PepsiCo, Inc. Q1 2016 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). Reconciliations of any such non-GAAP measures to the most directly comparable financial measures in accordance with GAAP can be found in the tables below. 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 weeks ended March 19, 2016, we recognized $46 million of mark-to-market net gains on commodity hedges in corporate unallocated expenses. In the 12 weeks ended March 21, 2015, we recognized $1 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the year ended December 26, 2015, we recognized $11 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, metals and energy. 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 weeks ended March 19, 2016, we incurred restructuring charges of $30 million in conjunction with the multi-year productivity plan we publicly announced in 2014 (2014 Productivity Plan). In the 12 weeks ended March 21, 2015, we incurred restructuring charges of $30 million in conjunction with our 2014 Productivity Plan. In the year ended December 26, 2015, we incurred restructuring charges of $169 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. The 2014 Productivity Plan is in addition to the productivity plan we began implementing in 2012 and is expected to continue the benefits of that plan.

2012 Multi-Year Productivity Plan

In the 12 weeks ended March 21, 2015, we incurred restructuring charges of $6 million in conjunction with the multi-year productivity plan we publicly announced in 2012 (2012 Productivity Plan). In the year ended December 26, 2015, we incurred restructuring charges of $61 million in conjunction with our 2012 Productivity Plan. The 2012 Productivity Plan included actions in every aspect of our business that we believed would 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. The 2012 Productivity Plan has enhanced PepsiCo's cost-competitiveness and provided a source of funding for future brand-building and innovation initiatives.

Charge related to the transaction with Tingyi

In the 12 weeks ended March 19, 2016, we recorded a pre- and after-tax impairment charge of $373 million to reduce the value of our 5% indirect equity interest in Tingyi-Asahi Beverages Holding Co. Ltd. (TAB) to its estimated fair value.

In the year ended December 26, 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 TAB to 20%.

Pension-related settlement benefits

In the year ended December 26, 2015, we recorded pension-related settlement benefits of $67 million associated with the settlement of pension-related liabilities from previous acquisitions.

Venezuela impairment charges

In the year ended December 26, 2015, we recorded pre- and after-tax charges of $1.4 billion related to the impairment of investments in our wholly-owned Venezuelan subsidiaries and beverage joint venture.

Tax benefit

In the year ended December 26, 2015, we recognized a non-cash tax benefit of $230 million associated with our agreement with the Internal Revenue Service resolving substantially all open matters related to the audits for taxable years 2010 through 2011, which reduced our reserve for uncertain tax positions for the tax years 2010 through 2011.

2016 guidance

Our 2016 core constant currency EPS growth guidance excludes the commodity mark-to-market net impact included in corporate unallocated expenses and restructuring and impairment charges. Our 2016 organic revenue growth guidance excludes the impact of acquisitions, divestitures and other structural changes, including the deconsolidation of our Venezuelan businesses effective as of the end of the third quarter of 2015, and foreign exchange translation. Our 2016 organic revenue growth guidance also excludes the impact of a 53rd reporting week in 2016. In addition, our 2016 organic revenue growth guidance and our 2016 core constant currency EPS growth guidance exclude the impact of foreign exchange. We are not able to reconcile our full year projected 2016 core constant currency EPS growth to our full year projected 2016 reported EPS growth because we are unable to predict the 2016 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. In addition, we are unable to reconcile our full year 2016 organic revenue growth guidance to our full year projected 2016 reported net revenue growth because we are unable to predict the 2016 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
Reconciliation of GAAP and Non-GAAP Information
(unaudited)

Net Revenue Growth Reconciliation	12 Weeks Ended 3/19/2016
Reported Net Revenue Growth	(3) %
Impact of Foreign Exchange Translation	4.5
Impact of Acquisitions and Divestitures	—
Impact of Venezuela Deconsolidation[(a)]	2
Organic Revenue Growth	3.5 %

Latin America and Asia, Middle East & North Africa (AMENA) Net Revenue Year-over-Year Growth Reconciliations

	12 Weeks Ended 3/19/2016	
	Latin America	AMENA
Reported Net Revenue Growth	(DD) %	LSD %
Impact of Foreign Exchange Translation	DD	MSD
Impact of Acquisitions and Divestitures	LSD	LSD
Impact of Venezuela Deconsolidation[(a)]	DD	—
Organic Revenue Growth	HSD %	HSD %

Frito-Lay North America Net Revenue Growth Reconciliation	12 Weeks Ended 3/19/2016
Reported Net Revenue Growth	3 %
Impact of Foreign Exchange Translation	1
Organic Revenue Growth	4 %

Gross Margin Growth Reconciliation	12 Weeks Ended 3/19/2016
Reported Gross Margin Growth	162 bps
Commodity Mark-to-Market Net Impact	(30)
Core Gross Margin Growth	132 bps

Operating Margin Growth Reconciliation	12 Weeks Ended 3/19/2016
Reported Operating Margin Growth	(106) bps
Commodity Mark-to-Market Net Impact	(40)
Restructuring and Impairment Charges	(4)
Charge Related to the Transaction with Tingyi	314
Core Operating Margin Growth	165 bps

(a) Represents the impact of the exclusion of the first quarter 2015 results of our Venezuelan businesses which were deconsolidated effective as of the end of the third quarter of 2015.

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

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

Operating Profit Growth Reconciliation	12 Weeks Ended 3/19/2016
Reported Operating Profit Growth	(10) %
Commodity Mark-to-Market Net Impact	(3)
Restructuring and Impairment Charges	—
Charge Related to the Transaction with Tingyi	21
Core Operating Profit Growth	8
Impact of Foreign Exchange Translation	4
Core Constant Currency Operating Profit Growth	12 %

Diluted EPS Growth Reconciliation	12 Weeks Ended 3/19/2016	12 Weeks Ended 3/21/2015	Growth
Reported Diluted EPS	$ 0.64	$ 0.81	(21) %
Commodity Mark-to-Market Net Impact	(0.02)	—	
Restructuring and Impairment Charges	0.02	0.02	
Charge Related to the Transaction with Tingyi	0.26	—	
Core Diluted EPS	$ 0.89	$ 0.83	7
Impact of Foreign Exchange Translation			4
Core Constant Currency Diluted EPS Growth			11 %

Developing and Emerging Markets Net Revenue Growth Reconciliation	12 Weeks Ended 3/19/2016
Reported Net Revenue Growth	(14) %
Impact of Foreign Exchange Translation	14
Impact of Acquisitions and Divestitures	1
Impact of Venezuela Deconsolidation[b]	7
Organic Revenue Growth	7 %

(b) Represents the impact of the exclusion of the first quarter 2015 results of our Venezuelan businesses which were deconsolidated effective as of the end of the third quarter of 2015.

Net Revenue Year-over-Year Growth Reconciliations	12 Weeks Ended 3/19/2016 Reported Net Revenue Growth	12 Weeks Ended 3/19/2016 Impact of Foreign Exchange Translation	12 Weeks Ended 3/19/2016 Organic Revenue Growth
China	MSD %	MSD %	DD %
Saudi Arabia	DD %	— %	DD %
Egypt	MSD %	MSD %	DD %
Turkey	(DD) %	DD %	DD %

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

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

Developed Markets Net Revenue Growth Reconciliation	12 Weeks Ended 3/19/2016
Reported Net Revenue Growth	1 %
Impact of Foreign Exchange Translation	1
Organic Revenue Growth	2 %

Fiscal 2015 Diluted EPS Growth Reconciliation	Year Ended 12/26/2015
Reported Diluted EPS	$ 3.67
Commodity Mark-to-Market Net Impact	—
Restructuring and Impairment Charges	0.12
Pension-Related Settlement Benefits	(0.03)
Charge Related to the Transaction with Tingyi	0.05
Venezuela Impairment Charges	0.91
Tax Benefit	(0.15)
Core Diluted EPS	$ 4.57

Contribution of Venezuelan Operations to Q3 2015 Diluted EPS Reconciliation	12 Weeks Ended 9/5/2015
Contribution of Venezuelan Operations to Reported Diluted EPS	$ (0.86)
Venezuela Impairment Charges	0.92
Contribution of Venezuelan Operations to Core Diluted EPS	$ 0.06

Note – Certain amounts above may not sum due to rounding