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. 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.

Commodity mark-to-market net impact

In the 12 weeks ended June 15, 2013, we recognized $39 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the 24 weeks ended June 15, 2013, we recognized $55 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the 12 weeks ended June 16, 2012, we recognized $79 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the 24 weeks ended June 16, 2012, we recognized $5 million of mark-to-market net gains 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, metals and energy. 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. These gains and losses are subsequently reflected in division results when the divisions recognize the cost of the underlying commodity in net income.

Merger and integration charges

In the 12 weeks ended June 15, 2013, we recorded income of $1 million related to our acquisition of Wimm-Bill-Dann Foods OJSC (WBD). This income was recorded in selling, general and administrative expenses in the Europe segment representing adjustments of previously recorded amounts. In the 24 weeks ended June 15, 2013, merger and integration charges were nominal. In the 12 weeks ended June 16, 2012, we incurred merger and integration charges of $3 million related to our acquisition of WBD, including $1 million recorded in the Europe segment and $2 million recorded in corporate unallocated expenses. In the 24 weeks ended June 16, 2012, we incurred merger and integration charges of $5 million related to our acquisition of WBD, including $3 million recorded in the Europe segment and $2 million recorded in corporate unallocated expenses. In the year ended December 29, 2012, we incurred merger and integration charges of $16 million related to our acquisition of WBD, including $11 million recorded in the Europe segment and $5 million recorded in interest expense.

Restructuring and impairment charges

In the 12 weeks ended June 15, 2013, we incurred restructuring and impairment charges of $19 million in conjunction with our Productivity Plan, including $2 million recorded in the FLNA segment, $1 million in the QFNA segment, $1 million recorded in the LAF segment, $5 million recorded in the PAB segment, $8 million recorded in the Europe segment, $1 million recorded in the AMEA segment and $1 million recorded in corporate unallocated expenses. In the 24 weeks ended June 15, 2013, we incurred restructuring and impairment charges of $30 million in conjunction with our Productivity Plan, including $4 million recorded in the FLNA segment, $5 million recorded in the LAF segment, $5 million recorded in the PAB segment, $12 million recorded in the Europe segment, $2 million recorded in the AMEA segment and $2 million recorded in corporate unallocated expenses. In the 12 weeks ended June 16, 2012, we incurred restructuring and impairment charges of $77 million in conjunction with our Productivity Plan, including $24 million recorded in the FLNA segment, $1 million recorded in the QFNA segment, $6 million recorded in the LAF segment, $35 million recorded in the PAB segment, $8 million recorded in the AMEA segment and $3 million recorded corporate unallocated expenses. In the 24 weeks ended June 16, 2012, we incurred restructuring and impairment charges of $110 million in conjunction with our Productivity Plan, including $32 million recorded in the FLNA segment, $6 million recorded in the QFNA segment, $12 million recorded in the LAF segment, $43 million recorded in the PAB segment, $17 million recorded in the AMEA segment, $1 million recorded in corporate unallocated expenses and income of $1 million recorded in the Europe segment representing adjustments of previously recorded amounts. In the year ended December 29, 2012, we incurred restructuring charges of $279 million in conjunction with our Productivity Plan, including $38 million recorded in the FLNA segment, $9 million recorded in the QFNA segment, $50 million recorded in the LAF segment, $102 million recorded in the PAB segment, $42 million recorded in the Europe segment, $28 million recorded in the AMEA segment and $10 million recorded in corporate unallocated expenses. The 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 24 weeks ended June 15, 2013, we recorded a $111 million net charge related to the devaluation of the bolivar fuerte 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.

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

In the 12 and 24 weeks ended June 16, 2012, we recorded restructuring and other charges of $137 million in the AMEA segment related to the transaction with 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.

Pension lump sum settlement charge

In the year ended December 29, 2012, we recorded a pension lump sum settlement charge of $195 million in corporate unallocated expenses.

Tax benefit related to tax court decision

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.

Management operating cash flow (excluding certain items)

Additionally, management operating 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 management operating cash flow which we believe investors should consider in evaluating our management operating cash flow results.

2013 guidance

Our 2013 core tax rate guidance and our 2013 core constant currency operating profit and EPS guidance exclude the commodity mark-to-market net impact included in corporate unallocated expenses, merger and integration charges in connection with our acquisition of WBD, restructuring and impairment charges and charges related to the Venezuela currency devaluation. Our 2013 organic revenue guidance excludes the impact of acquisitions, divestitures and other structural changes. In addition, our 2013 organic revenue guidance and our 2013 core constant currency operating profit and EPS guidance exclude the impact of foreign exchange. We are not able to reconcile our full-year projected 2013 core tax rate guidance to our full-year projected 2013 reported tax rate or our 2013 core constant currency operating profit and EPS guidance to our full-year projected 2013 reported operating profit and EPS growth because we are unable to predict the 2013 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 projected 2013 organic revenue guidance to our full-year projected 2013 reported net revenue growth because we are unable to predict the 2013 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.