

**PepsiCo, Inc. Q2 2016 Earnings Call**  
**Reconciliation of GAAP and Non-GAAP Information (unaudited)**<sup>1</sup>

In discussing financial results and guidance, we refer to core results, core constant currency results and organic results which are not in accordance with U.S. Generally Accepted Accounting Principles (GAAP). We use these non-GAAP financial measures internally to make operating and strategic decisions, including the preparation of our annual operating plan, evaluation of our overall business performance and as a factor in determining compensation for certain employees. We believe presenting non-GAAP financial measures provides additional information to facilitate comparison of our historical operating results and trends in our underlying operating results, and provides additional transparency on how we evaluate our business. We also believe presenting these measures allows investors to view our performance using the same measures that we use in evaluating our financial and business performance and trends.

We consider quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of our ongoing financial and business performance or trends. Examples of items for which we may make adjustments include: amounts related to mark-to-market gains or losses (non-cash); gains or losses associated with mergers, acquisitions, divestitures and other structural changes; charges related to restructuring programs; asset impairments (non-cash); amounts related to the resolution of tax positions; pension and retiree medical related items; and remeasurements of net monetary assets. See below for a description of adjustments to our U.S. GAAP financial measures included herein.

Non-GAAP information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with U.S. GAAP. In addition, our non-GAAP financial measures may not be the same as or comparable to similar non-GAAP measures presented by other companies.

*Commodity mark-to-market net impact*

In the 12 and 24 weeks ended June 11, 2016, we recognized \$100 million and \$146 million of mark-to-market net gains, respectively, on commodity hedges in corporate unallocated expenses. In the 12 and 24 weeks ended June 13, 2015, we recognized \$39 million and \$38 million of mark-to-market net gains, respectively, 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 and 24 weeks ended June 11, 2016, we incurred restructuring charges of \$49 million and \$79 million, respectively, in conjunction with the multi-year productivity plan we publicly announced in 2014 (2014 Productivity Plan). In the 12 and 24 weeks ended June 13, 2015, we incurred restructuring charges of \$21 million and \$51 million, respectively, 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.

<sup>1</sup>For a full discussion of our second quarter and year-to-date 2016 financial results, including definitions we use in discussing our financial results, please refer to our press release, issued July 7, 2016.

### *2012 Multi-Year Productivity Plan*

In the 12 and 24 weeks ended June 13, 2015, we incurred restructuring charges of \$4 million and \$10 million, respectively, 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 24 weeks ended June 11, 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 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 settlements*

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 12 weeks ended September 5, 2015 and 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 IRS 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. Our 2016 core constant currency EPS growth guidance also excludes the impact of foreign exchange translation. 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. We are also unable to reconcile our full year projected 2016 organic revenue growth 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)**

| <b>Net Revenue Growth Reconciliation</b>                          | 12 Weeks Ended | 24 Weeks Ended |
|-------------------------------------------------------------------|----------------|----------------|
|                                                                   | 6/11/2016      | 6/11/2016      |
| Reported Net Revenue Growth                                       | (3) %          | (3) %          |
| Impact of Foreign Exchange Translation                            | 4              | 4              |
| Impact of Acquisitions, Divestitures and Other Structural Changes | —              | —              |
| Impact of Venezuela Deconsolidation <sup>(a)</sup>                | 2.5            | 2              |
| Organic Revenue Growth                                            | <u>3 %</u>     | <u>3 %</u>     |

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

|                                                                   | 12 Weeks Ended |            |               |
|-------------------------------------------------------------------|----------------|------------|---------------|
|                                                                   | 6/11/2016      |            |               |
|                                                                   | FLNA           | AMENA      | Latin America |
| Reported Net Revenue Growth                                       | 3 %            | (1.5) %    | (23) %        |
| Impact of Foreign Exchange Translation                            | —              | 5          | 12            |
| Impact of Acquisitions, Divestitures and Other Structural Changes | —              | —          | 0.5           |
| Impact of Venezuela Deconsolidation <sup>(a)</sup>                | —              | —          | 19            |
| Organic Revenue Growth                                            | <u>4 %</u>     | <u>4 %</u> | <u>9 %</u>    |

| <b>Operating Margin Growth Reconciliation</b> | 12 Weeks Ended | 24 Weeks Ended |
|-----------------------------------------------|----------------|----------------|
|                                               | 6/11/2016      | 6/11/2016      |
| Reported Operating Margin Growth              | 104 bps        | 12 bps         |
| Commodity Mark-to-Market Net Impact           | (40)           | (40)           |
| Restructuring and Impairment Charges          | 16             | 8              |
| Charge Related to the Transaction with Tingyi | —              | 137            |
| Core Operating Margin Growth                  | <u>80 bps</u>  | <u>116 bps</u> |

| <b>Developing and Emerging Markets Net Revenue Growth Reconciliation</b> | 12 Weeks Ended |
|--------------------------------------------------------------------------|----------------|
|                                                                          | 6/11/2016      |
| Reported Net Revenue Growth                                              | (12) %         |
| Impact of Foreign Exchange Translation                                   | 11             |
| Impact of Acquisitions, Divestitures and Other Structural Changes        | —              |
| Impact of Venezuela Deconsolidation <sup>(a)</sup>                       | 8              |
| Organic Revenue Growth                                                   | <u>7 %</u>     |

(a) Represents the impact of the exclusion of the 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)**

**Net Revenue Year-over-Year Growth Reconciliations**

12 Weeks Ended 6/11/2016

|        | Reported Net Revenue Growth | Impact of Foreign Exchange Translation | Impact of Acquisitions, Divestitures and Other Structural Changes | Organic Revenue Growth |
|--------|-----------------------------|----------------------------------------|-------------------------------------------------------------------|------------------------|
| China  | MSD %                       | MSD %                                  | — %                                                               | DD %                   |
| Mexico | (MSD) %                     | DD %                                   | LSD %                                                             | DD %                   |
| Turkey | LSD %                       | DD %                                   | — %                                                               | DD %                   |
| Egypt  | HSD %                       | DD %                                   | — %                                                               | DD %                   |

**Operating Profit Growth Reconciliation**

24 Weeks Ended

6/11/2016

|                                                                                                 |       |
|-------------------------------------------------------------------------------------------------|-------|
| Reported Operating Profit Growth                                                                | (2) % |
| Commodity Mark-to-Market Net Impact                                                             | (2)   |
| Restructuring and Impairment Charges                                                            | —     |
| Charge Related to the Transaction with Tingyi                                                   | 8     |
| Core Operating Profit Growth                                                                    | 4     |
| Impact of Foreign Exchange Translation                                                          | 3     |
| Core Constant Currency Operating Profit Growth                                                  | 7     |
| Impact of Excluding Venezuela from 2015 Base <sup>(a)</sup>                                     | 2     |
| Core Constant Currency Operating Profit Growth Excluding Net Impact of Venezuela from 2015 Base | 9 %   |

**Diluted EPS Growth Reconciliation**

24 Weeks Ended

6/11/2016

6/13/2015

Growth

|                                                                                            |         |         |       |
|--------------------------------------------------------------------------------------------|---------|---------|-------|
| Reported Diluted EPS                                                                       | \$ 2.01 | \$ 2.14 | (6) % |
| Commodity Mark-to-Market Net Impact                                                        | (0.06)  | (0.02)  |       |
| Restructuring and Impairment Charges                                                       | 0.04    | 0.03    |       |
| Charge Related to the Transaction with Tingyi                                              | 0.26    | —       |       |
| Core Diluted EPS                                                                           | \$ 2.24 | \$ 2.15 | 4     |
| Impact of Foreign Exchange Translation                                                     |         |         | 4     |
| Core Constant Currency Diluted EPS Growth                                                  |         |         | 8     |
| Impact of Excluding Venezuela from 2015 Base <sup>(a)</sup>                                |         |         | 2     |
| Core Constant Currency Diluted EPS Growth Excluding Net Impact of Venezuela from 2015 Base |         |         | 10 %  |

**Gross Margin Growth Reconciliation**

24 Weeks Ended

6/11/2016

|                                     |         |
|-------------------------------------|---------|
| Reported Gross Margin Growth        | 137 bps |
| Commodity Mark-to-Market Net Impact | (36)    |
| Core Gross Margin Growth            | 101 bps |

(a) Represents the impact of the exclusion of the 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)**

| <b>Fiscal 2015 Diluted EPS Reconciliation</b> | 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    |

| <b>Contribution of Venezuelan Operations to Q3 2015 Diluted EPS Reconciliation</b> | 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.*