

Reconciliation of GAAP and Non-GAAP Information (unaudited)

Organic net revenue growth, core results and core constant currency 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 with how management evaluates our operational results and trends.

Commodity mark-to-market net impact

In the quarter ended June 11, 2011, we recognized \$9 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. In the quarter ended June 12, 2010, we recognized \$4 million of mark-to-market net losses on commodity hedges in corporate unallocated expenses. We centrally manage commodity derivatives on behalf of our divisions. 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 take delivery of the underlying commodity.

Merger and integration charges

In the quarter ended June 11, 2011, we incurred merger and integration charges of \$58 million related to our acquisitions of PBG, PAS and WBD, including \$32 million recorded in the PAB segment, \$14 million recorded in the Europe segment and \$12 million recorded in corporate unallocated expenses. These charges also include closing costs and advisory fees related to our acquisition of WBD. In the quarter ended June 12, 2010, we incurred merger and integration charges of \$155 million related to our acquisitions of PBG and PAS, including \$103 million recorded in the PAB segment, \$28 million recorded in the Europe segment and \$24 million recorded in corporate unallocated expenses. These charges also include closing costs, one-time financing costs and advisory fees related to our acquisitions of PBG and PAS.

Inventory fair value adjustments

In the quarter ended June 11, 2011, we recorded \$4 million of incremental costs in cost of sales related to fair value adjustments to hedging contracts included in PBG's and PAS's balance sheets at the acquisition date. In the quarter ended June 12, 2010, we recorded \$76 million of incremental costs, substantially all in cost of sales, related to fair value adjustments to the acquired inventory and other related hedging contracts included in PBG's and PAS's balance sheets at the acquisition date.

2011 guidance

Our 2011 core tax rate guidance and our 2011 core EPS guidance exclude the commodity mark-to-market net impact included in corporate unallocated expenses; merger and integration charges related to PBG, PAS and WBD; and the impact of the 53rd week in 2011. We are not able to reconcile our full-year projected 2011 core tax rate to our full-year projected 2011 reported tax rate or our full-year projected 2011 core EPS and previous full-year projected 2011 core constant currency EPS to our full-year projected 2011 reported EPS because we are unable to predict the mark-to-market net gains or losses on commodity hedges due to the unpredictability of future changes in commodity prices. Therefore, we are unable to provide a reconciliation of these measures.

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(unaudited)

Diluted EPS Reconciliation

	12 Weeks Ended		Growth
	6/11/11	6/12/10	
Reported Diluted EPS	\$1.17	\$0.98	20%
Mark-to-Market Net Losses	-	-	
Merger and Integration Charges	0.03	0.07	
Inventory Fair Value Adjustments	-	0.04	
Core Diluted EPS	<u>\$1.21*</u>	<u>\$1.10*</u>	10%

**Does not sum due to rounding.*

Growth in Total Net Revenue Reconciliation

	12 Weeks
	Ended
	6/11/11
Growth in Total Net Revenue	14%
Impact of WBD	(6)
Organic Growth in Total Net Revenue	<u>8%</u>

Growth in Global Nutrition Group Net Revenue Reconciliation

	12 Weeks
	Ended
	6/11/11
Growth in Global Nutrition Group Net Revenue	43%
Impact of WBD	(33)
Organic Growth in Global Nutrition Group Net Revenue	<u>10%</u>