PEPSICO

July 31, 2011

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Securities and Exchange Commission (SEC) Staff Paper, Work Plan for Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers: Exploring a Possible Method of Incorporation (released on May 26, 2011)

To Whom It May Concern:

We appreciate the opportunity to comment on the above referenced SEC Staff Paper, *Exploring a Possible Method of Incorporation*, that was issued as part of the SEC staff's ongoing consideration of incorporation of International Financial Reporting Standards (IFRS) into the financial reporting system for U.S. issuers. We understand this is one possible approach and that the SEC has not yet determined whether to incorporate IFRS into the financial reporting system for U.S. issuers. We previously provided comments to you on the SEC's Concept Release (File No. S7-20-07) and proposed "Roadmap" (File No. S7-27-08) which described several other possible approaches for progressing toward a single set of high-quality, globally accepted accounting standards and incorporation of IFRS into the financial reporting system for U.S. issuers. However, our comments herein are limited to the framework described in the SEC Staff Paper.

Overall, we continue to support the ultimate goal of a single set of high-quality, globally accepted accounting standards for financial reporting purposes. Although we have included some risks (and benefits) to the proposed framework for consideration by the SEC which are described below (many of which are consistent with those benefits and risks that are currently outlined in the SEC Staff Paper), we believe the framework presented in the SEC Staff Paper provides a reasonable method for incorporating IFRS into the financial reporting system for U.S. issuers. However, there is a risk that convergence to IFRS under the proposed framework could be more burdensome than under other methods of incorporation and, therefore, the transition plan must be well-developed, comprehensive, and flexible enough to adapt to changing circumstances during transition. We believe it is important that the SEC continue to provide further communications about its plans to ensure that U.S. constituents can plan accordingly, particularly if the proposed framework in the SEC Staff Paper becomes a viable method of incorporation as evidenced by similar approaches for other jurisdictions outside the U.S.

Potential Framework – Convergence and Endorsement Approaches

We understand that the SEC Staff Paper explores a framework whereby U.S. GAAP would be retained, but the Financial Accounting Standards Board (FASB) would incorporate IFRS into U.S. GAAP over a period of time (referred to as the "Convergence Approach") and, thereafter, the FASB would incorporate newly issued or amended IFRSs into U.S. GAAP pursuant to an established endorsement protocol (referred to as the "Endorsement Approach"). After the transition period under the Convergence Approach, the objective would be that a U.S. issuer compliant with U.S. GAAP should also be able to represent that it is compliant with IFRS, as issued by the International Accounting Standards Board (IASB). Moreover, the SEC Staff Paper envisions that the FASB would continue to remain as a standard-setting body, but for purposes of participating in the process of developing IFRS rather than serving as the principal body responsible for developing new accounting standards or modifying existing standards.

We believe this framework offers a reasonable method for incorporating IFRS into the financial reporting system for U.S. issuers. We understand that other jurisdictions have successfully adopted or are in the process of adopting a similar approach of incorporation to converge their local standards with IFRS over time and without a firm commitment to fully incorporate IFRS as issued by the IASB. If a well-developed and comprehensive transition plan is developed, we agree that the framework of gradual implementation of IFRS could reduce the costs and severity of the IFRS learning curve for some issuers in lieu of a "big bang" approach in which U.S. issuers would have to fully incorporate all of IFRS at once. However, we also agree that a gradual transition to IFRS could cause confusion for U.S. constituents during the transition period as U.S. GAAP would be an evolving set of standards that was neither U.S. GAAP as currently applied, nor IFRS as issued by the IASB. Consequently, U.S. issuers would be required to actively monitor progress on the transition plan and continually address frequent changes made to U.S. GAAP.

Moreover, if the FASB were to remain as a standard-setting body, we believe they are well-positioned to continue to have an active role in the development and promotion of high-quality, globally accepted accounting standards; to be proactive in identifying new and emerging financial reporting issues; and to ensure that U.S. interests are suitably addressed in the development of those standards. We believe the FASB has established a successful formal outreach program and has the capability to gather input and continuous feedback from U.S. investors and other groups. Under the Endorsement Approach, the FASB would retain the authority to modify or add to the requirements of the IFRSs incorporated into U.S. GAAP which would be subject to an established incorporation protocol. While we agree that the primary purpose of the Endorsement Approach by the FASB would be to serve as a mechanism to ensure that U.S. interests are addressed, we believe modifications should be rare; otherwise, there could be an increased risk of deterioration of the comparability of financial statements across jurisdictions and, therefore, the ultimate objective of a single set of high-quality, globally accepted accounting standards may be compromised. We understand that the risk of modification to IFRSs as issued by the IASB is mitigated by the fact that the FASB would work closely with the IASB and be involved at the front-end of the standard setting process. Furthermore, we believe that the FASB is well-positioned to serve as an educational resource for U.S. constituents and to develop supplemental interpretive guidance, as necessary. We believe the FASB will need to strike a reasonable balance between developing interpretive guidance for U.S. constituents while at the same time ensuring that the spirit of the principles-based system under IFRS, which requires a certain level of interpretation, is maintained. Otherwise, too much interpretive guidance could have an impact on the perception of the use of a single set of high-quality, globally accepted accounting standards. Lastly, we believe that the endorsement process by the FASB introduces a procedural step that may produce a lag between the issuance of standards by the IASB and their endorsement by the FASB into U.S. GAAP. We believe that any new or revised standards under IFRS must be incorporated into U.S. GAAP such that U.S. issuers would be required to apply the new requirements at the same time as other jurisdictions applying the new or revised IFRSs. Otherwise, there would continue to be lack of comparability of financial statements across jurisdictions and, therefore, the ultimate objective of a single set of high-quality, globally accepted accounting standards may be compromised.

Transition Period

The SEC Staff Paper does not propose a definitive time period of transition under the Convergence Approach, but it does suggest that the process might involve a five to seven year transition period. We believe it is imperative that as the FASB develops its transition strategy that, in tandem with the SEC staff, it also includes a mandatory timetable for completion of convergence regardless if incorporation is staged, phased, or occurs all at once. We believe an aggressive yet attainable timetable should be established in order to ensure an appropriate level of urgency such that "full convergence" occurs in a reasonable period of time. We believe this is particularly critical for any IFRSs that are not currently subject to any standard setting (i.e., those IFRSs that are not the subject of MoU projects or other IASB agenda items - defined as "Category 3" in the SEC Staff Paper). We believe that an aggressive timetable is important as evidenced by the recent and significant progress by the FASB and IASB to converge U.S. GAAP and IFRS as part of their priority projects related to the MoU. Although the FASB and IASB continue to work towards convergence for the priority projects, we believe that without the aggressive timeline set forth by the FASB, the progress towards convergence of those priority projects would not be as significant today. Without an aggressive timetable under the Convergence Approach, there may be an extended period of time where U.S. GAAP would be an evolving set of standards and could cause confusion for U.S. constituents during the transition period.

Conclusion

Overall, we continue to support the ultimate goal of a single set of high-quality, globally accepted accounting standards for financial reporting purposes. We believe any transition plan must be well-developed, comprehensive, and flexible enough to adapt to changing circumstances during transition. Furthermore, we believe it is important that the SEC continue to provide further communications about its plans to ensure that U.S. constituents can plan accordingly.

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We appreciate the opportunity to express our views and would be pleased to discuss our comments or answer any questions that you may have. Please do not hesitate to contact me at (914) 253-3449.

Sincerely,

/s/ Marie T. Gallagher
Senior Vice President and Controller

cc: Hugh Johnston, Chief Financial Officer
David De Lott, Vice President, Financial Reporting
Lisa Halper, Vice President, Technical Accounting & Policy