



April 12, 2009

Ms. Elizabeth Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Reference File No. S7-27-08

Dear Ms. Murphy:

We appreciate this opportunity to comment on the “Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers”.

Overall Comments

We are fully supportive of the ultimate goal of having a single set of high-quality global accounting standards. We believe that once this goal is fully achieved, investors, U.S. issuers and market participants will all benefit from the cost efficiency and transparency of reporting that a single set of high-quality global financial reporting standards will deliver. However, because of the significant time and cost of a transition to IFRS, we believe it is critical for the SEC to establish a mandatory adoption date in order for the U.S. to fully commit and invest in the transition to IFRS.

Transition Considerations

We believe that IFRS are comprehensive and high-quality. Moreover, due to the widespread adoption of IFRS by all major economies, excepting only the United States, we believe that it is inevitable that the U.S. will also ultimately need to adopt IFRS. However due to the “principles-based nature” and the short time frame of their existence, we believe that the IFRS standard setters will need to provide ongoing interpretative guidance to issuers. As we stated in our comment letter on the Concept Release (File S7-20-07), *an aggressive yet attainable timetable should be determined so that those affected will ensure that appropriate resources and attention are given to the implementation. We do not believe this can be less than 5 years, but if it is longer than 10 years, we do not believe there will be sufficient, immediate incentive to focus on the planning necessary to transition.*

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PepsiCo has already gained some experience with IFRS as a number of our overseas operations, particularly in Australia and the Middle East, have been required to transition their statutory accounting to IFRS over the last few years. However, many countries that have adopted IFRS have so far only mandated IFRS for listed companies. Consequently, our IFRS footprint is not yet as large as the 100+ countries that have adopted IFRS. However, we anticipate that countries that have adopted IFRS for listed companies will inevitably expand the requirement to unlisted companies to avoid the burden of dual reporting. Consequently we expect a significant increase in our own IFRS global footprint. As a result, we need to develop PepsiCo accounting policies that are IFRS compliant, and we need to prepare IFRS training for our international finance employees. We are concerned that the lack of a set date for adoption by the U.S. will be inefficient for us as it will require us to support both U.S. GAAP and IFRS capabilities for an uncertain and extended length of time

For those issuers that elect to early adopt IFRS, the Roadmap asks for views on two proposals. Proposal A requires reconciled information pursuant to IFRS 1 whereas Proposal B requires information pursuant to IFRS 1 and disclosure on an annual basis, of certain unaudited supplemental U.S. GAAP financial information covering a three-year period. We support Proposal A as we believe that Proposal B would cause an undue burden on issuers as well as conflict with the movement towards full adoption of IFRS. By retaining the need to present U.S. GAAP financial information, it further underscores that a mandatory date has not been established. We believe that this requirement will be a barrier to issuers early adopting IFRS.

In addition to the proposals discussed above, the RoadMap requires that, in the initial year of adoption, an issuer present three years of audited IFRS financial statements. This is inconsistent with the IFRS adoptions that have occurred in other countries as well as with IFRS 1, First-Time Adoption of International Financial Reporting Standards, which requires two years of financial information. The requirement to include an additional year of financial information is an unnecessary additional burden on registrants in the implementation process.

We do not believe that voluntary early adoption of IFRS by U.S. registrants is a viable option. We think it highly unlikely many companies would pursue this option given the uncertainty around a final timetable for transition to IFRS. Furthermore, if some companies do decide to early adopt, there will be a lack of comparability among U.S. issuers, making it more difficult for investors to engage in informed investment decisions. Consequently, we believe the SEC should not offer U.S. based registrants the alternative of preparing financial statements under U.S. GAAP or IFRS.

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The Roadmap identifies various milestones which the SEC has suggested are preconditions for accepting filings prepared under IFRS. We believe the principle preconditions are:

- improvements in accounting standards;
- the accountability and funding of the IASC Foundation;
- the improvement in the ability to use interactive data for IFRS reporting;
- education and training relating to IFRS;
- the anticipated timing of future rulemaking by the Commission

We agree that each of these are important issues and as such need to be addressed. However, it is not clear to us how the SEC will determine if enough progress has been made by 2011 in order for a decision to be undertaken regarding mandatory adoption. In recent years, we have seen progress on each of these issues and we support the continued efforts that are being made. At this point, we believe that the U.S. can best ensure continued progress is made if the U.S. commits to IFRS and uses its position as a member of IASB to influence the IASB's future development. As stated earlier, we strongly encourage a decision on the mandatory adoption date in the near term so as to drive continued progress on these milestones.

We believe that the cost of implementing to IFRS will be significant. The Roadmap indicates that estimated costs could be as high as 0.13% of revenue for Proposal B. With revenues in excess of \$40 billion, this would imply a potential cost to us of over \$50 million. We have no basis for expressing an opinion on whether this is a realistic estimate. We also recognize that accounting firms will need to train their staff, colleges will need to change their course materials, and state licensing boards will need to revise their examinations. However, regardless of whether the SEC mandates a change to IFRS, the U.S. will need to develop this capability to support the growing number of U.S. based investments of overseas parents that require their U.S. operations to maintain their financial records using IFRS. It is our belief that due to the growing level of investment in the U.S., the need for IFRS expertise will inevitably grow. As a result, the one time cost of implementing IFRS may well be less expensive in the long term than maintaining both U.S. GAAP and IFRS capability within the U.S.

Conclusion

In summary, we are fully supportive of the movement to one set of globally accepted standards. We continue to believe that it is of paramount importance for the SEC to establish a mandatory date of adoption as the determination of this date will propel companies to move forward in their implementation efforts. Moreover, we believe that the U.S. can play an important role in the development of the IASB and this can best be accomplished if the U.S. is a member of the IASB.

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We appreciate this opportunity to express our views and would be pleased to discuss our comments. Please do not hesitate to contact me at (914) 253-3406.

Sincerely,

A handwritten signature in black ink that reads "Peter Bridgman." The signature is written in a cursive style with a large initial "P" and a distinct "B".

Peter A. Bridgman
Senior Vice President and
Controller

cc: Richard Goodman, Chief Financial Officer
Marie T. Gallagher, Vice President & Assistant Controller