PepsiCo Reports Third Quarter 2017 Results; Updates 2017 Financial Targets

Reported (GAAP) Third Quarter and Year-to-Date 2017 Results

	Third Quarter	Year-to-Date
Net revenue growth	1.3%	1.7%
Foreign exchange impact on net revenue	(1)%	(1)%
EPS	$1.49	$3.87
EPS growth	9%	14%
Foreign exchange impact on EPS	(1)%	(1.5)%

Organic/Core (non-GAAP)[1] Third Quarter and Year-to-Date 2017 Results

	Third Quarter	Year-to-Date
Organic revenue growth	1.7%	2.3%
Core EPS	$1.48	$3.92
Core constant currency EPS growth	7%	9%

PURCHASE, N.Y. - October 4, 2017 - PepsiCo, Inc. (NYSE: PEP) today reported results for the third quarter 2017.

"Overall, our businesses performed well in the third quarter in what continues to be a challenging environment," said Chairman and CEO Indra Nooyi. "Each of our operating sectors delivered results in line with or ahead of our expectations, with the exception of North America Beverages (NAB) where revenues declined following two consecutive years of very strong third-quarter growth. Despite the challenges in our NAB business, the PepsiCo portfolio overall generated revenue, operating profit and earnings per share growth. Although we have moderated our full-year organic revenue growth outlook, we are now on track to exceed the full-year earnings per share target we set at the beginning of the year."

[1] Please refer to the Glossary for the definitions of non-GAAP financial measures including "Organic," "Core," "Constant Currency," "Free Cash Flow (excluding certain items)" and "Division Operating Profit." Please refer to "2017 Guidance and Outlook" for additional information regarding PepsiCo's full-year 2017 growth objectives and targets. PepsiCo provides guidance on a non-GAAP basis as the Company cannot predict certain elements which are included in reported GAAP results, including the impact of foreign exchange and commodity mark-to-market adjustments.

Summary Third Quarter 2017 Performance

Revenue

	GAAP Reported % Change	Percentage Point Impact: Foreign Exchange Translation	Percentage Point Impact: Acquisitions, Divestitures and Structural Changes	Organic % Change
FLNA	3	—	—	3
QFNA	1	—	—	1
NAB	(3)	—	(1)	(5)
Latin America	6	(2)	1	5
ESSA	8	(2)	—	6
AMENA	(4)	13	—	9
Total	**1**	**1**	**—**	**2**

Volume

	Organic Volume % Growth: Food/Snacks	Organic Volume % Growth: Beverages
FLNA	—	
QFNA	1	
NAB		(6)
Latin America	(1)	—
ESSA	6	2
AMENA	2	1
Total	**1**	**(1)**

Operating Profit and EPS

	GAAP Reported % Change	Percentage Point Impact: Items Affecting Comparability	Percentage Point Impact: Foreign Exchange Translation	Core Constant Currency % Change
FLNA	5	—	—	5
QFNA	2	—	—	2
NAB	(10)	(1)	—	(11)
Latin America	14	(1)	(4)	9
ESSA	12	—	—	12
AMENA	1	(2)	13	12
Corporate Unallocated	(41)	22	—	(19)
Total	**6**	**(3)**	**1**	**4**
EPS	**9**	**(3)**	**1**	**7**

Note: Rows may not sum due to rounding.

Division operating profit (a non-GAAP measure that excludes corporate unallocated costs) increased by 2 percent in the quarter and was positively impacted by items affecting comparability (1 percentage point) and negatively impacted by foreign exchange translation (1 percentage point). Core constant currency division operating profit (a non-GAAP measure) increased by 2 percent.

Organic revenue, core constant currency and division operating profit results are non-GAAP financial measures. Please refer to the reconciliation of GAAP and non-GAAP information in the attached exhibits and to the Glossary for definitions of "Organic," "Core," "Constant Currency" and "Division Operating Profit."

Summary of Third Quarter Financial Performance:

- Reported third quarter 2017 and 2016 results were impacted by:
  - Restructuring charges in conjunction with the multi-year productivity plan we publicly announced in 2014; and
  - Commodity mark-to-market impacts.
  - See A-6 to A-8 for further details on the above items.
- Reported net revenue increased 1.3 percent. Foreign exchange translation had a 1-percentage-point unfavorable impact on reported net revenue. Organic revenue, which excludes the impacts of foreign exchange translation and structural changes, grew 1.7 percent.
- Reported gross margin expanded 10 basis points and core gross margin contracted 15 basis points. Reported operating margin expanded 80 basis points and core operating margin expanded 30 basis points.
- Reported operating profit increased 6 percent and core constant currency operating profit increased 4 percent. Commodity mark-to-market adjustments and higher prior-year restructuring charges increased reported operating profit growth by 2 percentage points and 1 percentage point, respectively. Foreign exchange translation reduced reported operating profit growth by 1 percentage point.
- The reported effective tax rate was 22.3 percent in the third quarter of 2017 and 23.0 percent in the third quarter of 2016. The core effective tax rate was 22.2 percent in the third quarter of 2017 and 23.3 percent in the third quarter of 2016. The third quarter 2017 reported and core tax rates reflect the positive impact of a change in the accounting for certain aspects of share-based payments to employees.
- Reported EPS was $1.49, a 9 percent increase from the prior-year period. Foreign exchange translation reduced reported EPS growth by 1 percentage point.
- Core EPS was $1.48, an increase of 6 percent from the prior-year period. Excluding the impact of foreign exchange translation, core constant currency EPS increased 7 percent (see schedule A-10 for a reconciliation to reported EPS, the comparable GAAP measure).
- Net cash provided by operating activities was $3.8 billion.

Discussion of Third Quarter 2017 Division Results:

In addition to the reported net revenue performance as set out in the tables on pages 2 and A-9, reported operating results were driven by the following:

Frito-Lay North America (FLNA)

Positively impacted by productivity gains and prior-year incremental investments, partially offset by operating cost inflation and higher raw material costs.

Quaker Foods North America (QFNA)

Positively impacted by productivity gains and prior-year incremental investments, partially offset by operating cost inflation.

North America Beverages (NAB)

Negatively impacted by operating cost inflation, substantially offset by productivity gains. In addition, a gain associated with an asset sale contributed 2 percentage points to operating profit performance.

Latin America

Positively impacted by productivity gains, a favorable promotional spending accrual adjustment and prior-year incremental investments. These impacts were partially offset by operating cost inflation and higher raw material costs.

Europe Sub-Saharan Africa (ESSA)

Positively impacted by productivity gains and prior-year incremental investments. These impacts were partially offset by operating cost inflation, higher advertising and marketing expenses and higher raw material costs.

Asia, Middle East and North Africa (AMENA)

Positively impacted by productivity gains and lower advertising and marketing expenses. These impacts were partially offset by higher raw material costs (in local currency terms, driven by a weak Egyptian Pound) and operating cost inflation. Unfavorable foreign exchange translation reduced operating profit growth by 13 percentage points.

Summary Year-to-Date 2017 Performance:

Revenue

	GAAP Reported % Change	Percentage Point Impact: Foreign Exchange Translation	Percentage Point Impact: Acquisitions, Divestitures and Structural Changes	Organic % Change
FLNA	3	—	—	3
QFNA	(1)	—	—	(1)
NAB	—	—	(1)	(1)
Latin America	6	—	1	6
ESSA	7	(1)	—	6
AMENA	(7)	11	—	4
Total	**2**	**1**	**—**	**2**

Volume

	Organic Volume % Growth: Food/Snacks	Organic Volume % Growth: Beverages
FLNA	—	
QFNA	—	
NAB		(2)
Latin America	—	(2)
ESSA	5	1
AMENA	5	(1)
Total	**1.5**	**(1)**

Operating Profit and EPS

	GAAP Reported % Change	Percentage Point Impact: Items Affecting Comparability	Percentage Point Impact: Foreign Exchange Translation	Core Constant Currency % Change
FLNA	5	—	—	5
QFNA	—	—	—	—
NAB	(2)	(1)	—	(3)
Latin America	(3.5)	3	3	3
ESSA	31	(4)	2	30
AMENA	49	(66)	7	(10)
Corporate Unallocated	14	(21)	—	(7)
Total	**7**	**(4)**	**1**	**4**
EPS	**14**	**(7)**	**1.5**	**9**

Note: Rows may not sum due to rounding.

Division operating profit (a non-GAAP measure that excludes corporate unallocated costs) increased by 7 percent in the year and was positively impacted by items affecting comparability (5 percentage points) and negatively impacted by foreign exchange translation (1 percentage point). Core constant currency division operating profit (a non-GAAP measure) increased by 3 percent.

Organic revenue, core constant currency and division operating profit results are non-GAAP financial measures. Please refer to the reconciliation of GAAP and non-GAAP information in the attached exhibits and to the Glossary for definitions of "Organic," "Core," "Constant Currency" and "Division Operating Profit."

Summary of Year-to-Date Financial Performance:

- Reported year-to-date 2017 and 2016 results were impacted by:
  - Restructuring charges in conjunction with the multi-year productivity plan we publicly announced in 2014;
  - Commodity mark-to-market impacts; and
  - A 2016 impairment charge to reduce the value of our 5% indirect equity interest in Tingyi-Asahi Beverages Holding Co. Ltd. to its estimated fair value (charge related to the transaction with Tingyi).
  - See A-6 to A-8 for further details on the above items.

- Reported net revenue increased 1.7 percent. Foreign exchange translation had a 1-percentage-point unfavorable impact on reported net revenue. Organic revenue, which excludes the impacts of foreign exchange translation and structural changes, grew 2.3 percent.

- Reported gross margin contracted 30 basis points and core gross margin contracted 20 basis points. Reported operating margin expanded 90 basis points and core operating margin expanded 20 basis points. Reported operating margin expansion reflects the impact of the prior-year charge related to the transaction with Tingyi. Reported and core operating margin expansion reflect a gain associated with the second-quarter sale of our minority stake in Britvic plc (the Britvic gain).

- Reported operating profit increased 7 percent and core constant currency operating profit increased 4 percent. The impact of the charge related to the transaction with Tingyi had a 5-percentage-point favorable impact on reported operating profit growth. Commodity mark-to-market adjustments reduced reported operating profit growth by 2 percentage points. Higher prior-year restructuring charges increased reported operating profit growth by 0.5 percentage points. Foreign exchange translation reduced reported operating profit growth by 1 percentage point. The Britvic gain had a 1-percentage-point favorable impact on reported and core operating profit growth.

- The reported effective tax rate was 22.9 percent year-to-date 2017 and 26.2 percent for the same period in 2016. The year-to-date reported 2016 tax rate was impacted by the charge related to the transaction with Tingyi, which had no corresponding tax benefit. The core effective tax rate was 22.8 percent year-to-date 2017 and 24.7 percent for the same period in 2016. The year-to-date 2017 reported and core tax rates reflect the positive impact of a change in the accounting for certain aspects of share-based payments to employees.

- Reported EPS was $3.87, a 14 percent increase from the prior-year period, primarily reflecting the impact of the year-ago charge related to the transaction with Tingyi. Foreign exchange translation reduced reported EPS growth by 1.5 percentage points.
- Core EPS was $3.92, an increase of 8 percent. Excluding the impact of foreign exchange translation, core constant currency EPS increased 9 percent (see schedule A-10 for a reconciliation to reported EPS, the comparable GAAP measure).
- The Britvic gain had a 6 cent favorable impact on reported and core EPS.
- Net cash provided by operating activities was $6.1 billion.

Discussion of Year-to-Date 2017 Division Results:

In addition to the reported net revenue performance as set out in the tables on pages 5 and A-9, reported operating results were driven by the following:

Frito-Lay North America (FLNA)

Positively impacted by productivity gains, partially offset by operating cost inflation and higher raw material costs.

Quaker Foods North America (QFNA)

Positively impacted by productivity gains, favorable settlements of promotional spending accruals and lower raw material costs, partially offset by operating cost inflation.

North America Beverages (NAB)

Negatively impacted by operating cost inflation partially offset by productivity gains and favorable settlements of promotional spending accruals.

Latin America

Negatively impacted by operating cost inflation, higher advertising and marketing expenses, and higher raw material costs. Unfavorable foreign exchange and restructuring and impairment charges each negatively impacted operating profit performance by 3 percentage points. These impacts were partially offset by productivity gains.

Europe Sub-Saharan Africa (ESSA)

Positively impacted by productivity gains and prior-year incremental investments. Additionally, the Britvic gain and higher prior-year restructuring and impairment charges contributed 11 percentage points and 4 percentage points to operating profit growth, respectively. These impacts were partially offset by operating cost inflation, higher advertising and marketing expenses and higher raw material costs.

Asia, Middle East and North Africa (AMENA)

Positively impacted by a year-ago charge related to the transaction with Tingyi and productivity gains. These impacts were partially offset by higher raw material costs (in local currency terms, driven by a weak Egyptian Pound) and operating cost inflation. Unfavorable foreign exchange translation reduced operating profit growth by 7 percentage points.

2017 Guidance and Outlook

The Company provides guidance on a non-GAAP basis as the Company cannot predict certain elements which are included in reported GAAP results, including the impact of foreign exchange and commodity mark-to-market adjustments.

The Company now expects full-year organic revenue growth to approximate our year-to-date growth rate (previously at least 3 percent). Based on current market consensus rates, foreign exchange translation is now expected to negatively impact reported net revenue growth by approximately 1 percentage point (previously 2 percentage points). The 53rd week in 2016 is expected to negatively impact reported net revenue growth by 1 percentage point.

Based on current market consensus rates, foreign exchange is now expected to negatively impact core EPS by approximately 1 percentage point (previously 2 percentage points). In addition, the Company intends to reinvest the Britvic gain in the balance of the year.

As a result, the Company now expects core earnings per share of $5.23, driven by the following expectations and factors:

2016 core earnings per share	$4.85
Expected core constant currency EPS growth (previously 8%)	9%
Negative impact of foreign currency translation[2]	(1)%
Expected 2017 core earnings per share	$5.23

The Company continues to expect:

- Approximately $10 billion in cash flow from operating activities and approximately $7 billion in free cash flow (excluding certain items);
- Net capital spending of approximately $3 billion;
- Dividend payments of approximately $4.5 billion; and
- Share repurchases of approximately $2 billion.

[2] Based on current foreign exchange market consensus rates.

Conference Call:

At 7:45 a.m. (Eastern Time) today, the Company will host a conference call with investors and financial analysts to discuss third quarter 2017 results and the outlook for 2017. Further details will be accessible on the Company's website at www.pepsico.com/investors.

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PepsiCo, Inc. and Subsidiaries
Condensed Consolidated Statement of Income
(in millions except per share amounts, unaudited)

	12 Weeks Ended			36 Weeks Ended		
	9/9/2017	9/3/2016	Change	9/9/2017	9/3/2016	Change
Net Revenue	$ 16,240	$ 16,027	1 %	$ 43,999	$ 43,284	2 %
Cost of sales	7,366	7,284	1 %	19,708	19,265	2 %
Gross profit	8,874	8,743	1.5 %	24,291	24,019	1 %
Selling, general and administrative expenses	5,865	5,904	(1)%	16,330	16,566	(1)%
Amortization of intangible assets	16	18	(9)%	45	49	(9)%
Operating Profit	2,993	2,821	6 %	7,916	7,404	7 %
Interest expense	(269)	(247)	9 %	(786)	(748)	5 %
Interest income and other	52	30	77 %	141	66	114 %
Income before income taxes	2,776	2,604	7 %	7,271	6,722	8 %
Provision for income taxes	620	600	3 %	1,668	1,760	(5)%
Net income	2,156	2,004	8 %	5,603	4,962	13 %
Less: Net income attributable to noncontrolling interests	12	12	— %	36	34	7 %
Net Income Attributable to PepsiCo	$ 2,144	$ 1,992	8 %	$ 5,567	$ 4,928	13 %
Diluted						
Net Income Attributable to PepsiCo per Common Share	$ 1.49	$ 1.37	9 %	$ 3.87	$ 3.39	14 %
Weighted-average common shares outstanding	1,438	1,452		1,440	1,456	
Cash dividends declared per common share	$ 0.805	$ 0.7525		$ 2.3625	$ 2.2075	

PepsiCo, Inc. and Subsidiaries
Supplemental Financial Information
(in millions and unaudited)

	12 Weeks Ended			36 Weeks Ended		
	9/9/2017	9/3/2016	Change	9/9/2017	9/3/2016	Change
Net Revenue						
Frito-Lay North America	$ 3,792	$ 3,676	3 %	$ 10,969	$ 10,658	3 %
Quaker Foods North America	578	571	1 %	1,729	1,749	(1)%
North America Beverages	5,332	5,518	(3)%	15,034	15,024	— %
Latin America	1,873	1,762	6 %	4,773	4,521	6 %
Europe Sub-Saharan Africa	3,098	2,864	8 %	7,355	6,883	7 %
Asia, Middle East and North Africa	1,567	1,636	(4)%	4,139	4,449	(7)%
Total Net Revenue	$ 16,240	$ 16,027	1 %	$ 43,999	$ 43,284	2 %
Operating Profit						
Frito-Lay North America	$ 1,208	$ 1,148	5 %	$ 3,421	$ 3,249	5 %
Quaker Foods North America	146	144	2 %	456	456	— %
North America Beverages	817	904	(10)%	2,216	2,270	(2)%
Latin America	281	247	14 %	641	664	(3.5)%
Europe Sub-Saharan Africa	436	388	12 %	1,039	792	31 %
Asia, Middle East and North Africa	267	264	1 %	745	499	49 %
Corporate Unallocated	(162)	(274)	(41)%	(602)	(526)	14 %
Total Operating Profit	$ 2,993	$ 2,821	6 %	$ 7,916	$ 7,404	7 %

PepsiCo, Inc. and Subsidiaries
Condensed Consolidated Statement of Cash Flows
(in millions, unaudited)

	36 Weeks Ended	
	9/9/2017	9/3/2016
Operating Activities		
Net income	$ 5,603	$ 4,962
Depreciation and amortization	1,604	1,611
Share-based compensation expense	206	190
Restructuring and impairment charges	69	106
Cash payments for restructuring charges	(83)	(90)
Charge related to the transaction with Tingyi (Cayman Islands) Holding Corp. (Tingyi)	—	373
Pension and retiree medical plan expenses	141	191
Pension and retiree medical plan contributions	(169)	(182)
Deferred income taxes and other tax charges and credits	284	285
Change in assets and liabilities:		
Accounts and notes receivable	(999)	(1,301)
Inventories	(424)	(381)
Prepaid expenses and other current assets	(119)	(141)
Accounts payable and other current liabilities	(496)	523
Income taxes payable	633	813
Other, net	(188)	(135)
Net Cash Provided by Operating Activities	6,062	6,824
Investing Activities		
Capital spending	(1,474)	(1,566)
Sales of property, plant and equipment	82	59
Acquisitions and investments in noncontrolled affiliates	(45)	(16)
Divestitures	143	76
Short-term investments, by original maturity:		
More than three months - purchases	(11,742)	(7,084)
More than three months - maturities	10,400	5,479
More than three months - sales	345	—
Three months or less, net	4	12
Other investing, net	9	9
Net Cash Used for Investing Activities	(2,278)	(3,031)
Financing Activities		
Proceeds from issuances of long-term debt	3,525	3,355
Payments of long-term debt	(3,256)	(3,085)
Short-term borrowings, by original maturity:		
More than three months - proceeds	77	57
More than three months - payments	(91)	(12)
Three months or less, net	1,526	2,024
Cash dividends paid	(3,324)	(3,144)
Share repurchases - common	(1,464)	(2,079)
Share repurchases - preferred	(4)	(3)
Proceeds from exercises of stock options	396	415
Withholding tax payments on RSUs, PSUs and PEPunits converted	(131)	(114)
Other financing	(29)	(29)
Net Cash Used for Financing Activities	(2,775)	(2,615)
Effect of exchange rate changes on cash and cash equivalents	76	(18)
Net Increase in Cash and Cash Equivalents	1,085	1,160
Cash and Cash Equivalents, Beginning of Year	9,158	9,096
Cash and Cash Equivalents, End of Period	$ 10,243	$ 10,256

PepsiCo, Inc. and Subsidiaries
Condensed Consolidated Balance Sheet
(in millions except per share amounts)

	9/9/2017 (unaudited)	12/31/2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 10,243	$ 9,158
Short-term investments	8,035	6,967
Accounts and notes receivable, net	7,923	6,694
Inventories:		
Raw materials and packaging	1,452	1,315
Work-in-process	236	150
Finished goods	1,563	1,258
	3,251	2,723
Prepaid expenses and other current assets	745	908
Total Current Assets	30,197	26,450
Property, plant and equipment, net	16,960	16,591
Amortizable intangible assets, net	1,276	1,237
Goodwill	14,750	14,430
Other nonamortizable intangible assets	12,559	12,196
Nonamortizable Intangible Assets	27,309	26,626
Investments in Noncontrolled Affiliates	1,950	1,950
Other Assets	771	636
Total Assets	$ 78,463	$ 73,490
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt obligations	$ 7,717	$ 6,892
Accounts payable and other current liabilities	14,641	14,243
Total Current Liabilities	22,358	21,135
Long-Term Debt Obligations	31,452	30,053
Other Liabilities	6,823	6,669
Deferred Income Taxes	4,419	4,434
Total Liabilities	65,052	62,291
Commitments and contingencies		
Preferred Stock, no par value	41	41
Repurchased Preferred Stock	(196)	(192)
PepsiCo Common Shareholders' Equity		
Common stock, par value $1^{2}/_{3}$¢ per share (authorized 3,600 shares; issued, net of repurchased common stock at par value: 1,423 and 1,428 shares, respectively)	24	24
Capital in excess of par value	3,944	4,091
Retained earnings	54,698	52,518
Accumulated other comprehensive loss	(12,875)	(13,919)
Repurchased common stock, in excess of par value (443 and 438 shares, respectively)	(32,341)	(31,468)
Total PepsiCo Common Shareholders' Equity	13,450	11,246
Noncontrolling interests	116	104
Total Equity	13,411	11,199
Total Liabilities and Equity	$ 78,463	$ 73,490

PepsiCo, Inc. and Subsidiaries
Supplemental Share-Based Compensation Data
(in millions except dollar amounts, unaudited)

	12 Weeks Ended		36 Weeks Ended	
	9/9/2017	9/3/2016	9/9/2017	9/3/2016
Beginning Net Shares Outstanding	1,426	1,441	1,428	1,448
Options Exercised, Restricted Stock Units (RSUs), Performance Stock Units (PSUs) and PepsiCo Equity Performance Units (PEPunits) Converted	2	2	8	9
Shares Repurchased	(5)	(7)	(13)	(21)
Ending Net Shares Outstanding	1,423	1,436	1,423	1,436
Weighted Average Basic	1,425	1,438	1,427	1,443
Dilutive Securities:				
Options	7	7	7	7
RSUs, PSUs, PEPunits and Other	5	6	5	5
ESOP Convertible Preferred Stock	1	1	1	1
Weighted Average Diluted	1,438	1,452	1,440	1,456
Average Share Price for the Period	$ 116.27	$ 107.09	$ 112.44	$ 102.85
Growth versus Prior Year	9%	12%	9%	7%
Options Outstanding	20	26	21	28
Options in the Money	20	26	21	27
Dilutive Shares from Options	7	7	7	7
Dilutive Shares From Options as a % of Options in the Money	36%	28%	35%	27%
Average Exercise Price of Options in the Money	$ 73.81	$ 69.62	$ 72.35	$ 68.09
RSUs, PSUs, PEPunits and Other Outstanding	8	9	8	9
Dilutive Shares from RSUs, PSUs, PEPunits and Other	5	6	5	5
Weighted-Average Grant-Date Fair Value of RSUs and PSUs Outstanding	$ 102.00	$ 91.47	$ 101.94	$ 91.42
Weighted-Average Grant-Date Fair Value of PEPunits Outstanding	$ 68.94	$ 59.86	$ 68.94	$ 59.90

Non-GAAP Measures

In discussing financial results and guidance, the Company refers to the following measures which are not in accordance with U.S. Generally Accepted Accounting Principles (GAAP): division operating profit, core results, core constant currency results, free cash flow, free cash flow excluding certain items, and organic results. 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; debt redemptions; 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.

Glossary

We use the following definitions when referring to our non-GAAP financial measures, which may not be the same as or comparable to similar measures presented by other companies:

Acquisitions and divestitures: All mergers and acquisitions activity, including the impact of acquisitions, divestitures and changes in ownership or control in consolidated subsidiaries and nonconsolidated equity investees.

Beverage volume: Volume shipped to retailers and independent distributors from both PepsiCo and our bottlers.

Constant currency: Financial results assuming constant foreign currency exchange rates used for translation based on the rates in effect for the comparable prior-year period. In order to compute our constant currency results, we multiply or divide, as appropriate, our current year U.S. dollar results by the current year average foreign exchange rates and then multiply or divide, as appropriate, those amounts by the prior year average foreign exchange rates.

Core: Core results are non-GAAP financial measures which exclude certain items from our historical results. For the periods presented, core results exclude the following items:

Commodity mark-to-market net impact: Change in market value for commodity contracts that we purchase to mitigate the volatility in costs of energy and raw materials that we consume. The market value is determined based on average prices on national exchanges and recently reported transactions in the marketplace.

In the 12 and 36 weeks ended September 9, 2017, we recognized $27 million of mark-to-market net gains and $13 million of mark-to-market net losses, respectively, on commodity hedges in corporate unallocated expenses. In the 12 and 36 weeks ended September 3, 2016, we recognized $39 million of mark-to-market net losses and $107 million of mark-to-market net gains, respectively, on commodity hedges in corporate unallocated expenses. In the year ended December 31, 2016, we recognized $167 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 36 weeks ended September 9, 2017, we incurred restructuring charges of $8 million and $69 million, respectively, in conjunction with the multi-year productivity plan we publicly announced in 2014 (2014 Productivity Plan). In the 12 and 36 weeks ended September 3, 2016, we incurred restructuring charges of $27 million and $106 million, respectively, in conjunction with our 2014 Productivity Plan. In the year ended December 31, 2016, we incurred restructuring charges of $160 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.

Charge related to the transaction with Tingyi

In the 36 weeks ended September 3, 2016 and the year ended December 31, 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. to its estimated fair value.

Charge related to debt redemption

In the year ended December 31, 2016, we paid $2.5 billion to redeem all of our outstanding 7.900% senior notes due 2018 and 5.125% senior notes due 2019 for the principal amounts of $1.5 billion and $750 million, respectively, and terminated certain interest rate swaps. As a result, we recorded a pre-tax charge of $233 million to interest expense, primarily representing the premium paid in accordance with the “make-whole” redemption provisions.

Pension-related settlement charge

In the year ended December 31, 2016, we recorded a pre-tax pension settlement charge of $242 million related to the purchase of a group annuity contract.

Division operating profit: The aggregation of the operating profit for each of our reportable segments, which excludes the impact of corporate unallocated expenses.

Effective net pricing: Reflects the year-over-year impact of discrete pricing actions, sales incentive activities and mix resulting from selling varying products in different package sizes and in different countries.

Free cash flow: Net cash provided by operating activities less capital spending, plus sales of property, plant and equipment. 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.

Free cash flow is used by us primarily for financing activities, including debt repayments, dividends and share repurchases. Free cash flow is not a measure of cash available for discretionary expenditures since we have certain non-discretionary obligations such as debt service that are not deducted from the measure.

Free cash flow excluding certain items: Free cash flow, excluding payments related to restructuring charges, discretionary pension and retiree medical contributions and the related net cash tax benefits. As free cash flow excluding certain items is an important measure used to monitor our cash flow performance, we believe this non-GAAP measure provides investors additional useful information when evaluating our cash from operating activities. See below for a reconciliation of this non-GAAP financial measure to the most directly comparable financial measure in accordance with U.S. GAAP (operating cash flow).

Net capital spending: Capital spending less cash proceeds from sales of property, plant and equipment.

Organic: A measure that adjusts for impacts of foreign exchange translation as well as the impact from acquisitions, divestitures and other structural changes, for the comparable period. This measure also excludes the impact of the 53rd reporting week in 2016. We believe organic revenue provides useful information in evaluating the results of our business because it excludes items that we believe are not indicative of ongoing performance or that we believe impact comparability with the prior year.

Raw material costs: Raw materials include the principal ingredients we use in our beverage, food and snack products, our key packaging materials and energy costs.

2017 guidance

Our 2017 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 2017 core constant currency EPS growth guidance also excludes the impact of foreign exchange translation. Our 2017 organic revenue growth guidance excludes the impact of acquisitions, divestitures and other structural changes, foreign exchange translation and the impact of a 53rd reporting week in 2016. We are not able to reconcile our full year projected 2017 core constant currency EPS growth to our full year projected 2017 reported EPS growth because we are unable to predict the 2017 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 2017 organic revenue growth to our full year projected 2017 reported net revenue growth because we are unable to predict the 2017 impact of foreign exchange due to the unpredictability of future changes in foreign exchange rates and because we are unable to predict the occurrence or impact of any acquisitions, divestitures or other structural changes. Therefore, we are unable to provide a reconciliation of these measures.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
Organic Revenue Growth Rates
12 and 36 Weeks Ended September 9, 2017
(unaudited)

	Percent Impact				GAAP Measure	Non-GAAP Measure
					Reported % Change	Organic % Change [(a)]
Net Revenue Year over Year % Change	Volume	Effective net pricing	Acquisitions, divestitures and other structural changes	Foreign exchange translation	12 Weeks Ended 9/9/2017	12 Weeks Ended 9/9/2017
Frito-Lay North America	1	2	—	—	3	3
Quaker Foods North America	1	—	—	—	1	1
North America Beverages	(6)	1	1	—	(3)	(5)
Latin America	(2)	7	(1)	2	6	5
Europe Sub-Saharan Africa	4	2	—	2	8	6
Asia, Middle East and North Africa	1	7	—	(13)	(4)	9
Total PepsiCo	(1)	3	—	(1)	1	2

	Percent Impact				GAAP Measure	Non-GAAP Measure
					Reported % Change	Organic % Change [(a)]
Net Revenue Year over Year % Change	Volume	Effective net pricing	Acquisitions, divestitures and other structural changes	Foreign exchange translation	36 Weeks Ended 9/9/2017	36 Weeks Ended 9/9/2017
Frito-Lay North America	—	3	—	—	3	3
Quaker Foods North America	—	(1)	—	—	(1)	(1)
North America Beverages	(2)	1	1	—	—	(1)
Latin America	(1)	7	(1)	—	6	6
Europe Sub-Saharan Africa	3	3	—	1	7	6
Asia, Middle East and North Africa	—	5	—	(11)	(7)	4
Total PepsiCo	—	3	—	(1)	2	2

(a) Organic percent change is a financial measure that is not in accordance with GAAP and is calculated by excluding the impact of foreign exchange translation, acquisitions, divestitures and other structural changes from reported growth.

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

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (cont.)
Year over Year Growth Rates
12 and 36 Weeks Ended September 9, 2017
(unaudited)

	GAAP Measure			Non-GAAP Measure		Non-GAAP Measure
	Reported % Change	Percent Impact of Items Affecting Comparability		Core [(a)] % Change	Percent Impact of	Core Constant Currency [(a)] % Change
Operating Profit Year over Year % Change	12 Weeks Ended 9/9/2017	Commodity mark-to-market net impact	Restructuring and impairment charges [(b)]	12 Weeks Ended 9/9/2017	Foreign exchange translation	12 Weeks Ended 9/9/2017
Frito-Lay North America	5	—	—	5	—	5
Quaker Foods North America	2	—	—	2	—	2
North America Beverages	(10)	—	(1)	(11)	—	(11)
Latin America	14	—	(1)	13	(4)	9
Europe Sub-Saharan Africa	12	—	—	12	—	12
Asia, Middle East and North Africa	1	—	(2)	(1)	13	12
Corporate Unallocated	(41)	22	—	(19)	—	(19)
Total Operating Profit	6	(2)	(1)	3	1	4
Net Income Attributable to PepsiCo	8			5	1	6
Net Income Attributable to PepsiCo per common share - diluted	9			6	1	7

	GAAP Measure				Non-GAAP Measure		Non-GAAP Measure
	Reported % Change	Percent Impact of Items Affecting Comparability			Core [(a)] % Change	Percent Impact of	Core Constant Currency [(a)] % Change
Operating Profit Year over Year % Change	36 Weeks Ended 9/9/2017	Commodity mark-to-market net impact	Restructuring and impairment charges [(b)]	Charge related to the transaction with Tingyi	36 Weeks Ended 9/9/2017	Foreign exchange translation	36 Weeks Ended 9/9/2017
Frito-Lay North America	5	—	—	—	5	—	5
Quaker Foods North America	—	—	—	—	—	—	—
North America Beverages	(2)	—	(1)	—	(3)	—	(3)
Latin America	(3.5)	—	3	—	(1)	3	3
Europe Sub-Saharan Africa	31	—	(4)	—	27	2	30
Asia, Middle East and North Africa	49	—	(3)	(63)	(16)	7	(10)
Corporate Unallocated	14	(21)	—	—	(7)	—	(7)
Total Operating Profit	7	2	(0.5)	(5)	3	1	4
Net Income Attributable to PepsiCo	13				6	1.5	8
Net Income Attributable to PepsiCo per common share - diluted	14				8	1.5	9

(a) Core results and core constant currency results are financial measures that are not in accordance with GAAP and exclude the above items affecting comparability. See A-6 through A-7 for a discussion of each of these adjustments.

(b) Restructuring and impairment charges include costs associated with the 2014 Multi-Year Productivity Plan. See A-6 through A-7 for a discussion of this plan.

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

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (cont.)
Certain Line Items
12 Weeks Ended September 9, 2017 and September 3, 2016
(in millions except per share amounts, unaudited)

	12 Weeks Ended 9/9/2017							
	Cost of sales	Gross profit	Selling, general and administrative expenses	Operating profit	Provision for income taxes [a]	Net income attributable to PepsiCo	Net income attributable to PepsiCo per common share - diluted	Effective tax rate [b]
Reported, GAAP Measure	$ 7,366	$ 8,874	$ 5,865	$ 2,993	$ 620	$ 2,144	$ 1.49	22.3%
Items Affecting Comparability								
Commodity mark-to-market net impact	1	(1)	26	(27)	(10)	(17)	(0.01)	(0.1)
Restructuring and impairment charges [c]	—	—	(8)	8	1	7	—	—
Core, Non-GAAP Measure [d]	$ 7,367	$ 8,873	$ 5,883	$ 2,974	$ 611	$ 2,134	$ 1.48	22.2%

	12 Weeks Ended 9/3/2016							
	Cost of sales	Gross profit	Selling, general and administrative expenses	Operating profit	Provision for income taxes [a]	Net income attributable to PepsiCo	Net income attributable to PepsiCo per common share - diluted	Effective tax rate [b]
Reported, GAAP Measure	$ 7,284	$ 8,743	$ 5,904	$ 2,821	$ 600	$ 1,992	$ 1.37	23.0%
Items Affecting Comparability								
Commodity mark-to-market net impact	(33)	33	(6)	39	15	24	0.02	0.2
Restructuring and impairment charges [c]	—	—	(27)	27	7	20	0.01	—
Core, Non-GAAP Measure [d]	$ 7,251	$ 8,776	$ 5,871	$ 2,887	$ 622	$ 2,036	$ 1.40	23.3%

(a) Provision for income taxes is the expected tax benefit/charge on the underlying item based on the tax laws and income tax rates applicable to the underlying item in its corresponding tax jurisdiction.

(b) The impact of items affecting comparability on our effective tax rate represents the difference in the effective tax rate resulting from a higher or lower tax rate applicable to the items affecting comparability.

(c) Restructuring and impairment charges include costs associated with the 2014 Multi-Year Productivity Plan. See A-6 through A-7 for a discussion of this plan.

(d) Core results are financial measures that are not in accordance with GAAP and exclude the above items affecting comparability. See A-6 through A-7 for a discussion of each of these adjustments.

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

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (cont.)
Certain Line Items
36 Weeks Ended September 9, 2017 and September 3, 2016
(in millions except per share amounts, unaudited)

	36 Weeks Ended 9/9/2017							
	Cost of sales	Gross profit	Selling, general and administrative expenses	Operating profit	Provision for income taxes [(a)]	Net income attributable to PepsiCo	Net income attributable to PepsiCo per common share - diluted	Effective tax rate [(b)]
Reported, GAAP Measure	$ 19,708	$ 24,291	$ 16,330	$ 7,916	$ 1,668	$ 5,567	$ 3.87	22.9%
Items Affecting Comparability								
Commodity mark-to-market net impact	7	(7)	(20)	13	2	11	0.01	—
Restructuring and impairment charges [(c)]	—	—	(69)	69	4	65	0.05	(0.2)
Core, Non-GAAP Measure [(d)]	$ 19,715	$ 24,284	$ 16,241	$ 7,998	$ 1,674	$ 5,643	$ 3.92	22.8%

	36 Weeks Ended 9/3/2016								
	Cost of sales	Gross profit	Selling, general and administrative expenses	Operating profit	Provision for income taxes [(a)]	Noncontrolling interests	Net income attributable to PepsiCo	Net income attributable to PepsiCo per common share - diluted	Effective tax rate [(b)]
Reported, GAAP Measure	$ 19,265	$ 24,019	$ 16,566	$ 7,404	$ 1,760	$ 34	$ 4,928	$ 3.39	26.2%
Items Affecting Comparability									
Commodity mark-to-market net impact	48	(48)	59	(107)	(37)	—	(70)	(0.05)	(0.2)
Restructuring and impairment charges [(c)]	—	—	(106)	106	27	3	76	0.05	—
Charge related to the transaction with Tingyi	—	—	(373)	373	—	—	373	0.26	(1.4)
Core, Non-GAAP Measure [(d)]	$ 19,313	$ 23,971	$ 16,146	$ 7,776	$ 1,750	$ 37	$ 5,307	$ 3.65	24.7%

(a) Provision for income taxes is the expected tax benefit/charge on the underlying item based on the tax laws and income tax rates applicable to the underlying item in its corresponding tax jurisdiction.

(b) The impact of items affecting comparability on our effective tax rate represents the difference in the effective tax rate resulting from a higher or lower tax rate applicable to the items affecting comparability.

(c) Restructuring and impairment charges include costs associated with the 2014 Multi-Year Productivity Plan. See A-6 through A-7 for a discussion of this plan.

(d) Core results are financial measures that are not in accordance with GAAP and exclude the above items affecting comparability. See A-6 through A-7 for a discussion of each of these adjustments.

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

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (cont.)
Operating Profit by Division
12 Weeks Ended September 9, 2017 and September 3, 2016
(in millions, unaudited)

	GAAP Measure			Non-GAAP Measure
	Reported	Items Affecting Comparability		Core [a]
Operating Profit	12 Weeks Ended 9/9/2017	Commodity mark-to-market net impact	Restructuring and impairment charges [b]	12 Weeks Ended 9/9/2017
Frito-Lay North America	$ 1,208	$ —	$ 2	$ 1,210
Quaker Foods North America	146	—	—	146
North America Beverages	817	—	(3)	814
Latin America	281	—	(2)	279
Europe Sub-Saharan Africa	436	—	12	448
Asia, Middle East and North Africa	267	—	(3)	264
Division Operating Profit	3,155	—	6	3,161
Corporate Unallocated	(162)	(27)	2	(187)
Total Operating Profit	$ 2,993	$ (27)	$ 8	$ 2,974

	GAAP Measure			Non-GAAP Measure
	Reported	Items Affecting Comparability		Core [a]
Operating Profit	12 Weeks Ended 9/3/2016	Commodity mark-to-market net impact	Restructuring and impairment charges [b]	12 Weeks Ended 9/3/2016
Frito-Lay North America	$ 1,148	$ —	$ 2	$ 1,150
Quaker Foods North America	144	—	—	144
North America Beverages	904	—	6	910
Latin America	247	—	—	247
Europe Sub-Saharan Africa	388	—	11	399
Asia, Middle East and North Africa	264	—	4	268
Division Operating Profit	3,095	—	23	3,118
Corporate Unallocated	(274)	39	4	(231)
Total Operating Profit	$ 2,821	$ 39	$ 27	$ 2,887

(a) Core results are financial measures that are not in accordance with GAAP and exclude the above items affecting comparability. See A-6 through A-7 for a discussion of each of these adjustments.

(b) Restructuring and impairment charges include costs associated with the 2014 Multi-Year Productivity Plan. See A-6 through A-7 for a discussion of this plan.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (cont.)
Operating Profit by Division
36 Weeks Ended September 9, 2017 and September 3, 2016
(in millions, unaudited)

	GAAP Measure			Non-GAAP Measure
	Reported	Items Affecting Comparability		Core [a]
Operating Profit	36 Weeks Ended 9/9/2017	Commodity mark-to-market net impact	Restructuring and impairment charges [b]	36 Weeks Ended 9/9/2017
Frito-Lay North America	$ 3,421	$ —	$ 6	$ 3,427
Quaker Foods North America	456	—	—	456
North America Beverages	2,216	—	(1)	2,215
Latin America	641	—	47	688
Europe Sub-Saharan Africa	1,039	—	19	1,058
Asia, Middle East and North Africa	745	—	(7)	738
Division Operating Profit	8,518	—	64	8,582
Corporate Unallocated	(602)	13	5	(584)
Total Operating Profit	$ 7,916	$ 13	$ 69	$ 7,998

	GAAP Measure				Non-GAAP Measure
	Reported	Items Affecting Comparability			Core [a]
Operating Profit	36 Weeks Ended 9/3/2016	Commodity mark-to-market net impact	Restructuring and impairment charges [b]	Charge related to the transaction with Tingyi	36 Weeks Ended 9/3/2016
Frito-Lay North America	$ 3,249	$ —	$ 1	$ —	$ 3,250
Quaker Foods North America	456	—	1	—	457
North America Beverages	2,270	—	19	—	2,289
Latin America	664	—	28	—	692
Europe Sub-Saharan Africa	792	—	38	—	830
Asia, Middle East and North Africa	499	—	11	373	883
Division Operating Profit	7,930	—	98	373	8,401
Corporate Unallocated	(526)	(107)	8	—	(625)
Total Operating Profit	$ 7,404	$ (107)	$ 106	$ 373	$ 7,776

(a) Core results are financial measures that are not in accordance with GAAP and exclude the above items affecting comparability. See A-6 through A-7 for a discussion of each of these adjustments.

(b) Restructuring and impairment charges include costs associated with the 2014 Multi-Year Productivity Plan. See A-6 through A-7 for a discussion of this plan.

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

Division Operating Profit Growth Reconciliation

	12 Weeks Ended 9/9/2017	36 Weeks Ended 9/9/2017
Reported Operating Profit Growth	6 %	7 %
Impact of Corporate Unallocated	(4)	0.5
Division Operating Profit Growth	2	7
Restructuring and Impairment Charges	(1)	—
Charge Related to the Transaction with Tingyi	—	(5)
Core Division Operating Profit Growth	1	2
Foreign Exchange Translation	1	1
Core Constant Currency Division Operating Profit Growth	2 %	3 %

Gross Margin Performance Reconciliation

	12 Weeks Ended 9/9/2017	36 Weeks Ended 9/9/2017
Reported Gross Margin Performance	9 bps	(28) bps
Commodity Mark-to-Market Net Impact	(22)	9
Core Gross Margin Performance	(13) bps	(19) bps

Operating Margin Growth Reconciliation

	12 Weeks Ended 9/9/2017	36 Weeks Ended 9/9/2017
Reported Operating Margin Growth	82 bps	89 bps
Commodity Mark-to-Market Net Impact	(41)	28
Restructuring and Impairment Charges	(11)	(9)
Charge Related to the Transaction with Tingyi	—	(86)
Core Operating Margin Growth	30 bps	21 bps

Fiscal 2016 Diluted EPS Reconciliation

	Year Ended 12/31/2016
Reported Diluted EPS	$ 4.36
Commodity Mark-to-Market Net Impact	(0.08)
Restructuring and Impairment Charges	0.09
Charge Related to the Transaction with Tingyi	0.26
Charge Related to Debt Redemption	0.11
Pension-Related Settlement Charge	0.11
Core Diluted EPS	$ 4.85

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

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

Net Cash Provided by Operating Activities Reconciliation (in millions)

	36 Weeks Ended 9/9/2017
Net Cash Provided by Operating Activities	$ 6,062
Capital Spending	(1,474)
Sales of Property, Plant and Equipment	82
Free Cash Flow	4,670
Payments Related to Restructuring Charges	83
Net Cash Tax Benefit Related to Restructuring Charges	(23)
Discretionary Pension Contributions	6
Net Cash Tax Benefit Related to Discretionary Pension Contributions	(1)
Free Cash Flow Excluding Above Items	$ 4,735

Net Cash Provided by Operating Activities Reconciliation (in billions)

	2017 Guidance
Net Cash Provided by Operating Activities	$ ~ 10
Net Capital Spending	~ 3
Free Cash Flow	~ 7
Discretionary Pension Contributions	~ —
Net Cash Tax Benefit Related to Discretionary Pension Contributions	~ —
Payments Related to Restructuring Charges	~ —
Net Cash Tax Benefit Related to Restructuring Charges	~ —
Free Cash Flow Excluding Certain Items	$ ~ 7

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

Cautionary Statement

Statements in this communication that are "forward-looking statements," including our 2017 guidance, are based on currently available information, operating plans and projections about future events and trends. Terminology such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "expressed confidence," "forecast," "future," "goal," "guidance," "intend," "may," "objective," "outlook," "plan," "position," "potential," "project," "seek," "should," "strategy," "target," "will" or similar statements or variations of such terms are intended to identify forward-looking statements, although not all forward-looking statements contain such terms. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such forward-looking statements. Such risks and uncertainties include, but are not limited to: changes in demand for PepsiCo's products, as a result of changes in consumer preferences or otherwise; changes in, or failure to comply with, applicable laws and regulations; imposition or proposed imposition of new or increased taxes aimed at PepsiCo's products; imposition of labeling or warning requirements on PepsiCo's products; changes in laws related to packaging and disposal of PepsiCo's products; PepsiCo's ability to compete effectively; political conditions, civil unrest or other developments and risks in the markets where PepsiCo's products are made, manufactured, distributed or sold; PepsiCo's ability to grow its business in developing and emerging markets; unfavorable economic conditions in the countries in which PepsiCo operates; the ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption; increased costs, disruption of supply or shortages of raw materials and other supplies; business disruptions; product contamination or tampering or issues or concerns with respect to product quality, safety and integrity; damage to PepsiCo's reputation or brand image; failure to successfully complete or integrate acquisitions and joint ventures into PepsiCo's existing operations or to complete or manage divestitures or refranchisings; changes in estimates and underlying assumptions regarding future performance that could result in an impairment charge; increase in income tax rates, changes in income tax laws or disagreements with tax authorities; failure to realize anticipated benefits from PepsiCo's productivity initiatives or global operating model; PepsiCo's ability to recruit, hire or retain key employees or a highly skilled and diverse workforce; loss of any key customer or changes to the retail landscape; any downgrade or potential downgrade of PepsiCo's credit ratings; PepsiCo's ability to implement shared services or utilize information technology systems and networks effectively; fluctuations or other changes in exchange rates; climate change or water scarcity, or legal, regulatory or market measures to address climate change or water scarcity; failure to successfully negotiate collective bargaining agreements, or strikes or work stoppages; infringement of intellectual property rights; potential liabilities and costs from litigation or legal proceedings; and other factors that may adversely affect the price of PepsiCo's publicly traded securities and financial performance.

For additional information on these and other factors that could cause PepsiCo's actual results to materially differ from those set forth herein, please see PepsiCo's filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.