pension Lump Sum Settlement Charges | — | 88 | — | 88 |
| Pension-Related Settlement | — | — | (23) | (23) |
| Venezuela Remeasurement Charges | 111 | 105 | — | 216 |
| Venezuela Impairment Charges | — | — | 1,359 | 1,359 |
| Tax Benefits | (209) | — | — | (209) |
| Charge Related to the Transaction with Tingyi | — | — | 73 | 73 |
| Core Net Income Attributable to PepsiCo | \$ 6,823 | \$ 7,066 | \$ 5,224 | \$ 19,113 |

| | Total |
|--|-----------------|
| | 12/30/12-9/5/15 |
| Net Cash Provided by Operating Activities as a Percentage of Reported Net Income | 159% |
| Free Cash Flow Excluding Above Items as a Percentage of Core Net Income | 115% |

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

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

2012 - Q3 2015 Return on Invested Capital (ROIC) Growth Reconciliation

| | 9/5/2015 |
|--|-----------|
| Reported ROIC Growth | (201) bps |
| Impact of: | |
| Venezuela Impairment Charges | 290 |
| Cash, Cash Equivalents and Short-Term Investments | 241 |
| Tax Benefits | 50 |
| Commodity Mark-to-Market Net Impact | 19 |
| Merger and Integration Charges | 13 |
| Pension-Related Settlement | 13 |
| Interest Income After Tax | 3 |
| Pension Lump Sum Settlement Charges | (27) |
| Restructuring and Other Charges Related to the Transaction with Tingyi | (18) |
| Gain on Previously Held Equity Interests | (5) |
| Restructuring and Impairment Charges | (3) |
| Core Net ROIC Growth ^(a) | 378 bps |

(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.

Q3 2015 ROIC Reconciliation

| | 9/5/2015 |
|--|----------|
| Reported ROIC | 11.7 % |
| Impact of: | |
| Venezuela Impairment Charges | 2.9 |
| Cash, Cash Equivalents and Short-Term Investments | 3.9 |
| Tax Benefits | 0.1 |
| Commodity Mark-to-Market Net Impact | 0.1 |
| Pension-Related Charges | 0.1 |
| Interest Income After Tax | (0.1) |
| Restructuring and Other Charges Related to the Transaction with Tingyi | 0.1 |
| Restructuring and Impairment Charges | 0.3 |
| Core Net ROIC ^(a) | 19.1 % |

Note – The impact of all other reconciling items to reported ROIC round to zero.

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

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

2012 ROIC Reconciliation

| | 12/29/2012 |
|--|---------------|
| Reported ROIC | 13.7 % |
| Impact of: | |
| Cash, Cash Equivalents and Short-Term Investments | 1.5 |
| Tax Benefits | (0.4) |
| Commodity Mark-to-Market Net Impact | (0.1) |
| Merger and Integration Charges | (0.1) |
| Interest Income After Tax | (0.1) |
| Pension Lump Sum Settlement Charges | 0.3 |
| Restructuring and Other Charges Related to the Transaction with Tingyi | 0.3 |
| Gain on Previously Held Equity Interests | 0.1 |
| Restructuring and Impairment Charges | 0.3 |
| Core Net ROIC ^(a) | <u>15.3 %</u> |

Note – The impact of all other reconciling items to reported ROIC round to zero.

Fiscal 2014 Diluted EPS Reconciliation

| | Year Ended |
|--------------------------------------|----------------|
| | 12/27/2014 |
| Reported Diluted EPS | \$ 4.27 |
| Commodity Mark-to-Market Net Impact | 0.03 |
| Restructuring and Impairment Charges | 0.21 |
| Pension Lump Sum Settlement Charge | 0.06 |
| Venezuela Remeasurement Charge | 0.07 |
| Core Diluted EPS | <u>\$ 4.63</u> |

Contribution of Venezuelan Operations to 2014 Diluted EPS Reconciliation

| | 12 Weeks Ended |
|---|----------------|
| | 12/27/2014 |
| Contribution of Venezuelan Operations to Reported Diluted EPS | \$ 0.04 |
| Venezuela Remeasurement Charge | 0.01 |
| Contribution of Venezuelan Operations to Core Diluted EPS | <u>\$ 0.03</u> |

Net Cash Provided by Operating Activities Reconciliation (in billions)

| | 2015 |
|---|---------------|
| | Guidance |
| Net Cash Provided by Operating Activities | \$ ~ 10 |
| Net Capital Spending | ~ 3 |
| Free Cash Flow | ~ 7 |
| Certain Other Items ^(b) | ~ - |
| Free Cash Flow, Excluding Certain Other Items | <u>\$ ~ 7</u> |

(b) Certain other items include discretionary pension and retiree medical contributions, pension-related settlement from a previous acquisition, 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.

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

Latin America excluding Venezuelan Operations Net Revenue Growth Reconciliation

| | 12 Weeks Ended | | |
|--|----------------|--|--|
| | 9/5/2015 | | |
| | Latin America | Less: Contribution from Venezuelan Operations | Latin America excluding Venezuelan Operations |
| Reported Net Revenue Growth | (5) % | (7) % | (12) % |
| Impact of Foreign Exchange Translation | 38 | (17) | 21 |
| Organic Revenue Growth | 33 % | (24) % | 9 % |

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